

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:	129,383,005 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

Aegon Towarzystwo Ubezpieczeń na Życie Spółka, 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

MARKET SUMMARY:

In September, major equity indices did not show any significant change, emerging markets performed similarly to their developed counterparts but Japan proved to be an outperformer. In the beginning of the month, the sentiment around the trade war became better thanks to the news about the new negotiation between China and America but in the middle of the month, Donald Trump hit China with tariffs on another \$200 billion worth of Chinese goods with 10% duty, that will increase to 25% at the start of 2019. In response to that, China has cancelled all trade negotiations with America thus the trade war tensions continued to increase in September.

September was also rich in central bank pulses. The Bank of England and the European Central Bank have not changed the monetary policy conditions as expected but the Turkish central bank has raised its key interest rate to 24% in a dramatic bid from 17.5% to control inflation and prevent a currency crisis. Following the decision, the Turkish lira started to rise and the Turkish equities closed the month in the black. The Federal Reserve has raised US-short term interest rate by 25 basis points to 2-2.25 per cent and further strengthened the chance of another tightening in December, the market gives 85% probability for the next interest rate hike this year.

Until end of September, Italian assets could rise and the Italian yield spreads fell which caused rise in the banking sector. However, by the end of the month the Italy's coalition government agreed on a 2019 deficit at 2.4 percent of GDP compared to the EU's preferred level of less than 2 percent, which caused a significant drop in the Italian risky assets while the Italian 10 year government bond hit 3.4 per cent with almost a 20% increase.

In September the oil could also increase its price, the oil market is currently characterised by constriction of the supply-side: in addition to the expected impact of Iranian sanctions, US oil reserves have significantly fallen while the hurricane Florence has also supported the price of the black gold.

The Polish equity market was an underperformer compared to the Regional markets mainly due to the panic at the beginning of the month which was triggered by negative news on the Polish Asset Managements. Within the Polish market, the small-cap pares significantly underperformed while mid- and large-caps performance was better but they also closed the month in the red. Regarding the sectors, the oil&gas sector was alone able to deliver positive yield, while the biggest fall was suffered by the chemical industry and the media sector. In the middle of the month, we selectively entered into long position in mid-cap companies; in our view the significant drop was not caused by the fundamentals, rather the outflows from the Polish mid and small cap funds.

ASSET ALLOCATION OF THE FUND ON 09/30/2018

Asset type	Weight
International equities	97.25 %
Current account	3.59 %
Liabilities	-1.22 %
Receivables	0.39 %
total	100,00 %
Derivative products	0.00 %
Net corrected leverage	100.00 %

TOP 5 POSITIONS

PKO Bank
Polski Koncern Naftowy
POWSZECHNY ZAKŁAD UBEZPIECZEŃ
Bank Pekao SA
SANTANDER BANK POLSKA SA

Assets with over 10% weight

There is no such instrument in the portfolio

Stocks by sectors:

INVESTMENT HORIZON:

Suggested minimum investment period:



Risk and Reward Profile:

