

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:	01/03/2017 - 01/02/2018
Capital protection::	0.008891 PLN
ISIN code:	HU0000705728
Start:	09/04/2007
Currency:	PLN
Total Net Asset Value of the whole Fund:	6,121,166 PLN
Net Asset Value of PLN series:	6,121,166 PLN
Net Asset Value per unit:	0.009431 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	-0.58 %	
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, 10/01/2016 - 09/30/2017



— 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 market sentiment continued in the markets in September thus the American main equity indices reached an absolute peak and the German DAX and the French CAC 40 indices broke out from their decreasing trend channel.

In September, rhetorical conflict between the United States and North-Korea continued after the Phenjan regime exploded an underground hydrogen bomb at the beginning of the month. The experimental explosion has increased risk aversion somewhat but investors are getting used to this kind of news. The United Nations Security Council endorsed the tightening of the sanctions against North-Korea; first, the country's textile import has been banned, second, the oil import has been limited and Chinese banks began restricting the financial operations of North-Korean companies. The FOMC (Federal Open Market Committee) is about to start reducing its balance sheet by \$ 10 billion in October. Despite the lower inflation rates, the market expects an interest rate rise in December. Donald Trump agreed with Congressional Democrats to raise the debt limit to 3 months, generating an internal conflict within the Republican Party.

Among the European Union member states, for the first time Austria issued a 100-year government bond this month. In the German parliamentary election, the CDU/CSU won by 32.8 percent which is lower than expected, while the anti-immigration and anti-euro AfD proved to be stronger and got 13 percent of the votes. First a "Jamaican" coalition is expected by the market, meaning CDU/CSU, FDP and Greens agreement. All of these have a neutral effect on the Euro, however the British could have more difficulties in dealing with Brexit.

In the middle of the month, S&P surprised the market expectations and upgraded the Portuguese government debt to the lowest grade of the investment category (BBB-), while China's long-term government debt was degraded to "A +". Because of the uncertainty of Brexit and deteriorating growth prospects, the British government debt was also degraded to "Aa2" by Moody's. As a result the British currency has plunged. In September, oil price reached a 5-month peak due to the rumor of falling oil exports in the Kurdistan region, the rise in global oil demand and the decline in inventories.

On the Polish market, best performers were the chemical and the oil & gas sectors, while the food, media and energy sector proved to be the weakest in September. Overall the Polish market underperformed in the region.

ASSET ALLOCATION OF THE FUND ON 09/30/2017

Asset type	Weight
Government bonds	42.33 %
T-bills	27.29 %
Current account	30.78 %
Liabilities	-0.34 %
total	100.00 %
Derivative products	16.09 %
Net corrected leverage	116.03 %

TOP 5 POSITIONS

PLGB 2018/10/25 0% (Lengyel Állam)
 PLGB 2018/04/25 3,75% (Lengyel Állam)
 PLGB 2017/10 5,25% (Lengyel Állam)

Assets with over 10% weight

PLGB 2018/10/25 0% (Lengyel Állam)
 PLGB 2018/04/25 3,75% (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: 2.97 %

INVESTMENT HORIZON:

Suggested minimum investment period:



Risk and Reward Profile:

