

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:	11,701,069,785 HUF
Net Asset Value of institutional series:	107,832,102 PLN
Net Asset Value per unit:	1.280624 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	3.74 %	4.36 %
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, 05/01/2018 - 04/30/2019



— 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.

RISK INDICATORS FOR THE LAST 12 MONTHS:

Annualized standard deviation of the fund's weekly yields:	1.62 %
Annualized standard deviation of the benchmark's weekly yields:	1.54 %
WAM (Weighted Average Maturity):	4.19 years
WAL (Weighted Average Life):	4.61 years

INVESTMENT HORIZON:

Suggested minimum investment period:

<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 months	6 months	1 year	2 years	3 years	4 years	5 years

Risk and Reward Profile:

<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
very low	low	moderate	intermediate	significant	high	very high

MARKET SUMMARY:

After showing some strengthening in March, a weakening trend began to unfold on the Polish bond market in April. Bond yields rose on every maturity. Regarding the 3 year maturity, there was only a slight rise, but regarding the 5- and the 10 year maturity bond yields closed the month more than 10 basis points higher, which has led to steepening of the yield curve. Moving on with economic data, the growth outlook concerning the Polish economy has been revised slightly downward, so now according to market expectations the Polish economy will expand 4,2% in Q1. However, regarding the growth in Q2 and Q3 the market revised its forecast from 4% to 4,1% and from 3,9% to 4% respectively. In April inflation continued to increase, thus reaching the highest point in the previous year and a half. Annual inflation rate rose to 2,2% from 1,7% above market expectations, which was driven mainly by changes in food and fuel prices. The upward trend in Purchasing Managers' index also continued, because it rose to 48 from the previous 48,7. The decline of new orders and production slowed down, but employment fell at the fastest in over six years. The industrial production slowed to 5,6% year over year in March from 6,9% in the previous month, still beating market expectations. Regarding the government budget balance, the cumulative deficit in the first three months was 4488 million PLN, which means that the monthly deficit amounted to 3695,1 million PLN. Offsetting some slightly negative effect of the previously announced fiscal package, Polish PM Morawiecki announced overhaul of pension system. Assets in the amount of 160 billion PLN will be transferred either to individual pension account or to a virtual account in social security system. The transfer to individual account is burdened with 15% fee and the amount will be tax-free after retirement, while the transfer to the latter requires no fee, but income tax rates will apply when pension is paid. Because holding short-dated Hungarian bonds instead of the short end on the Polish yield curve has lost its attractiveness, we started to rotate back on Polish government bonds.

ASSET ALLOCATION OF THE FUND ON 04/30/2019

Asset type	Weight
Government bonds	79.89 %
Corporate bonds	8.62 %
T-bills	0.99 %
Current account	10.47 %
Market value of open derivative positions	0.10 %
Liabilities	-0.07 %
total	100,00 %
Derivative products	19.15 %
Net corrected leverage	104.79 %

TOP 5 POSITIONS

Asset	Type	Counterparty / issuer	Maturity
PLGB 2025/07 3,25%	interest-bearing	Lengyel Állam (PL)	2025. 07. 25.
PLGB 2027/07/25 2,5%	interest-bearing	Lengyel Állam (PL)	2027. 07. 25.
PLGB 2022/09 5,75%	interest-bearing	Lengyel Állam (PL)	2022. 09. 23.
PLGB 2019/07 3,25%	interest-bearing	Lengyel Állam (PL)	2019. 07. 25.
HUF/PLN 19.08.02 Forward Sell	derivatív	OTP Bank (HU)	2019. 08. 02.

Assets with over 10% weight

PLGB 2025/07 3,25% (Lengyel Állam)
PLGB 2027/07/25 2,5% (Lengyel Állam)
PLGB 2022/09 5,75% (Lengyel Állam)
PLGB 2019/07 3,25% (Lengyel Állam)

Bonds by tenor:

