

Aegon Polish Equity Fund PLN series

GENERAL INFORMATION

Fund Manager:	AEGON Hungary Fund Manager Ltd.
Custodian:	Unicredit Bank Hungary Zrt.
Main distributor:	AEGON Hungary Fund Manager Ltd.
Benchmark composition:	60% WIG-20 Index + 35% WIG-40 Index + 5% WBOR 3M Index
ISIN code:	HU0000710835
Start:	
Currency:	PLN
Total Net Asset Value of the whole Fund:	123,955,796 PLN
Net Asset Value of PLN series:	PLN
Net Asset Value per unit:	1.000000 PLN

INVESTMENT POLICY OF THE FUND:

The fund aims to share in the yields of the Polish equity market, and to profit from Poland's economic growth through share price gains and dividend income. Given the risk profiles of the equity investments, the fund is classified as a high-risk investment. The fund manager's intentions are that the fund's portfolio should consist predominantly of the publicly traded shares of foreign-domiciled companies. The fund's primary investment targets are the exchange-traded securities of companies that are active in Poland or that generate the bulk of their revenues there, or whose shares are listed on the Warsaw Stock Exchange. The fund may also invest in the shares of other Central and Eastern European corporations. These are listed as Austria, the Czech Republic, Hungary, Russia, Romania and Turkey, although the portfolio will always chiefly consist of the shares of companies listed on the Warsaw Stock Exchange. When building the fund's portfolio, beyond the minimum statutory requirements, the principles of safety and maximum diversification (the spreading of risk) are observed. Accordingly, only publicly issued securities listed or in the process of being listed on the stock exchange will be purchased as equity investments. The fund management company, exercising all due care, determines the means of utilising the fund's resources on the basis of its own judgement and decisions, while observing the relevant legal provisions and the limitations stipulated in the Fund Documentation and by taking into account the macroeconomic environment of the investment markets, relying primarily on fundamental analysis. When compiling the portfolio, it is shares that determine the nature of the fund, and thus the proportion of shares that may be held in the fund at any given moment may reach the prevailing statutory maximum. The weights of the shares within the portfolio are determined so as to ensure that the fund - in line with our expectations with regard to future risks and yields - achieves its objective, which is to outperform the benchmark advertised by the fund, over the longer term. The fund holds more than 30% of its assets in a currency other than the domestic currency (HUF). In accordance with the current legislation, the proportion of shares in the portfolio may be up to 100%.

DISTRIBUTORS

Aegon Towarzystwo Ubezpieczen na Zycie Spolka, CONCORDE Értékpapír Zrt.

NET YIELD PERFORMANCE OF THE SERIES:

Interval	Yield of note	Benchmark yield
From start		

RISK INDICATORS FOR THE LAST 12 MONTHS:

Annualized standard deviation of the fund's weekly yields: no data

Annualized standard deviation of the benchmark's weekly yields: no data

MARKET SUMMARY:

However, the US equity market managed to rise in May, the European and Regional equity indices suffered a fall. The Dollar was able to strengthen significantly against the Euro, thus the EURUSD cross reached the 1.151 rate. At the beginning of the month, the US currency was boosted by the record high US export data, while the European geopolitical tension and the widening US-German yield gap have put pressure on the Euro, after the 10-year US government yield hit a 7-year-high and reached the 3.1 level.

Last month, the fears of some vulnerable emerging markets' currency crisis come to the light. In May, the Argentine peso weakened by more than 20 percent in one week compared to the Dollar. At the beginning of the month, the foreign exchange intervention did not bring the expected result, thus the local central bank had to raise the base rate to 40% to reduce the pressure on the Argentine currency. Moreover, the Argentine President Macri had to request for an IMF help to save the Peso. Similar situation took place in Turkey in May, the Turkish Lira fell to a new absolute low against the Dollar, which only the local central bank was able to curb somewhat by an extra 300 basis point interest rates raise. The fears of the emerging market currencies also reached Hungary, thus the Forint has weakened over the 320 limit against the Euro, which has not been seen since June 2016.

In Europe, the Italian political tensions were in the limelight. At the end of the month, State-President Mattarella did not endorse Giuseppe Conte's Financial Minister nominee, the euro-skeptic Paolo Savona, in response to this, the League and the Five Star Movement have gave back the mandate of the government formation. Investors were afraid that Italy will leave the Eurozone, thus the Italian 10-year government yield has jumped to levels not seen since 2014.

Overseas, Trump's politics was a real roller coaster. In May, the US president declared that the US will officially quit the nuclear agreement with Iran, which the European countries are trying to maintain. Variable news came on the US-China trade war front as well, in the middle of the month we could hear some news about a cease-fire but by the end of the month, another tariff increase was announced. Similar situation took place in connection with the US-North-Korean summit (planned on June 12), the US president firstly resigned the meeting but by the end of the month, some good news emerged about this issue.

Oil price hit a new 3.5-year high in May, after the market participants worried about a significant downturn in Iran's oil supply, but the end of the month, the investors realized profit before the OPEC/Russian production negotiation.

In May, within the Polish market the large cap papers underperformed compared to the mid- and small-caps. The weaker performance of the Polish market was partly caused by the continuous cash outflow, which was also exacerbated by the weight-change of the MSCI index. Regarding the sectors, the best performance was achieved by the IT and food sector, while the construction and the oil&gas sector proved to be the weakest last month. In the middle of the month, we entered into long position in the Polish Videogame publisher company (PlayWay), which contributed positively to the last month's performance.

ASSET ALLOCATION OF THE FUND ON 05/31/2018

Asset type	Weight
International equities	93.74 %
Current account	6.29 %
Liabilities	-0.45 %
Receivables	0.43 %
total	100,00 %
Derivative products	0.00 %
Net corrected leverage	99.99 %

TOP 5 POSITIONS

PKO Bank
Polski Koncern Naftowy
POWSZECHNY ZAKŁAD UBEZPIECZEŃ
Bank Pekao SA
CD PROJECT RED

Assets with over 10% weight

There is no such instrument in the portfolio

Stocks by sectors:

INVESTMENT HORIZON:

Suggested minimum investment period:

3 months
 6 months
 1 year
 2 years
 3 years
 4 years
 5 years

Risk and Reward Profile:

very low
 low
 moderate
 intermediate
 significant
 high
 very high