

Aegon Polish Bond Fund P series

GENERAL INFORMATION

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|--|---------------------------------|
| 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: | 2,685,894,542 HUF |
| Net Asset Value of P series: | 2,130,352 PLN |
| Net Asset Value per unit: | 1.074043 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

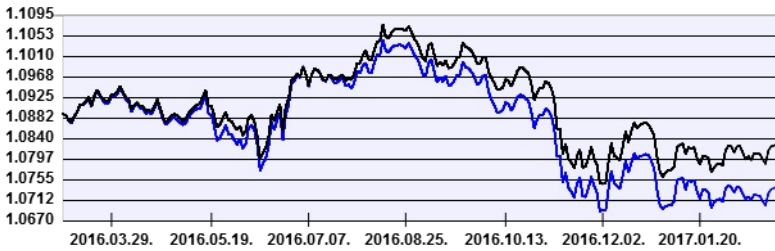
Aegon Towarzystwo Ubezpieczen na Zycie Spolka

NET YIELD PERFORMANCE OF THE SERIES:

| Interval | Yield of note | Benchmark yield |
|------------|---------------|-----------------|
| From start | 2.47 % | 3.52 % |
| 2016 | -0.38 % | 0.25 % |
| 2015 | 0.22 % | 1.68 % |

NET PERFORMANCE OF THE SERIES

NET ASSET VALUE PER SHARE, 02/29/2016 - 02/28/2017



— 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: | 2.76 % |
| Annualized standard deviation of the benchmark's weekly yields: | 2.71 % |

INVESTMENT HORIZON:

Suggested minimum investment period:



Risk and Reward Profile:



MARKET SUMMARY:

In February Polish bond yields traded in a very tight range: at the end of the month 3Y yields were unchanged, while the 5Y-10Y bond yields came down approximately by 5bps. Local macro data was not helping with Q4 GDP, unemployment, retail sales, industrial output, inflation numbers all beating consensus expectations and pointing toward an increase in economic momentum. Polish economic surprise index skyrocketed in the last couple of months from a relatively low level. During the next quarter inflation will be boosted mainly by statistical base effects, PLN and commodity price spike (CPI to reach around 2% in H1).

The Ministry of Finance sold PLN 5,9 bln of bonds: OK0419 (yield 2,17%), PS0422 (yield 3,12%), DS0727 (yield 3,81%), and other floaters (WZ1122, WZ0126) in the first auction of February. Demand was high, almost double and not all of it has been covered.

The MPC kept interest rates unchanged during February. The press conference was relatively dovish: current increases in inflation are deemed exogenous, transitory and will only temporarily push inflation above 1,5% as the NBP's forecast do not envisage any danger to the inflation target. In fact, the MPC does not believe that inflation will exceed 2% in any month this year. Comments regarding economic growth were optimistic again. Dovish comments were supportive for short term yields. However, continuous surprises in inflation and economic momentum may be enough to restart rate hike plays.

The Ministry of Finance sold 5 bonds OK0419/PS0422/DS0727/WZ1122/WZ0126 and new 30Y bond, WS0447 on the 16th of February. The total supply was PLN 7 bln. New 30y was sold at 4,26%, (PLN 2,1 bln). Strong demand (almost 13bln for the whole auction) and bid higher than secondary market caused yields to drop.

ASSET ALLOCATION OF THE FUND ON 02/28/2017

| Asset type | Weight |
|---|----------|
| Government bonds | 78.26 % |
| T-bills | 20.30 % |
| Corporate bonds | 0.64 % |
| Current account | 2.61 % |
| Liabilities | -1.94 % |
| Receivables | 0.12 % |
| Market value of open derivative positions | 0.00 % |
| total | 100,00 % |
| Derivative products | 0.10 % |
| Net corrected leverage | 100.03 % |

TOP 5 POSITIONS

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|---------------------------------------|
| PLGB 2019/04/25 0% (Lengyel Állam) |
| PLGB 2021/07/25 1,75% (Lengyel Állam) |
| PLGB 2020/04 1,5% (Lengyel Állam) |
| PLGB 2022/09 5,75% (Lengyel Állam) |
| PLGB 2021/04/25 2% (Lengyel Állam) |

Assets with over 10% weight

| |
|---------------------------------------|
| PLGB 2019/04/25 0% (Lengyel Állam) |
| PLGB 2021/07/25 1,75% (Lengyel Állam) |
| PLGB 2020/04 1,5% (Lengyel Állam) |
| PLGB 2022/09 5,75% (Lengyel Állam) |
| PLGB 2021/04/25 2% (Lengyel Állam) |
| PLGB 2022/04/25 2,25% (Lengyel Állam) |
| PLGB 2025/07 3,25% (Lengyel Állam) |

Bonds by tenor:

