

Aegon Bessa Derivative Fund

GENERAL INFORMATION

Fund Manager:	AEGON Hungary Fund Manager Ltd.
Custodian:	Unicredit Bank Hungary Zrt.
Main distributor:	AEGON Hungary Fund Manager Ltd.
Current capital protection period:	01/05/2016 - 01/02/2017
Capital protection::	0.009162 PLN
ISIN code:	HU0000705728
Start:	09/04/2007
Currency:	PLN
Total Net Asset Value of the whole Fund:	7,784,542 PLN
Net Asset Value of PLN series:	7,784,542 PLN
Net Asset Value per unit:	0.009887 PLN

INVESTMENT POLICY OF THE FUND:

The aim of the fund is to provide an alternative solution for those investors who are expecting a decline of the share prices on the Polish Stock Market. In case of declining share prices by its WIG20 short future exposure the fund ensures that the investor will get extra return on his investment. If the fund manager expects that the stock markets will go up than he reduces the option position, but if he sees higher risk in the stock markets than he will buy more put options for the WIG20 Index. Since the capital protection allows the fund manager to buy only limited amount of futures the maximum short exposure of the fund is 100% of the fund's net asset value. Since the fund is a dedicated bearish fund it intends to keep the WIG20 short exposure 20%-40% of net asset value, depends on the strategy of the Fund Manager. To protect the capital, the Fund mainly invests in Polish treasury bills, government bonds and other debt securities. The Fund offers 90% capital protection for the first trading day of the year under special condition. The 90% capital protection is ensured by the investment policy of the Fund, it does not mean a full capital protection.

DISTRIBUTORS

Aegon Towarzystwo Ubezpieczen na Zycie Spolka

NET YIELD PERFORMANCE OF THE SERIES:

Interval	Yield of note	Benchmark yield
From start	-0.12 %	
2016	-2.34 %	
2015	4.05 %	
2014	-1.86 %	
2013	-0.94 %	
2012	-5.06 %	
2011	3.77 %	
2010	-3.52 %	
2009	-6.50 %	
2008	15.32 %	

NET PERFORMANCE OF THE SERIES

NET ASSET VALUE PER SHARE, 01/01/2016 - 12/31/2016



— Aegon Bessa Derivative Fund — Capital protection

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

MARKET SUMMARY:

Positive mood continued in the markets in December since main equity indices soared without exception during the last month of the year. Apart from the supportive technical picture and improving global growth, record inflow into equities in the US, weakening euro and lower weight in equity positions before the Italian referendum in Europe and declining yen and favorable macro data in Japan helped the markets. There were several interesting actions from central banks in December as both ECB and FED made important decisions in their monetary policy. The European Central Bank extended its QE bond purchases program until next December. However, it reduced its monthly purchases from 80 billion to 60 billion. Investors closed their euro long positions because the announcement differed from the previously expected market consensus. Weaker euro had a positive effect on the European markets. The FED raised its key interest rate by 25 bps to 0,75% which were in line with expectations but Yellen indicated a more hawkish view on the anticipated pace of monetary tightening. As a result, increasing dollar power was a determinant market factor during the month. The strength of dollar fueled fears in emerging markets where market participants worry about a prospective currency crisis. Also, rising US yield put high pressure on emerging countries that have huge amounts of dollar-denominated debt. While Italian Prime Minister Renzi resigned after losing the referendum. Oil prices jumped to their year-to-date highs in December thanks to the positive market environment. Additional production cut and closing of short positions supported the strengthening of the commodity. Industrial and precious metals did not perform well during the month as strong dollar had a detrimental effect on their prices. Polish equities had an exceptional month in the last month of the year because of the decreasing regulatory risks, supporting macro processes and foreign investors' rising Polish weight. From a sector level, utilities and banking sector outperformed the region.

ASSET ALLOCATION OF THE FUND ON 12/31/2016

Asset type	Weight
Government bonds	42.74 %
T-bills	34.94 %
Current account	22.62 %
Liabilities	-0.23 %
total	100,00 %
Derivative products	10.47 %
Net corrected leverage	110.47 %

TOP 5 POSITIONS

PLGB 2017/07/25 0% (Lengyel Állam)
 PLGB 2017/04 4,75% (Lengyel Állam)
 PLGB 2017/10 5,25% (Lengyel Állam)

Assets with over 10% weight

PLGB 2017/07/25 0% (Lengyel Állam)
 PLGB 2017/04 4,75% (Lengyel Állam)
 PLGB 2017/10 5,25% (Lengyel Állam)

RISK INDICATORS FOR THE LAST 12 MONTHS:

Annualized standard deviation of the fund's weekly yields: 4.69 %

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