

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:	6,529,327,971 HUF
Net Asset Value of P series:	30,889,009 PLN
Net Asset Value per unit:	1.087853 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 PERFORMANCE OF THE FUND

NET ASSET VALUE PER SHARE, 11/01/2015 - 10/31/2016



— 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: 3.42 %

Annualized standard deviation of the benchmark's weekly yields: 3.32 %

INVESTMENT HORIZON:

Suggested minimum investment period:



Risk and Reward Profile:



MARKET SUMMARY:

In October the sell-off in Polish government bonds - that started in the second half of August - continued. Polish bond yields increased by 20-25 bps. Local story attracted little attention, Polish government bonds tracked core markets. Investors' perception changed a bit according to the global monetary policy. The Bank of Japan shifted policy framework from further additional stimulus to controlling interest rates, which some economists deemed as further evidence the BOJ policy had reached the limits of its effectiveness. The focus shifted on profitability of the global financial system, which was seriously hurt by the low yield environment. The ECB also disappointed markets by doing nothing and downplaying the need for further stimulus. Central bankers globally are reconsidering the efficacy of monetary stimulus that was the main theme of the month again. In US we came closer to a rate hike: we expect an increase in December.

The belly underperformed other parts of the Polish yield curve due to lack of rate cut expectations and due to excess supply, which detracted from our relative performance. However, we hold a smaller underweight duration position, which was favorable.

ASSET ALLOCATION OF THE FUND ON 10/31/2016

Asset type	Weight
Government bonds	81.21 %
T-bills	6.74 %
Corporate bonds	3.35 %
Current account	8.80 %
Liabilities	-0.19 %
Market value of open derivative positions	-0.04 %
total	100.00 %
Derivative products	6.14 %
Net corrected leverage	103.07 %

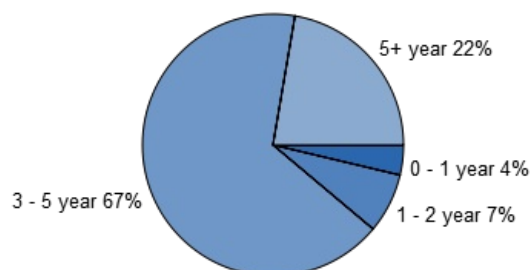
TOP 5 POSITIONS

PLGB 2021/07/25 1,75% (Lengyel Állam)
PLGB 2021/04/25 2% (Lengyel Állam)
PLGB 2025/07 3,25% (Lengyel Állam)
PLGB 2020/04 1,5% (Lengyel Állam)
PLGB 2018/10/25 0% (Lengyel Állam)

Assets with over 10% weight

PLGB 2021/07/25 1,75% (Lengyel Állam)
PLGB 2021/04/25 2% (Lengyel Állam)
PLGB 2025/07 3,25% (Lengyel Állam)
PLGB 2020/04 1,5% (Lengyel Állam)

Bonds by tenor:



NET YIELD PERFORMANCE OF THE FUND:

Interval	Yield of note	Benchmark yield
From start	3.30 %	4.35 %
2015	0.22 %	1.68 %