

Aegon Polish Bond Fund institutional 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:	HU0000710942
Start:	08/07/2012
Currency:	PLN
Total Net Asset Value of the whole Fund:	5,568,418,654 HUF
Net Asset Value of institutional series:	48,875,637 PLN
Net Asset Value per unit:	1.177989 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

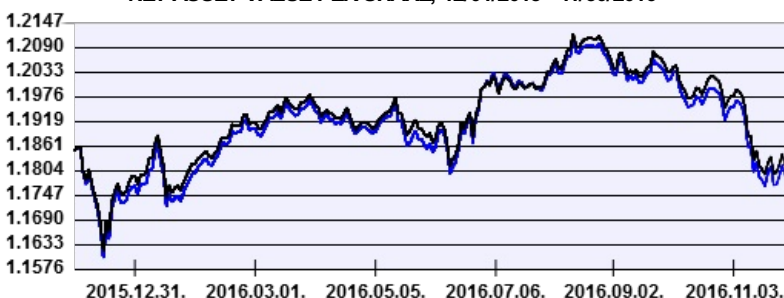
Aegon Towarzystwo Ubezpieczen na Zycie Spolka

NET YIELD PERFORMANCE OF THE FUND:

Interval	Yield of note	Benchmark yield
From start	3.87 %	4.52 %
2015	0.83 %	1.68 %
2014	9.56 %	9.45 %
2013	0.46 %	1.99 %

NET PERFORMANCE OF THE FUND

NET ASSET VALUE PER SHARE, 12/01/2015 - 11/30/2016



— Aegon Polish Bond Fund institutional 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.

INVESTMENT HORIZON:

Suggested minimum investment period:



Risk and Reward Profile:



MARKET SUMMARY:

The US election result sparked a huge divergence across asset classes and also between developed and emerging markets. One of the memorable moves last month was the significant repricing across global yield curves with yields spiking higher on the prospect of fiscal stimulus under President-elect Trump. Indeed global developed yields increased to a large extent and closed the month with a spike ranging from 10 to 50 basispoints. The increasing volatility and yield-rise coupled with the deteriorating prospect for EM countries obviously taking its toll on the performance of EM bonds. The sudden turnaround in flows kicked the can down further with an outflow reaching more than USD 6 billion of which hard currency accounted for nearly USD 3,5 billion.

As armageddon came through bond markets across the world POLGBs were not spared. Bond curve steepened massively as short end was relatively shielded by weak Q3 Polish GDP print and banking tax related demand. Spread between PS0721 and DS0726 moved to record level (almost 90 bps). During the month the Polish Parliament voted for the retirement age cut, that put further pressure on the long dated bonds, however local newsflow played little part in December, price action was driven by global developments (US elections).

We had some duration underweight in our fund and we were positioned for a steepening of the yield curve, so we benefitted from the sell-off slightly.

ASSET ALLOCATION OF THE FUND ON 11/30/2016

Asset type	Weight
Government bonds	83.41 %
Corporate bonds	9.86 %
T-bills	6.31 %
Current account	0.58 %
Receivables	0.12 %
Liabilities	-0.09 %
Market value of open derivative positions	-0.16 %
total	100.00 %
Derivative products	9.66 %
Net corrected leverage	104.82 %

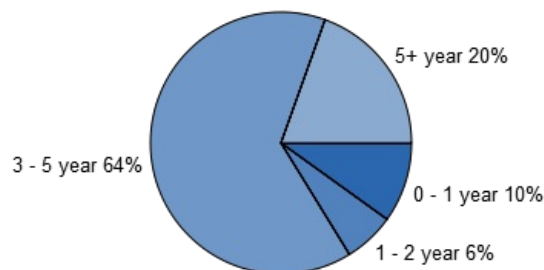
TOP 5 POSITIONS

PLGB 2021/07/25 1,75% (Lengyel Állam)
PLGB 2021/04/25 2% (Lengyel Állam)
PLGB 2020/04 1,5% (Lengyel Állam)
PLGB 2025/07 3,25% (Lengyel Állam)
MOL 2017/04/20 5.875% (MOL Nyrt.)

Assets with over 10% weight

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

Bonds by tenor:



RISK INDICATORS FOR THE LAST 12 MONTHS:

Annualized standard deviation of the fund's weekly yields:	3.41 %
Annualized standard deviation of the benchmark's weekly yields:	3.30 %