

# 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: | 2,902,297,002 HUF               |
| Net Asset Value of HUF series:           | 36,731,085 HUF                  |
| Net Asset Value per unit:                | 1.575567 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 Tőzsdeügynökség 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 | 4.36 %        | 7.36 %          |
| 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 %         |
| 2008       | -16.10 %      | -2.99 %         |

## NET PERFORMANCE OF THE SERIES

### NET ASSET VALUE PER SHARE, 01/01/2017 - 12/31/2017



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:      | 4.27 % |
| Annualized standard deviation of the benchmark's weekly yields: | 4.32 % |

## MARKET SUMMARY:

During December the Monetary Policy Council left the base rate unchanged, as expected. However, the Council lowered the interest rate paid on mandatory reserves from 1,35% to 0,5% (which was the official deposit rate). There will be a fiscal impact: the profit of the NBP will be higher by appr. 350mln PLN and lower the banking sector's profit by the same amount. The Chairman was very dovish downplaying wage pressures, highlighting uncertainty regarding growth and the possibility of renewed deflationary tendencies worldwide and reiterated his call for unchanged rates throughout 2018. Until the base effect in inflation provide a lower headline number, we do not expect that this rhetoric will change.

Looking ahead inflation is set to fall on the back of before mentioned base effects in the next months, which could provide a support for the short end and belly (supported by the dovish central bank). In November high frequency macro data was strong, signalling a GDP growth by appr. 4,7-5% in Q4. The strong performance of the economy, tightening labor market, widening output gap will not provide a strong support for bonds in the long run, however relative fiscal performance was quite impressive in 2017.

## ASSET ALLOCATION OF THE FUND ON 12/31/2017

| Asset type             | Weight   |
|------------------------|----------|
| Government bonds       | 86.85 %  |
| T-bills                | 11.52 %  |
| Receivables            | 51.48 %  |
| Liabilities            | -51.47 % |
| Current account        | 1.63 %   |
| total                  | 100,00 % |
| Derivative products    | 0.00 %   |
| Net corrected leverage | 100.00 % |

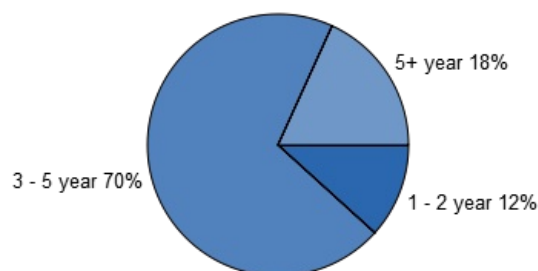
## TOP 5 POSITIONS

|                                       |
|---------------------------------------|
| PLGB 2022/04/25 2,25% (Lengyel Állam) |
| PLGB 2021/07/25 1,75% (Lengyel Állam) |
| PLGB 2019/04/25 0% (Lengyel Állam)    |
| PLGB 2027/07/25 2,5% (Lengyel Állam)  |
| PLGB 2021/04/25 2% (Lengyel Állam)    |

## Assets with over 10% weight

|                                       |
|---------------------------------------|
| PLGB 2022/04/25 2,25% (Lengyel Állam) |
| PLGB 2021/07/25 1,75% (Lengyel Állam) |
| PLGB 2019/04/25 0% (Lengyel Állam)    |
| PLGB 2027/07/25 2,5% (Lengyel Állam)  |

## Bonds by tenor:



## INVESTMENT HORIZON:

Suggested minimum investment period:



Risk and Reward Profile:

