

Aegon Bessa Derivative Fund

GENERAL INFORMATION

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|--|---------------------------------|
| Fund Manager: | AEGON Hungary Fund Manager Ltd. |
| Custodian: | Unicredit Bank Hungary Zrt. |
| Main distributor: | AEGON Hungary Fund Manager Ltd. |
| Current capital protection period: | 01/03/2018 - 01/02/2019 |
| Capital protection:: | 0.008501 PLN |
| ISIN code: | HU0000705728 |
| Start: | 09/04/2007 |
| Currency: | PLN |
| Total Net Asset Value of the whole Fund: | 7,964,022 PLN |
| Net Asset Value of PLN series: | 7,964,022 PLN |
| Net Asset Value per unit: | 0.009528 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 Ubezpieczeń na Życie Spółka

NET YIELD PERFORMANCE OF THE SERIES:

| Interval | Yield of note | Benchmark yield |
|------------|---------------|-----------------|
| From start | -0.44 % | |
| 2017 | -4.46 % | |
| 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, 10/01/2017 - 09/30/2018



— 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

RISK INDICATORS FOR THE LAST 12 MONTHS:

Annualized standard deviation of the fund's weekly yields: 4.72 %

MARKET SUMMARY:

In September, major equity indices did not show any significant change, emerging markets performed similarly to their developed counterparts but Japan proved to be an outperformer.

In the beginning of the month, the sentiment around the trade war became better thanks to the news about the new negotiation between China and America but in the middle of the month, Donald Trump hit China with tariffs on another \$200 billion worth of Chinese goods with 10% duty, that will increase to 25% at the start of 2019. In response to that, China has cancelled all trade negotiations with America thus the trade war tensions continued to increase in September.

September was also rich in central bank pulses. The Bank of England and the European Central Bank have not changed the monetary policy conditions as expected but the Turkish central bank has raised its key interest rate to 24% in a dramatic bid from 17.5% to control inflation and prevent a currency crisis. Following the decision, the Turkish lira started to rise and the Turkish equities closed the month in the black. The Federal Reserve has raised US-short term interest rate by 25 basis points to 2.25 per cent and further strengthened the chance of another tightening in December, the market gives 85% probability for the next interest rate hike this year.

Until end of September, Italian assets could rise and the Italian yield spreads fell which caused rise in the banking sector. However, by the end of the month the Italy's coalition government agreed on a 2019 deficit at 2.4 percent of GDP compared to the EU's preferred level of less than 2 percent, which caused a significant drop in the Italian risky assets while the Italian 10 year government bond hit 3.4 per cent with almost a 20% increase.

In September the oil could also increase its price, the oil market is currently characterised by constriction of the supply-side: in addition to the expected impact of Iranian sanctions, US oil reserves have significantly fallen while the hurricane Florence has also supported the price of the black gold.

The Polish equity market was an underperformer compared to the Regional markets mainly due to the panic at the beginning of the month which was triggered by negative news on the Polish Asset Managements. Within the Polish market, the small-cap pares significantly underperformed while mid- and large-caps performance was better but they also closed the month in the red. Regarding the sectors, the oil&gas sector was alone able to deliver positive yield, while the biggest fall was suffered by the chemical industry and the media sector.

ASSET ALLOCATION OF THE FUND ON 09/30/2018

| Asset type | Weight |
|------------------------|----------|
| T-bills | 67.40 % |
| Current account | 33.45 % |
| Liabilities | -0.98 % |
| Receivables | 0.16 % |
| total | 100.00 % |
| Derivative products | 14.94 % |
| Net corrected leverage | 114.95 % |

TOP 5 POSITIONS

PLGB 2019/04/25 0% (Lengyel Állam)
PLGB 2018/10/25 0% (Lengyel Állam)

Assets with over 10% weight

PLGB 2019/04/25 0% (Lengyel Állam)
PLGB 2018/10/25 0% (Lengyel Állam)

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