

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:	3,018,492,239 HUF
Net Asset Value of HUF series:	24,110,521 HUF
Net Asset Value per unit:	1.543443 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., Codex Tőzsdéügynökség és Értéktár Zrt., Commerzbank Zrt., CONCORDE Értékpapír Zrt., Equilor Befektetési Zrt, Erste Befektetési Zrt., Raiffeisen Bank Zrt., SPB Befektetési Zrt., Unicredit Bank Hungary Zrt.

NET YIELD PERFORMANCE OF THE SERIES:

Interval	Yield of note	Benchmark yield
From start	4.41 %	7.52 %
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 %
2008	-16.10 %	-2.99 %

NET PERFORMANCE OF THE SERIES

NET ASSET VALUE PER SHARE, 06/01/2016 - 05/31/2017



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:	5.75 %
Annualized standard deviation of the benchmark's weekly yields:	5.79 %

MARKET SUMMARY:

Polish government bonds had a strong month again: yields decreased by 15-25bps. Rally was mainly based on supporting international environment, nicely growing tax receipts (surging VAT revenues) and very dovish Polish MPC. Although, the Polish Monetary Policy Council did not change interest rates during its late May meeting, the message was very supportive for rates. Despite the fast GDP growth was acknowledged, the Council does not expect inflation to reach the upper bound of the target, but expects inflation to stabilize below target in the medium term and Glapinski did not acknowledge wage pressure. According to the governor, rate hikes are probably not necessary both in 2017 and in 2018.

With strong growth (4% in Q1 YoY) and tight labour market (wages grew by 4,1% in April YoY) the current market pricing for the Polish rate path seems to be very optimistic (first rate hike only in late 2018).

Poland has financed 66% of 2017 gross borrowing needs in May 2017. High frequency macro data was a bit worse than expected, however it is mainly due to calendar effect. Polish credit risk premium may be close to local minimum, which means longer maturity papers may correlate more with core market yields in the coming months.

ASSET ALLOCATION OF THE FUND ON 05/31/2017

Asset type	Weight
Government bonds	74.26 %
T-bills	24.39 %
Current account	1.61 %
Liabilities	-0.58 %
Receivables	0.32 %
total	100,00 %
Derivative products	0.00 %
Net corrected leverage	100.00 %

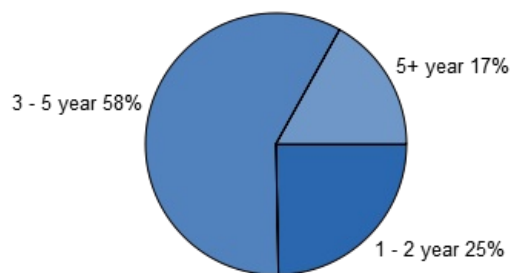
TOP 5 POSITIONS

PLGB 2022/04/25 2,25% (Lengyel Állam)
PLGB 2019/04/25 0% (Lengyel Állam)
PLGB 2021/07/25 1,75% (Lengyel Állam)
PLGB 2025/07 3,25% (Lengyel Állam)
PLGB 2022/09 5,75% (Lengyel Állam)

Assets with over 10% weight

PLGB 2022/04/25 2,25% (Lengyel Állam)
PLGB 2019/04/25 0% (Lengyel Állam)
PLGB 2021/07/25 1,75% (Lengyel Állam)

Bonds by tenor:



INVESTMENT HORIZON:

Suggested minimum investment period:



Risk and Reward Profile:

