

# Aegon Polish Money Market 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% WIBID 1M Index
ISIN code:	HU0000711619
Start:	10/26/2012
Currency:	PLN
Total Net Asset Value of the whole Fund:	23,388,675 PLN
Net Asset Value of institutional series:	306,799 PLN
Net Asset Value per unit:	1.084368 PLN

## INVESTMENT POLICY OF THE FUND:

The Fund's goal is to offer a stable and predictable yield at a low risk level for the investors. According to this the fund is only allowed to hold fixed income securities, which were primarily issued or guaranteed by Poland. To a limited extent it is allowed to buy bonds issued by the European Union (and its institutions), the European Central Bank, or the European Investment Bank, if the security is denominated in PLN and its credit rating is at least equal to Poland's rating. Securities issued or guaranteed by Poland can be held regardless of the credit rating up to 100% of the NAV. Maximum allowed duration of the fund is 0.5 year, while maximum weighted average maturity of the portfolio is 1 year. The Fund must limit investment in securities to those with a residual maturity until the legal redemption date of less than or equal to 2 years, provided that the time remaining until the next interest rate reset date is less than or equal to 397 days. To ensure liquidity the fund can also place bank deposits. All of the assets held by the fund are denominated in PLN.

## DISTRIBUTORS

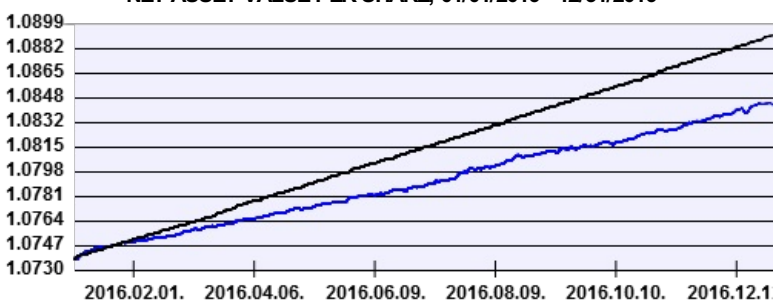
Aegon Towarzystwo Ubezpieczen na Zycie Spolka

## NET YIELD PERFORMANCE OF THE SERIES:

Interval	Yield of note	Benchmark yield
From start	1.96 %	2.06 %
2016	0.99 %	1.44 %
2015	1.12 %	1.53 %
2014	2.25 %	2.23 %
2013	3.10 %	2.71 %

## NET PERFORMANCE OF THE SERIES

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



— Aegon Polish Money Market 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:

December proved to be quite volatile for the Polish bond market. In the first part of the month global bond yields continued their move with yields grinding higher on the prospect of fiscal stimulus under President-elect Trump, especially in the US. Then, after a huge sell-off on global fixed income markets we experienced a rebound, especially in Europe, partly supported by the extension of the ECB QE.

Polish bonds were traded in tandem with the global bond market sentiment until the end of the month, however local market seemed to be quite volatile and illiquid, as changes by 10-15 bps in yields were followed by another movements by the same amount on the next day but in the opposite direction continuously. In case of the most important benchmark yields a change by 40 bps from the monthly highs to the monthly lows was not completely extraordinary this month.

At the end of the year Polish bond yields decoupled from other European peers due to local developments. Consumer prices rose by 0,8% YoY in December, significantly faster than 0,4% expected by the consensus. In Q1 2017 CPI could reach 1,5% YoY thus hitting the floor of the +/- 1 pp range around the central bank's inflation target of 2,5%. The surprise came during a quite illiquid period, and as a result bond yields increased significantly on the last days of the year. Medium to long end bond yields ended the month more or less unchanged (with a huge volatility) meanwhile the short end yields (especially 2Y-3Y papers) rose spectacularly, decreasing the steepness of the Polish yield curve.

Last but not least, the Ministry of Finance announced changes to the policy of Treasury bonds auctions. The new model starts on 4th of January: 5 bonds will be issued, which means, that almost all part of the yield curve will be offered on every auction.

## ASSET ALLOCATION OF THE FUND ON 12/31/2016

Asset type	Weight
T-bills	43.11 %
Government bonds	29.93 %
Deposit	24.63 %
Current account	2.42 %
Liabilities	-0.06 %
total	100,00 %
Derivative products	0.00 %
Net corrected leverage	100.00 %

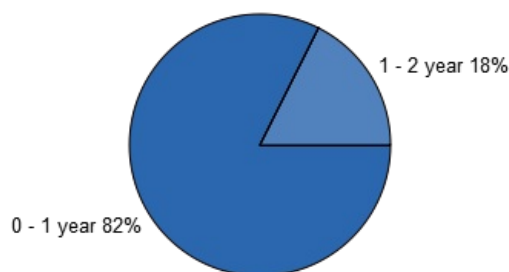
## TOP 5 POSITIONS

PLGB 2017/07/25 0% (Lengyel Állam)
PLGB 2017/04 4,75% (Lengyel Állam)
PLGB 2018/04/25 3,75% (Lengyel Állam)

## Assets with over 10% weight

PLGB 2017/07/25 0% (Lengyel Állam)
PLGB 2017/04 4,75% (Lengyel Állam)
PLGB 2018/04/25 3,75% (Lengyel Állam)

Bonds by tenor:



## RISK INDICATORS FOR THE LAST 12 MONTHS:

Annualized standard deviation of the fund's weekly yields:	0.10 %
Annualized standard deviation of the benchmark's weekly yields:	0.04 %