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:	7,566,870,513 HUF
Net Asset Value of P series:	29,458,469 PLN
Net Asset Value per unit:	1.079629 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. Expexted 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

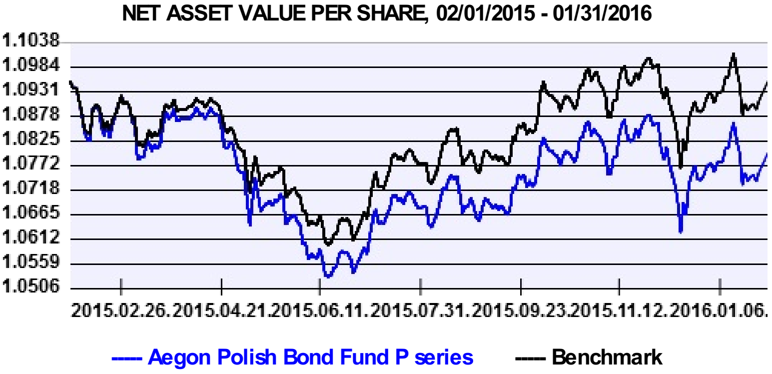
Aegon Towarzystwo Ubezpieczen na Zycie Spolka

NET YIELD PERFORMANCE OF THE FUND:

Interval	Yield of note	Benchmark yield
From start	4.24 %	5.47 %
2015	0.22 %	1.68 %

NET PERFORMANCE OF THE FUND

NET ASSET VALUE PER SHARE, 02/01/2015 - 01/31/2016



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.

RISK INDICATORS FOR THE LAST 12 MONTHS:

Annualized standard deviation of the fund's weekly yields:	4.08 %
Annualized standard deviation of the benchmark's weekly yields:	3.92 %

INVESTMENT HORIZON:

Suggested minimum investment period:

3 months	6 months	**1 year**	2 years	3 years	4 years	5 years
☐	☐	■	☐	☐	☐	☐

Risk and Reward Profile:

very low	low	**moderate**	intermediate	significant	high	very high
☐	☐	■	☐	☐	☐	☐

MARKET SUMMARY:

We had a very eventful month in Poland again. First part of the period was characterized by huge demand coming from locals due to assurance that government bonds will be exempted from bank tax. This demand concentrated on the short to intermediate maturities, that coupled with fiscal uncertainties making long term papers more vulnerable, which means we faced a significant steepening of the yield curve again: the yield of the 5Y paper came down by 20 bps to 2,23%, while the yield of the 10Y paper came down only by 10 bps to 3,02%. The valuation of the 5Y bonds started to be particularly stretched, before bad news arrived. The EC has begun talks over a potential violation with Poland, some hawkish statements came from MPC members, a new version of CHF mortgage conversion plan (that was more costly for banks than anticipated) was introduced by the president, that was all added to the already bad local sentiment generated mainly by budget concerns. In the end of the week S&P not only cut the rating outlook to negative, but also the rating to BBB+ from A-, that caused panic on Polish markets. 5Y bond yields increased approximately by 30 bps to 2,52%, 10Y bond yields increased approximately by 35 bps to 3,37% and the EURPLN sold off to 4,5. Meanwhile growth scare fueled turbulence in global markets, commodity prices fell further, inflation projections were cut in CEE region and expectations about dovish response from the biggest central banks arose, which pulled core yields down. Later, Mario Draghi signaled that the ECB is prepared to launch a fresh round of monetary stimulus as soon as March, which was a big boost to the European bond markets. Auction announcement spurred a rally in Polish government bonds, as - against the expectations - long maturity bonds were not picked for issuance at the end of January. The Fed's uncertain tone was also supportive, the probability of a further rate increase in the US decreased significantly. At the end, the BOJ surprised markets by imposing negative rates, that fueled bond markets further. The yield of the 10Y German government bond decreased by 25 bps during January to 35 bps. Polish bonds could also benefit from the extremely supportive global environment: the yield of the 5Y paper came down by 17 bps to 2,35%, while the yield of the 10Y paper came down by 22 bps to 3,15%. In our Fund we could even benefit from the extremely volatile environment.

ASSET ALLOCATION OF THE FUND ON 01/31/2016

Asset type	Weight
Government bonds	88.48 %
Corporate bonds	8.18 %
Current account	5.63 %
Liabilities	-2.52 %
Receivables	0.30 %
Market value of open derivative positions	-0.19 %
total	100,00 %
Derivative products	5.85 %
Net corrected leverage	102.92 %

TOP 5 POSITIONS

PLGB 2022/09 5,75% (Lengyel Állam)
PLGB 2021/04/25 2% (Lengyel Állam)
PLGB 2020/04 1,5% (Lengyel Állam)
PLGB 2018/04/25 3,75% (Lengyel Állam)
PLGB 2026/07/25 2,5% (Lengyel Állam)

Assets with over 10% weight

PLGB 2022/09 5,75% (Lengyel Állam)
PLGB 2021/04/25 2% (Lengyel Állam)
PLGB 2020/04 1,5% (Lengyel Állam)
PLGB 2018/04/25 3,75% (Lengyel Állam)

Bonds by tenor: