

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:	2,873,329,803 HUF
Net Asset Value of institutional series:	16,788,734 PLN
Net Asset Value per unit:	1.223859 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 FUND:

Interval	Yield of note	Benchmark yield
From start	3.87 %	4.53 %
2016	0.22 %	0.25 %
2015	0.83 %	1.68 %
2014	9.56 %	9.45 %
2013	0.46 %	1.99 %

NET PERFORMANCE OF THE FUND

NET ASSET VALUE PER SHARE, 12/01/2016 - 11/30/2017



— 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 GDP accelerated from 4% to 4,7% YoY, beating market consensus (4,5%). Moreover, inflation in Poland hit 2,5% YoY in November (official inflation target of NBP), beating market consensus (2,3%). The jump may come from higher fuel and food prices. The general expectation is that inflation is only temporary higher and will decline in coming months. However, because of the unexpected increase in prices, short end and especially the belly bonds performed poorly and not only erased all of the gains of November, but ended the month higher in terms of YTM.

Meanwhile the Ministry of Finance announced the the Polish budget was still in surplus after October. Main reasons: VAT revenues skyrocketed (22% YoY), subsidies from budget to the social security system fell (-19% YoY) as well as the debt servicing cost (-10% YoY). Due to high growth, steep yield curve, better budget deficit long term government bonds outperformed this month significantly and were less affected by surprise in CPI.

Although the pressure to begin monetary tightening will be rising with CPI hitting target (at least temporarily) and as labour market keeps tightening, we expect that the Polish MPC will stick to the relatively dovish rhetoric at least for the coming months.

ASSET ALLOCATION OF THE FUND ON 11/30/2017

Asset type	Weight
Government bonds	87.41 %
T-bills	11.66 %
Receivables	0.73 %
Current account	0.24 %
Liabilities	-0.03 %
total	100.00 %
Derivative products	0.00 %
Net corrected leverage	100.00 %

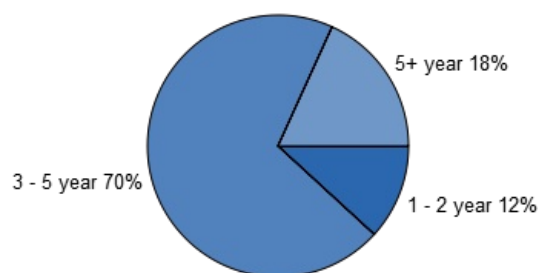
TOP 5 POSITIONS

PLGB 2022/04/25 2,25% (Lengyel Állam)
PLGB 2021/07/25 1,75% (Lengyel Állam)
PLGB 2019/04/25 0% (Lengyel Állam)
PLGB 2027/07/25 2,5% (Lengyel Állam)
PLGB 2021/04/25 2% (Lengyel Állam)

Assets with over 10% weight

PLGB 2022/04/25 2,25% (Lengyel Állam)
PLGB 2021/07/25 1,75% (Lengyel Állam)
PLGB 2019/04/25 0% (Lengyel Állam)
PLGB 2027/07/25 2,5% (Lengyel Állam)

Bonds by tenor:



RISK INDICATORS FOR THE LAST 12 MONTHS:

Annualized standard deviation of the fund's weekly yields:	2.18 %
Annualized standard deviation of the benchmark's weekly yields:	2.25 %