

# Aegon Polish Equity Fund

## PLN series

### GENERAL INFORMATION

|  |   |
|--|---|
| Fund Manager:                            | AEGON Hungary Fund Manager Ltd.                         |
| Custodian:                               | Unicredit Bank Hungary Zrt.                             |
| Main distributor:                        | AEGON Hungary Fund Manager Ltd.                         |
| Benchmark composition:                   | 60% WIG-20 Index + 35% WIG-40 Index + 5% WIBOR 3M Index |
| ISIN code:                               | HU0000710835  |
| Start:                                   |   |
| Currency:                                | PLN   |
| Total Net Asset Value of the whole Fund: | 172,150,417 PLN   |
| Net Asset Value of PLN series:           | PLN   |
| Net Asset Value per unit:                | 1.000000 PLN  |

### INVESTMENT POLICY OF THE FUND:

The fund aims to share in the yields of the Polish equity market, and to profit from Poland's economic growth through share price gains and dividend income. Given the risk profiles of the equity investments, the fund is classified as a high-risk investment. The fund manager's intentions are that the fund's portfolio should consist predominantly of the publicly traded shares of foreign-domiciled companies. The fund's primary investment targets are the exchange-traded securities of companies that are active in Poland or that generate the bulk of their revenues there, or whose shares are listed on the Warsaw Stock Exchange. The fund may also invest in the shares of other Central and Eastern European corporations. These are listed as Austria, the Czech Republic, Hungary, Russia, Romania and Turkey; although the portfolio will always chiefly consist of the shares of companies listed on the Warsaw Stock Exchange. When building the fund's portfolio, beyond the minimum statutory requirements, the principles of safety and maximum diversification (the spreading of risk) are observed. Accordingly, only publicly issued securities listed or in the process of being listed on the stock exchange will be purchased as equity investments. The fund management company, exercising all due care, determines the means of utilising the fund's resources on the basis of its own judgement and decisions, while observing the relevant legal provisions and the limitations stipulated in the Fund Documentation and by taking into account the macroeconomic environment of the investment markets, relying primarily on fundamental analysis. When compiling the portfolio, it is shares that determine the nature of the fund, and thus the proportion of shares that may be held in the fund at any given moment may reach the prevailing statutory maximum. The weights of the shares within the portfolio are determined so as to ensure that the fund - in line with our expectations with regard to future risks and yields - achieves its objective, which is to outperform the benchmark advertised by the fund, over the longer term. The fund holds more than 30% of its assets in a currency other than the domestic currency (HUF). In accordance with the current legislation, the proportion of shares in the portfolio may be up to 100%.

### DISTRIBUTORS

CONCORDE Értékpapír Zrt.

### NET YIELD PERFORMANCE OF THE SERIES:

| Interval   | Yield of note | Benchmark yield |
|------------|---------------|-----------------|
| From start |               |                 |

### RISK INDICATORS FOR THE LAST 12 MONTHS:

Annualized standard deviation of the fund's weekly yields: no data  
Annualized standard deviation of the benchmark's weekly yields: no data

### INVESTMENT HORIZON:

Suggested minimum investment period:



Risk and Reward Profile:



### MARKET SUMMARY:

Positive market sentiment continued on the stock exchanges; the main equity indices (S&P 500, DAX, Nikkei, BUX) reached an absolute peak in October with extreme low volatility. In addition, the third quarterly earnings season has begun thus company results also move the markets.

Overseas, the market is waiting for the details of the tax reform and the announcement of the Fed Chairman. It is expected that President Donald Trump will nominate Jerome Powell to the top job at the US central bank, expecting to pursue the current monetary policy. Thanks to the strong consumption and higher inventories the US economy grew by 3 per cent in the third quarter that is more than the expected 2.5%. As a result of the strong US macro data and the weaker Euro, the Euro has dropped to a three months low against the Dollar. Furthermore, the 10-year US bond was traded at 2.45 percent which is the highest number since March but yields started to decline by the end of the month.

At the beginning of the month, the Catalan independence referendum was in the limelight of the European market and the results led to a drop in the Spanish equities. The Spanish tension continued to intensify after the Catalan parliament voted to leave Spain which was replied by the Spanish Government by dissolution of the Catalan government and ordaining early elections in December. In the month, in line with the market consensus the European Central Bank did not change interest rates and announced a reduction in its bond purchase program from January 2018 to EUR 30 billion per month but did not set the date of completion of the program. After the news the Euro has significantly weakened. The European raw material sector reached its four-year peak as the core commodity prices rose and Citigroup has also upgraded the sector.

Oil prices also increased in October and hit 54.5 dollar per barrel as OPEC oil extraction quotas are expected to be prolonged and inventories decreased more than expected.

In October, in the Polish market the large caps outperformed compared to the mid- and small caps. Regarding the sectors, the oil&gas and the banking sector performed well, while the construction sector proved to be the weakest this month. In the fund, the banking sector was overweighted thus the fall in the price of the PEKAO (because of the rumor about the merger with Alior bank) affected the performance negatively, while our Lotos-PKN pairtrade contributed positively. From the macro and profit growth side we are still optimistic on the Polish market growth.

### ASSET ALLOCATION OF THE FUND ON 10/31/2017

| Asset type             | Weight   |
|------------------------|----------|
| International equities | 98.21 %  |
| Current account        | 4.49 %   |
| Liabilities            | -2.79 %  |
| Receivables            | 0.10 %   |
| total                  | 100.00 % |
| Derivative products    | 0.00 %   |
| Net corrected leverage | 100.00 % |

### TOP 5 POSITIONS

|                               |
|-------------------------------|
| Polski Koncern Naftowy        |
| PKO Bank                      |
| POWSZECHNY ZAKŁAD UBEZPIECZEŃ |
| Bank Pekao SA                 |
| KGHM Polska SA                |

### Assets with over 10% weight

There is no such instrument in the portfolio

### Stocks by sectors: