

Aegon Polish Bond Fund HUF 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:	HU0000705256
Start:	05/11/2007
Currency:	HUF
Total Net Asset Value of the whole Fund:	12,373,322,404 HUF
Net Asset Value of HUF series:	556,865,179 HUF
Net Asset Value per unit:	1.718277 HUF

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

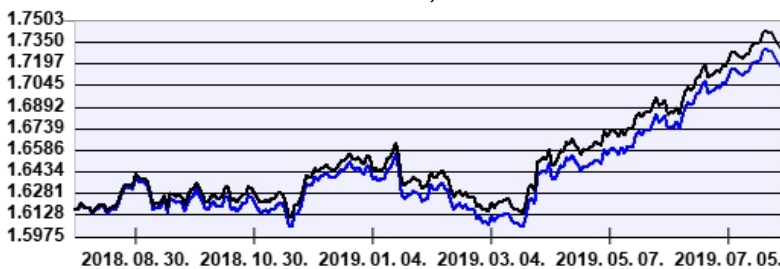
Aegon Magyarország Befektetési Alapkezelő Zrt., CIB Bank Zrt., Commerzbank Zrt., CONCORDE Értékpapír Zrt., Equilor Befektetési Zrt, Erste Befektetési Zrt., Raiffeisen Bank Zrt., Unicredit Bank Hungary Zrt.

NET YIELD PERFORMANCE OF THE SERIES:

Interval	Yield of note	Benchmark yield
From start	4.53 %	7.25 %
2018	4.20 %	5.33 %
2017	9.53 %	10.82 %
2016	-4.68 %	-4.08 %
2015	-0.35 %	1.10 %
2014	11.85 %	12.94 %
2013	-0.50 %	2.13 %
2012	12.10 %	15.01 %
2011	8.99 %	9.57 %
2010	11.80 %	14.15 %
2009	16.47 %	28.27 %

NET PERFORMANCE OF THE SERIES

NET ASSET VALUE PER SHARE, 08/01/2018 - 07/31/2019



— Aegon Polish Bond Fund HUF 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:

Polish bond yields continued to fall in July. Only the 3-year bond yield rose slightly, the 5 year dropped 6 bp, and the 10 year dropped 18 bp, so the yield curve flattened a bit. If we look at the economic data, the market expects 4,3% GDP growth this year, 3,5% next year and 2,8% in 2021. If we pair this with the 2,9% inflation that is above the Central's Bank 2,5% target it seems obvious to expect a rate hike. But according to the Central Bank's president, Mr. Glapinski, there is no need to worry, the monetary policy won't be changed because of this sudden spike in the inflation rate. Plus, we might add, that although the local economy is performing well, (there are some deteriorations in some macro data) the global environment will cool off any inflation risk, and the FED's and ECB's easing cycle won't make any rate hiking an urgent one. The main culprit of the inflation's acceleration is the rising food prices, which reached 6,8% level, the first time since May of 2011. July's PMI decreased from 48,4 to 47,4, which was below expectations. New orders decreased compared to the beginning of the year to below 50, this is the 9th month in a row that index is below that level. June industrial output YoY decreased by 2,7% from May's 7,7%, which was significantly below market expectations. This is the first time since 2017 that this indicator is falling. Regarding the budget, the accumulated first 6 months deficit reached 5041 million PLN, which means the deficit in June was 2883 million PLN. Because of the extreme expectations before the ECB meeting, we decreased the fund's duration, which is in retrospect looks like a good decision.

ASSET ALLOCATION OF THE FUND ON 07/31/2019

Asset type	Weight
Government bonds	85.55 %
T-bills	3.46 %
Deposit	12.11 %
Liabilities	-2.01 %
Current account	0.64 %
Receivables	0.24 %
Market value of open derivative positions	0.02 %
total	100.00 %
Derivative products	13.93 %
Net corrected leverage	103.49 %

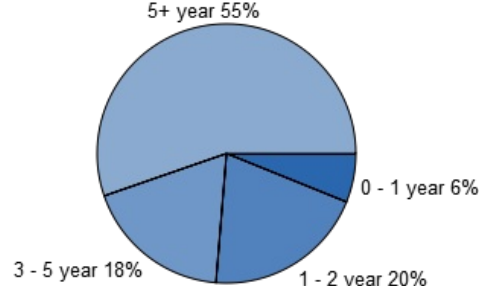
TOP 5 POSITIONS

Asset	Type	Counterparty / issuer	Maturity
POLGB 2024/10/25 2,25%	interest-bearing	Lengyel Állam (PL)	2024. 10. 25.
POLGB 2028/04/25 2.75%	interest-bearing	Lengyel Állam (PL)	2028. 04. 25.
POLGB 2021/04/25 2%	interest-bearing	Lengyel Állam (PL)	2021. 04. 25.
POLGB 2022/09 5,75%	interest-bearing	Lengyel Állam (PL)	2022. 09. 23.
HUF/PLN 19.09.03 Forward Sell	derivatív	OTP Bank (HU)	2019. 09. 03.

Assets with over 10% weight

POLGB 2024/10/25 2,25% (Lengyel Állam)
POLGB 2028/04/25 2.75% (Lengyel Állam)
POLGB 2021/04/25 2% (Lengyel Állam)
POLGB 2022/09 5,75% (Lengyel Állam)

Bonds by tenor:



RISK INDICATORS FOR THE LAST 12 MONTHS:

Annualized standard deviation of the fund's weekly yields:	3.90 %
Annualized standard deviation of the benchmark's weekly yields:	3.86 %
WAM (Weighted Average Maturity):	4.01 years
WAL (Weighted Average Life):	4.32 years