

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:	10,560,346,082 HUF
Net Asset Value of institutional series:	105,091,816 PLN
Net Asset Value per unit:	1.247347 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 %	4.63 %
2017	4.17 %	4.77 %
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, 04/01/2017 - 03/31/2018



— 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.

RISK INDICATORS FOR THE LAST 12 MONTHS:

Annualized standard deviation of the fund's weekly yields:	1.60 %
Annualized standard deviation of the benchmark's weekly yields:	1.64 %

MARKET SUMMARY:

Polish government bonds had a very good month again: yields declined by 25-30bps. Increasing risk aversion (trade war, volatility spike, VIX, OIS, JPY and gold strengthening) and decreasing yields of core market bonds were supportive, however the local news were even more helpful and caused a further rally in Polish yields. Beyond the summary in the previous portfolio report it was a big surprise, that the headline CPI (1,4% yoy) was below the tolerance band of the National Bank, which could provide a further support for the already dovish MPC members. The growth is strong but may have peaked. The PPI turned negative again, and the inflation expectations of market participants decreased too: it can happen, that even the highest print in terms of headline CPI this year could be lower than the upper bound of the National Banks' target band. The Governor, Glapinski mentioned, that he could imagine unchanged base rate even until 2020. Based on these we increased our duration exposure in the Fund.

ASSET ALLOCATION OF THE FUND ON 03/31/2018

Asset type	Weight
Government bonds	84.50 %
T-bills	14.61 %
Current account	0.96 %
Liabilities	-0.69 %
Receivables	0.62 %
total	100,00 %
Derivative products	0.00 %
Net corrected leverage	100.00 %

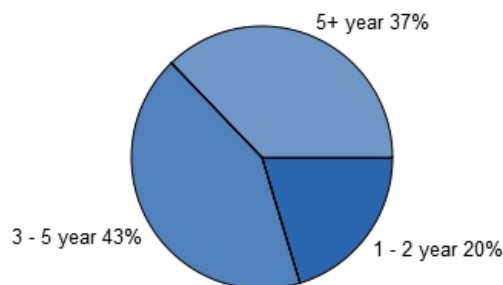
TOP 5 POSITIONS

PLGB 2025/07 3,25% (Lengyel Állam)
PLGB 2021/07/25 1,75% (Lengyel Állam)
PLGB 2022/04/25 2,25% (Lengyel Állam)
PLGB 2019/04/25 0% (Lengyel Állam)
PLGB 2027/07/25 2,5% (Lengyel Állam)

Assets with over 10% weight

PLGB 2025/07 3,25% (Lengyel Állam)
PLGB 2021/07/25 1,75% (Lengyel Állam)
PLGB 2022/04/25 2,25% (Lengyel Állam)
PLGB 2019/04/25 0% (Lengyel Állam)
PLGB 2027/07/25 2,5% (Lengyel Állam)

Bonds by tenor:



INVESTMENT HORIZON:

Suggested minimum investment period:



Risk and Reward Profile:

