

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:	13,012,689,152 HUF
Net Asset Value of institutional series:	110,540,740 PLN
Net Asset Value per unit:	1.327522 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 PERFORMANCE OF THE SERIES

NET ASSET VALUE PER SHARE, 01/01/2019 - 12/31/2019



— 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.

RISK INDICATORS FOR THE LAST 12 MONTHS:

Annualized standard deviation of the fund's weekly yields:	2.20 %
Annualized standard deviation of the benchmark's weekly yields:	2.08 %
WAM (Weighted Average Maturity):	3.78 years
WAL (Weighted Average Life):	4.07 years

INVESTMENT HORIZON:

Suggested minimum investment period:



Risk and Reward Profile:



TOP 5 POSITIONS

Asset	Type	Counterparty / issuer	Maturity
POLGB 2022/04/25 2,25%	interest-bearing	Lengyel Állam (PL)	2022.04.25
POLGB 2028/04/25 2,75%	interest-bearing	Lengyel Állam (PL)	2028.04.25
POLGB 2024/04/25 2,5%	interest-bearing	Lengyel Állam (PL)	2024.04.25
POLGB 2027/07/25 2,5%	interest-bearing	Lengyel Állam (PL)	2027.07.25
HUF/PLN 20.03.30 Forward Sell	derivatv	OTP Bank (HU)	2020.03.30

MARKET SUMMARY:

The bond yields continued to rise in the last month of the year. The 3 year rose by 7 bp, the 5 year by 5 bp and the 10 year by 7bp, which caused the yield curve to steepen. Looking at the macro economic data, the Polish GDP increased by 4,2% in 2019, 3,4% in 2020 and 2,9% in 2021. The 4th quarter growth was revised from 4% to 3,9%, and the growth in 1st quarter of 2020 was decreased to 3,6%. The YoY inflation grew to 3,4% in December from November's 2,6%, which was a lot higher than the expected 2,8%. The purchasing manager's index grew from the November level 46,7 to 48 in December, so it ended slightly higher than the expected 46,8 level. Although this is the 14th month in a row that this indicator is below the crucial 50 level, still this is the best number since last August. The employment rate is falling 6 month in a row, but the new orders rate is falling at a slower rate. The industrial output is slowing too, YoY it grew in November by 1,4% compared to the previous month's 3,5%. Regarding the budget, the first 11 months cumulative deficit was 1882,2 million PLN, which means that in November the surplus was 1309,9 million PLN. In 2019 the budget balance reached its best level ever after the 2nd quarter. Based on the data it could have improved in the 3rd quarter further, but most likely the year will end with a slight deficit of 0,9%.

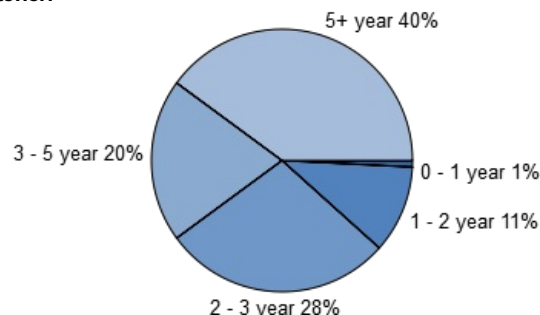
ASSET ALLOCATION OF THE FUND ON 12/31/2019

Asset type	Weight
Government bonds	80.58 %
T-bills	3.02 %
Current account	15.13 %
Receivables	1.57 %
Liabilities	-0.32 %
Market value of open derivative positions	0.02 %
total	100,00 %
Derivative products	13.26 %
Net corrected leverage	103.32 %

Assets with over 10% weight

POLGB 2022/04/25 2,25% (Lengyel Állam)
POLGB 2028/04/25 2,75% (Lengyel Állam)
POLGB 2024/04/25 2,5% (Lengyel Állam)
POLGB 2027/07/25 2,5% (Lengyel Állam)

Bonds by tenor:



NET YIELD PERFORMANCE OF THE SERIES:

Interval	Yield of note	Benchmark yield
From start	3.90 %	4.47 %
2019	3.73 %	3.94 %
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 %