

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:	2,890,946,698 HUF
Net Asset Value of institutional series:	18,297,063 PLN
Net Asset Value per unit:	1.211496 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	3.93 %	4.60 %
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, 08/01/2016 - 07/31/2017



— 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:

The MPC meeting in July did not bring big changes. The MPC sees limited risks in connection with inflation running persistently above the target in the medium term. Gover Galpinski reiterated his own forecast about stable rates throughout 2018. CPI projections for 2017 were revised down by the NBP's staff, but forecasts shifted slightly upwards for 2018 and 2019. The NBP will likely look through any external supply shock and clearly focus on domestic inflationary pressures.

Polish headline CPI dropped in June from 1,9% yoy to 1,5% (market consensus was 1,7%) supporting local yields (lower core inflation was also to blame for the surprise). Polish government bonds were very stable this month even after political scandals around judicial "reforms": yields moved in a tight range of maximum 10bps. With dovish statements coming from FED and ECB officials it seems that global bond sell-off lost steam, providing another support for the otherwise rock-solid Polgbs.

Poland has financed 70% of gross borrowing needs even by June 2017 and held no auctions in July. 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 regular auctions in August, just one switch auctions.

Local developments (judicial overhaul) were again in the pipeline, however improvement in fiscal position seems to be the most important factor for investors at least for now and judicial overhaul is more political than fundamental in nature that's why fixed income market may be less effected. Moreover, after the President's veto, at least a delay in implementation may come parallel with the reduction in short-term political risk. But, further friction between the EU and Poland are likely to arise over time.

ASSET ALLOCATION OF THE FUND ON 07/31/2017

Asset type	Weight
Government bonds	77.34 %
T-bills	21.66 %
Receivables	2.44 %
Liabilities	-2.35 %
Current account	0.92 %
total	100,00 %
Derivative products	0.00 %
Net corrected leverage	100,00 %

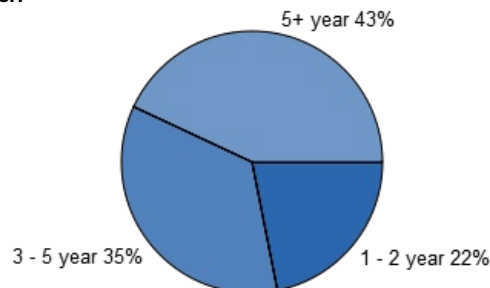
TOP 5 POSITIONS

PLGB 2022/04/25 2,25% (Lengyel Állam)
 PLGB 2022/09 5,75% (Lengyel Állam)
 PLGB 2019/04/25 0% (Lengyel Állam)
 PLGB 2023/10/25 4% (Lengyel Állam)

Assets with over 10% weight

PLGB 2022/04/25 2,25% (Lengyel Állam)
 PLGB 2022/09 5,75% (Lengyel Állam)
 PLGB 2019/04/25 0% (Lengyel Állam)
 PLGB 2023/10/25 4% (Lengyel Állam)

Bonds by tenor:



RISK INDICATORS FOR THE LAST 12 MONTHS:

Annualized standard deviation of the fund's weekly yields: 2.67 %

Annualized standard deviation of the benchmark's weekly yields: 2.72 %