

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:	7,997,838,826 HUF
Net Asset Value of P series:	29,789,189 PLN
Net Asset Value per unit:	1.087852 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

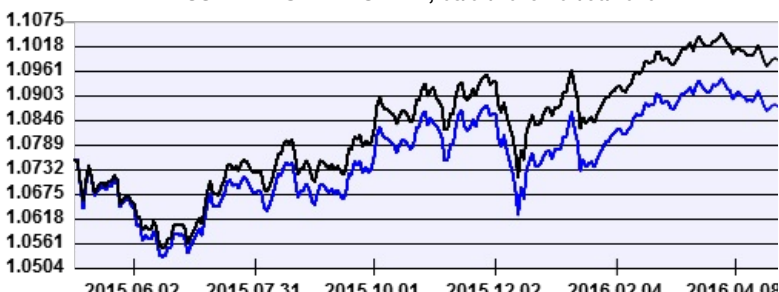
Aegon Towarzystwo Ubezpieczen na Zycie Spolka

NET YIELD PERFORMANCE OF THE FUND:

Interval	Yield of note	Benchmark yield
From start	4.11 %	5.21 %
2015	0.22 %	1.68 %

NET PERFORMANCE OF THE FUND

NET ASSET VALUE PER SHARE, 05/01/2015 - 04/30/2016



— Aegon Polish Bond Fund P series — Benchmark

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: 3.68 %

Annualized standard deviation of the benchmark's weekly yields: 3.62 %

INVESTMENT HORIZON:

Suggested minimum investment period:



Risk and Reward Profile:



MARKET SUMMARY:

This month was characterized by the gradual increase of Polish government bond yields and bear steepening of the yield curve: 2 year yields increased by 6 bps, 5 year yields increased by 8 bps, 10 year yields increased by 24 bps. Weak performance of core markets was one of the main drivers: 10 year yields in the US and Germany both increased by more than 20 bps during the month. This was a surprise for most analysts in case of European bond yields as April was the most supportive month in the Eurozone in terms of huge negative net supply and fair value of the Bund yields has fallen significantly. However, in case of US it wasn't so surprising as market expectations for the Fed were already close to maximum dovishness. The continuation of the Greek saga, Brexit fears, new elections in Spain and the rating update of Portugal by DBRS weighed on periphery and also on Polish bond market.

Locally political risks played an important role again: fears about the CHF debt conversion plan (president's office doesn't plan any changes to terms of the plan just spread over a longer time frame?), democracy issues, weakening zloty put pressure on Polish bonds again. After Moody's signaled that constitutional crisis heightens political risk, market sentiment turned negative as Moody's will update Polish rating in the middle of next month. Ministry of Finance financed almost 60% of yearly borrowing needs end of April, however positioning in Polish bonds has been increasing significantly in the last period, that was a bit more negative for the performance of bonds this month.

A set of economic activity data for March (industrial production, PPI, retail sales, construction output) surprised on the weak side by a wide margin. We saw a very cautious change in rhetoric by the Polish MPC members: they spoke about the possibility of rate cut. The MPC is still not at the point where rate cut would be imminent but the minutes have opened the door a little further towards a potential easing. With weak economic data and weak inflation (it was the fifth consecutive CPI undershooting for Poland in March) coupled with a more dovish than expected MPC minutes may increase the rate cut expectations further however we do not expect a rate cut before Governor Belka's mandate expires in June.

ASSET ALLOCATION OF THE FUND ON 04/30/2016

Asset type	Weight
Government bonds	66.24 %
T-bills	24.55 %
Corporate bonds	5.16 %
Liabilities	-10.55 %
Receivables	8.35 %
Current account	6.40 %
Market value of open derivative positions	-0.15 %
total	100.00 %
Derivative products	8.60 %
Net corrected leverage	104.30 %

TOP 5 POSITIONS

PLGB 2021/07/25 1,75% (Lengyel Állam)
PLGB 2018/10/25 0% (Lengyel Állam)
PLGB 2023/10/25 4% (Lengyel Állam)
PLGB 2022/09 5,75% (Lengyel Állam)
PLGB 2021/04/25 2% (Lengyel Állam)

Assets with over 10% weight

PLGB 2021/07/25 1,75% (Lengyel Állam)
PLGB 2018/10/25 0% (Lengyel Állam)
PLGB 2023/10/25 4% (Lengyel Állam)
PLGB 2022/09 5,75% (Lengyel Állam)
PLGB 2021/04/25 2% (Lengyel Állam)

Bonds by tenor:

