

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:	12,929,812,738 HUF
Net Asset Value of institutional series:	106,267,386 PLN
Net Asset Value per unit:	1.357181 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	4.07 %	4.68 %
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 %

NET PERFORMANCE OF THE SERIES

NET ASSET VALUE PER SHARE, 04/01/2019 - 03/31/2020



— 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:



TOP 5 POSITIONS

Asset	Type	Counterparty / issuer	Maturity
POLGB 2022/04/25 2,25%	interest-bearing	Lengyel Állam (PL)	2022.04.25
POLGB 2024/04/25 2,5%	interest-bearing	Lengyel Állam (PL)	2024.04.25
POLGB 2028/04/25 2,75%	interest-bearing	Lengyel Állam (PL)	2028.04.25
POLGB 2027/07/25 2,5%	interest-bearing	Lengyel Állam (PL)	2027.07.25
POLGB 2026/07/25 2,5%	interest-bearing	Lengyel Állam (PL)	2026.07.25

MARKET SUMMARY:

In March, the Polish bond market was fueled by concerns about the spreading coronavirus in Europe. Following a rise in yields at the beginning of the month, the short and medium term Polish bond yields closed lower by the end of the month, but volatility was very high. The 3-year yields were down by 33 basis points, the 5-year yields were lower by 11 bps, and the 10-year maturity closed slightly higher by the end of the month. This made the Polish yield curve steeper. Going forward with economic data, the Polish economy is expected to grow by 0.5% in 2020, 2.8% in 2021 and 2.9% in 2022. According to a survey, there is a 70% chance that the country will sink into a recession in the next 12 months. Forecasts for the first and second quarters of 2020 have been revised downwards, the former from 3% to 1.5% and the latter from 3% to -1.6%. Year-on-year inflation accelerated to 4.7% in February, ahead of expectations. This has been the highest inflation rise since November 2011. Because of the effects of the coronavirus, consumers have been storming the stores and this is likely to have an impact on price increases. However, recession fears point towards significant downward surprises in terms of inflation. The central bank adjusted upward the inflation from 2020 from 2.8% to 3.7%. The Purchasing Manager Index dropped to 42.4 points in March from 48.2 points in February, which was below expectations of 45.2 points. The indicator is below the 50-point limit for the 17th consecutive month, which was mainly due to a sharp decline in new orders and exports in March. Industrial production grew by 4.9% in February, outperforming market expectations. As far as public finances are concerned, a budget surplus of PLN 3,427 billion was recorded in January. However, the measures taken to reduce the effects of the virus will push budget balances in the negative during the year and as a result budget deficit may increase to 5-7%. During the month, we invested in Hungarian government bonds, which clearly underformed regional peers, but it proved to be detrimental to performance in March.

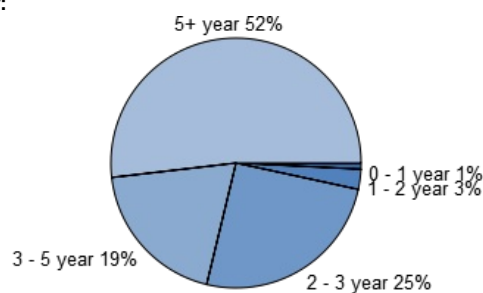
ASSET ALLOCATION OF THE FUND ON 03/31/2020

Asset type	Weight
Government bonds	88.66 %
T-bills	3.10 %
Current account	8.13 %
Receivables	1.23 %
Liabilities	-1.21 %
Market value of open derivative positions total	0.09 %
Derivative products	13.32 %
Net corrected leverage	103.34 %

Assets with over 10% weight

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

Bonds by tenor:



RISK INDICATORS FOR THE LAST 12 MONTHS:

Annualized standard deviation of the fund's weekly yields:	4.27 %
Annualized standard deviation of the benchmark's weekly yields:	3.52 %
WAM (Weighted Average Maturity):	4.31 years
WAL (Weighted Average Life):	4.66 years