

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:	11,807,226,894 HUF
Net Asset Value of institutional series:	102,330,296 PLN
Net Asset Value per unit:	1.285125 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

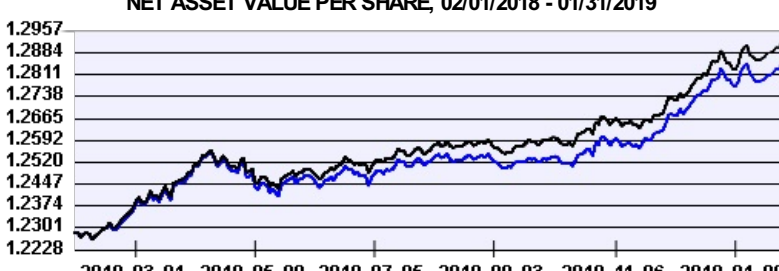
Aegon Towarzystwo Ubezpieczeń na Życie Spółka

NET YIELD PERFORMANCE OF THE SERIES:

Interval	Yield of note	Benchmark yield
From start	3.94 %	4.57 %
2018	4.17 %	4.67 %
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, 02/01/2018 - 01/31/2019



— 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:

The first month of the new year continued to be stellar for the Polish government bonds. In January bond yields were mainly driven by the worries over economic slowdown in the Eurozone and the ECB's assessment of risks. Yields regarding the 10 and 5 year maturity reached 2,5 year lows, while the short-end of the yield curve closed the month almost 60 basis points higher, which caused further yield curve flattening. Moving on with economic data, Polish economy expanded 5,1% in 2018 according to the first estimate, which was driven by strong domestic demand, specifically private consumption up by 4,5% and investment growth at 7,3%. However, since the economic slowdown is visible in the local figures as well, it is probable, that the economy will gradually slow down in 2019 below 4%. The earlier projection of NBP regarding higher inflation in 2019 has been revised downward because of the freeze of energy prices, so according to the forecasts the inflation rate will reach 1,6% in mid-2019 and 2,2% by the end of the year. Hence, it is likely that interest rates will remain unchanged in 2019. The Purchasing Managers' index in January arrived at 48,2, marking a slight correction compared to the 47,6 in the previous month, which means this is the third consecutive month of contraction in the manufacturing sector. The industrial production declined further in December, it only increased 2,8% year on year. Regarding the government budget balance, according to the early estimates the state budget deficit in 2018 was 10-11 billion PLN, which means that the budget deficit in relation to GDP could reach 0,5% last year. We are still rotated into Hungarian short end instead of the short end on the Polish yield curve.

ASSET ALLOCATION OF THE FUND ON 01/31/2019

Asset type	Weight
Government bonds	76.68 %
T-bills	14.11 %
Corporate bonds	8.52 %
Current account	1.61 %
Liabilities	-0.74 %
Receivables	0.02 %
Market value of open derivative positions	-0.19 %
total	100.00 %
Derivative products	22.66 %
Net corrected leverage	105.67 %

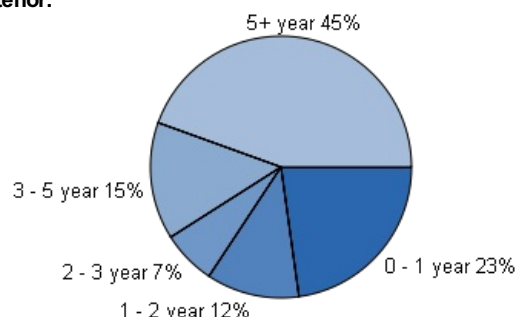
TOP 5 POSITIONS

Asset	Type	Counterparty / issuer	Maturity
PLGB 2028/04/25 2.75%	interest-bearing	Lengyel Állam (PL)	2028. 04. 25.
PLGB 2025/07 3,25%	interest-bearing	Lengyel Állam (PL)	2025. 07. 25.
PLGB 2022/09 5,75%	interest-bearing	Lengyel Állam (PL)	2022. 09. 23.
PLGB 2020/04 1,5%	interest-bearing	Lengyel Állam (PL)	2020. 04. 25.
PLN/HUF 19.04.30 Forward Buy	derivatív	OTP Bank (HU)	2019. 04. 30.

Assets with over 10% weight

PLGB 2028/04/25 2.75% (Lengyel Állam)
 PLGB 2025/07 3,25% (Lengyel Állam)
 PLGB 2022/09 5,75% (Lengyel Állam)
 PLGB 2020/04 1,5% (Lengyel Állam)

Bonds by tenor:



RISK INDICATORS FOR THE LAST 12 MONTHS:

Annualized standard deviation of the fund's weekly yields:	1.68 %
Annualized standard deviation of the benchmark's weekly yields:	1.59 %
WAM (Weighted Average Maturity):	4.07 years
WAL (Weighted Average Life):	4.47 years