

# Aegon Polish Bond Fund

## P 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:                               | HU0000713565                    |
| Start:                                   | 03/28/2014                      |
| Currency:                                | PLN                             |
| Total Net Asset Value of the whole Fund: | 11,599,659,731 HUF              |
| Net Asset Value of P series:             | 40,116,735 PLN                  |
| Net Asset Value per unit:                | 1.164038 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

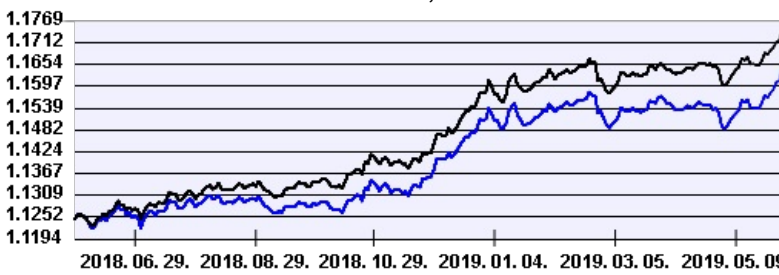
Aegon Towarzystwo Ubezpieczen na Zycie Spolka

### NET YIELD PERFORMANCE OF THE SERIES:

| Interval   | Yield of note | Benchmark yield |
|------------|---------------|-----------------|
| From start | 2.98 %        | 4.03 %          |
| 2018       | 3.55 %        | 4.67 %          |
| 2017       | 3.56 %        | 4.77 %          |
| 2016       | -0.38 %       | 0.25 %          |
| 2015       | 0.22 %        | 1.68 %          |

### NET PERFORMANCE OF THE SERIES

#### NET ASSET VALUE PER SHARE, 06/01/2018 - 05/31/2019



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:      | 1.68 % |
| Annualized standard deviation of the benchmark's weekly yields: | 1.58 % |

WAM (Weighted Average Maturity): 4.27 years

WAL (Weighted Average Life): 4.70 years

### INVESTMENT HORIZON:

Suggested minimum investment period:



Risk and Reward Profile:



very low low moderate intermediate significant high very high

### MARKET SUMMARY:

In May, Polish government bonds had a stellar month. Driven by the decrease in core yields, in Poland yields regarding the short end declined by 13-, regarding the 5 year maturity by 27-, and regarding the long end by approximately 40 basis points, so the yield curve has flattened. Moving on with economic data, economic growth in the first quarter reached 4,7% year over year, which was mainly driven by increasing domestic demand. According to the market expectations the Polish economy will expand 4,3% in Q2, and the annual growth outlook has been revised from the previous 3,8% to 4%. Inflation rate in Poland increased further, it edged up to 2,3% year over year, but below market expectation of 2,4%. It was the highest inflation rate since November 2017. Food prices increased to 5% year over year, while annual fuel prices increased by 4,1%. In the second half of the year, additional inflationary pressure might come from the fiscal stimulus, so it is likely that the average inflation will be at 2,4% this year. The Purchasing managers' index edged down slightly to 48,8 in May from 49 in April, below market expectations. Output, new orders and exports all continued to fall, although at weaker rates than at the start of 2019. Industrial production increased 9,2% year over year in April, following a 5,6% increase in the previous month and slightly above market expectations. This was the highest gain in industrial activity since July of 2018. Regarding the government budget balance, the cumulative deficit in the first four months was 75 million PLN, which means that the monthly surplus amounted to 4413 million PLN. At the end of May, the ruling party PiS has won the European Union parliamentary elections, taking 45,6% of votes. The European Coalition (KE) consisting of five opposition parties got 38,3%. The seven percentage point lead of the ruling party over the KE is significantly higher than expected. The current election was treated as a test before the national parliamentary elections that are scheduled for autumn. Before the elections the main risk of investors was the additional fiscal spending that could be triggered in a scenario of weak result of the ruling party. However, given the election outcome risks now appears to be lower, but not entirely off the agenda. In the fund, we started to decrease the Hungarian exposure, which we held instead of the short end on the Polish yield curve.

### ASSET ALLOCATION OF THE FUND ON 05/31/2019

| Asset type                                | Weight   |
|---|----------|
| Government bonds                          | 84.79 %  |
| Corporate bonds                           | 8.69 %   |
| T-bills                                   | 5.31 %   |
| Current account                           | 0.67 %   |
| Receivables                               | 0.42 %   |
| Market value of open derivative positions | 0.16 %   |
| Liabilities                               | -0.05 %  |
| total                                     | 100,00 % |
| Derivative products                       | 14.86 %  |
| Net corrected leverage                    | 103.72 % |

### 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:

