

Aegon Polish Bond Fund institutional 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: | HU0000710942 |
| Start: | 08/07/2012 |
| Currency: | PLN |
| Total Net Asset Value of the whole Fund: | 2,916,332,310 HUF |
| Net Asset Value of institutional series: | 18,517,816 PLN |
| Net Asset Value per unit: | 1.211145 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 | 3.99 % | 4.65 % |
| 2016 | 0.22 % | 0.25 % |
| 2015 | 0.83 % | 1.68 % |
| 2014 | 9.56 % | 9.45 % |
| 2013 | 0.46 % | 1.99 % |

NET PERFORMANCE OF THE SERIES

NET ASSET VALUE PER SHARE, 07/01/2016 - 06/30/2017



— 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:

Polish government bonds were more or less stable this month: yields ended June almost unchanged for the short end and belly, but moved a bit higher for the long end. Yield levels became stretched, after the rally based on the nicely growing tax receipts, supportive global environment and dovish Polish Central Bank. It was especially true for the long end: steepness of the yield curve is much more supportive for regional peers (Romania, Hungary) and the 10Y-5Y yield spread in Poland is significantly lower than the long term average. With core yields close to overbought levels, relatively hawkish statements/comments from big central banks, huge continuous inflows into EM bond funds (that may be a excessive) a weakening of the Polish bonds is on the cards for next months.

With strong growth and tight labour market the current market pricing for the Polish rate path seems to be very optimistic (first rate hike only in late 2018).

Poland has financed 70% of gross borrowing needs by June 2017. With improving tax collection and decreasing deficit, the Polish Debt Management Agency cut back the issuance for the third quarter and announced, that they are not going to hold any auctions in July. It is known, that in next month big redemptions will hit the local market, which altogether with the announcement provided a rally at the end of the quarter. But this rally may be short lived.

ASSET ALLOCATION OF THE FUND ON 06/30/2017

| Asset type | Weight |
|------------------------|----------|
| Government bonds | 74.25 % |
| T-bills | 23.87 % |
| Receivables | 1.59 % |
| Current account | 1.40 % |
| Liabilities | -1.10 % |
| total | 100.00 % |
| Derivative products | 0.00 % |
| Net corrected leverage | 100.00 % |

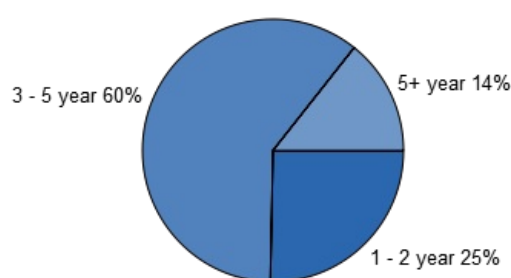
TOP 5 POSITIONS

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

Assets with over 10% weight

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

Bonds by tenor:



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: | 2.77 % |