

Aegon Polish Bond Fund

P series

GENERAL INFORMATION

Fund Manager:	AEGON Hungary Fund Manager Ltd.
Custodian:	Unicredit Bank Hungary Zrt.
Main distributor:	AEGON Hungary Fund Manager Ltd.
Benchmark composition:	100% TBSP Index
ISIN code:	HU0000713565
Start:	03/28/2014
Currency:	PLN
Total Net Asset Value of the whole Fund:	6,454,720,063 HUF
Net Asset Value of P series:	28,169,516 PLN
Net Asset Value per unit:	1.073318 PLN

INVESTMENT POLICY OF THE FUND:

The aim of the investment fund is to give investors access to the Polish bond market and to function as a relatively stable, medium-risk investment already medium term, offering our customers stable real returns without the need to tie up their savings for a fixed period. The fund primarily invests into Zloty denominated Polish government bonds but the portfolio manager has some room to use other fixed income investments. We aim to maximise returns with the given risk level. Our investment decisions are based on fundamental research extended by technical research while we also take into account global market sentiment. Expected shifts in the yield curve based on our macro expectations are at the core of our investment process. Risk/return characteristics are also considered when we select suitable and safe investments. We aim to totally hedge any currency risk in the fund.

DISTRIBUTORS

Aegon Towarzystwo Ubezpieczen na Zycie Spolka

NET YIELD PERFORMANCE OF THE FUND:

Interval	Yield of note	Benchmark yield
From start	4.80 %	6.05 %

NET PERFORMANCE OF THE FUND

NET ASSET VALUE PER SHARE, 10/01/2014 - 09/30/2015



Past performance is no guarantee of future results. This report should not be considered as an offer or investment advisory. The Fund Prospectus contains the detailed conditions of the investment. The distribution costs of the fund purchase can be found at the distributors.

INVESTMENT HORIZON:

Suggested minimum investment period:



Risk and Reward Profile:



MARKET SUMMARY:

August inflation ticked higher to -0.6% (vs consensus: -0.7%) marking the fourteenth month of deflation. Though, monetary policy implications are limited in our view as signs of underlying inflationary pressures remained absent with near-zero momentum in core prices. We expect the CPI to rise gradually in the coming months, as base effects are set to push the annual CPI back into positive territory in November-December. Next year inflation is likely to increase on the back of strong base effects but in our view it will stay well below the inflation target of NBP.

IP, PMI and retail sales disappointed for the second month in a row in August/September. Although the data are still broadly consistent with stable GDP growth remaining above its recent trend (3%), though risks have tilted to the downside. We stick to our view, that the Council will keep rates unchanged in the coming months, as the bar for a near-term rate cut remains relatively high.

However, the probability of renewed NBP rate cuts in 2016 are clearly increasing. Uncertainty about the coming elections, potential fiscal loosening and the fate of CHF conversion bill may keep the NBP wary about easing in coming months. Additional ECB QE and a further, severe loss of Polish growth momentum would be the main triggers for renewed NBP easing, in our view. Meanwhile, political risks seemed to be digested at least in September, as parallel with the macro surprises and price action of Bunds, Polgbs performed clearly strong in absolute terms and relative to peers as well.

ASSET ALLOCATION OF THE FUND ON 09/30/2015

Asset type	Weight
Government bonds	85.10 %
T-bills	9.99 %
Corporate bonds	4.65 %
Receivables	4.10 %
Current account	0.66 %
Liabilities	-0.03 %
Market value of open derivative positions	-0.05 %
total	100.00 %
Derivative products	6.92 %
Net corrected leverage	103.46 %

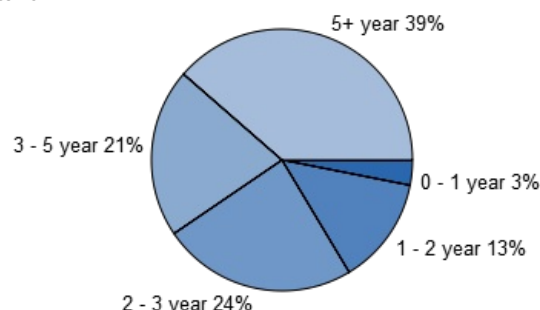
TOP 5 POSITIONS

PLGB 2018/04/25 3,75% (Lengyel Állam)
PLGB 2020/04 1,5% (Lengyel Állam)
PLGB 2023/10/25 4% (Lengyel Állam)
PLGB 2021/10 5,75% (Lengyel Állam)
PLGB 2017/07/25 0% (Lengyel Állam)

Assets with over 10% weight

PLGB 2018/04/25 3,75% (Lengyel Állam)
PLGB 2020/04 1,5% (Lengyel Állam)
PLGB 2023/10/25 4% (Lengyel Állam)
PLGB 2021/10 5,75% (Lengyel Állam)

Bonds by tenor:



RISK INDICATORS FOR THE LAST 12 MONTHS:

Annualized standard deviation of the fund's weekly yields:	3.14 %
Annualized standard deviation of the benchmark's weekly yields:	2.95 %