

# 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:	2,902,297,002 HUF
Net Asset Value of institutional series:	17,190,523 PLN
Net Asset Value per unit:	1.228566 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 Ubezpieczeń na Życie Spółka

## NET YIELD PERFORMANCE OF THE SERIES:

Interval	Yield of note	Benchmark yield
From start	3.89 %	4.53 %
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, 01/01/2017 - 12/31/2017



— 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:	1.67 %
Annualized standard deviation of the benchmark's weekly yields:	1.73 %

## 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 %

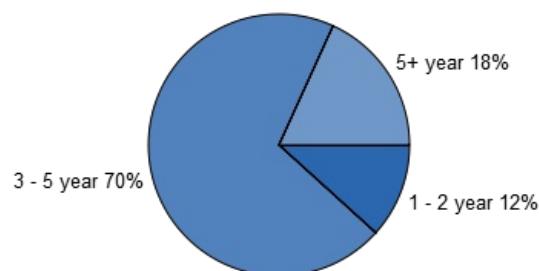
## TOP 5 POSITIONS

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:



3 months



6 months



1 year



2 years



3 years



4 years



5 years

Risk and Reward Profile:



very low



low



moderate



intermediate



significant



high



very high