

# Aegon Polish Bond Fund P 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:	HU0000713565
Start:	03/28/2014
Currency:	PLN
Total Net Asset Value of the whole Fund:	11,835,741,799 HUF
Net Asset Value of P series:	49,171,483 PLN
Net Asset Value per unit:	1.149491 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

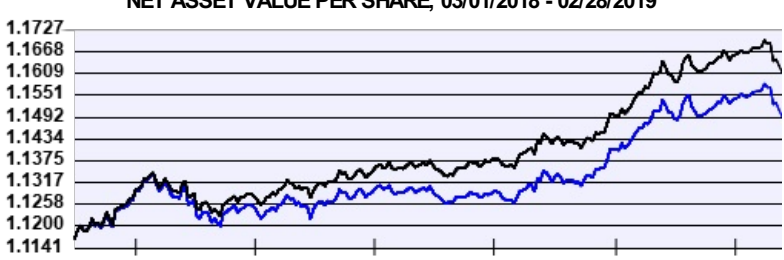
Aegon Towarzystwo Ubezpieczen na Zycie Spolka

## NET YIELD PERFORMANCE OF THE SERIES:

Interval	Yield of note	Benchmark yield
From start	2.87 %	3.95 %
2018	3.55 %	4.67 %
2017	3.56 %	4.77 %
2016	-0.38 %	0.25 %
2015	0.22 %	1.68 %

## NET PERFORMANCE OF THE SERIES

### NET ASSET VALUE PER SHARE, 03/01/2018 - 02/28/2019



— Aegon Polish Bond Fund P 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:	1.70 %
Annualized standard deviation of the benchmark's weekly yields:	1.61 %
WAM (Weighted Average Maturity):	3.94 years
WAL (Weighted Average Life):	4.33 years

## INVESTMENT HORIZON:

Suggested minimum investment period:



Risk and Reward Profile:



## MARKET SUMMARY:

After months of strong performance, the Polish government bond market experienced a substantial rise in yields in February. Yields regarding the 3 and 5 year maturity closed the month almost 17 basis points higher, while the long end increased by 23 basis points so the whole yield curve moved higher. The increase in yields were mainly driven by the announcement of Law and Justice regarding the fiscal stimulus, but the pick-up of yields on core markets also contributed to the changes. The total costs of proposals would be 30-40 billion PLN so up to 2% of GDP yearly (for 2019 half of the numbers apply with gradual implication). The short term effects of the stimulus can be positive for the Polish economy through higher private consumption and it would increase inflation too, after that doves, who were mentioning more monetary easing or even non-conventional measures, will be probably silent. Moving on with economic data, the Polish economy has probably passed its peak. In 2018 the 4Q18 GDP growth decelerated only slightly, to 4,9% y/y from 5,1% y/y in 3Q18. Domestic demand was the main pillar of growth. Inflation went down to 0,9% y/y below market expectations in January, which was mainly caused by energy prices and fuel prices, that continued their decline. It is likely, that inflation reached this year's minimum as rebound of oil prices will lead to a pick up of inflation. The Purchasing Managers' index continued to fall from the previous 48,2 to 47,6 in February, which means this is the fourth consecutive month of contraction in the manufacturing sector. Production continued to drop at a fast rate, mainly due to another sharp fall in new orders. Industrial production increased 6,1% y/y in January, which was significantly above market consensus of 3,9%. The current account deficit arrived at 0,7% in 2018. Regarding the government budget balance, the monthly surplus amounted to 6,588 bn PLN in the first month of 2019. We still hold short-dated Hungarian government bonds instead of the short end on the Polish yield curve.

## ASSET ALLOCATION OF THE FUND ON 02/28/2019

Asset type	Weight
Government bonds	75.54 %
T-bills	13.77 %
Corporate bonds	8.49 %
Current account	1.81 %
Receivables	0.91 %
Liabilities	-0.22 %
Market value of open derivative positions	-0.29 %
total	100.00 %
Derivative products	22.66 %
Net corrected leverage	105.68 %

## TOP 5 POSITIONS

Asset	Type	Counterparty / issuer	Maturity
PLGB 2028/04/25 2,75%	interest-bearing	Lengyel Állam (PL)	2028. 04. 25.
PLGB 2025/07 3,25%	interest-bearing	Lengyel Állam (PL)	2025. 07. 25.
PLGB 2022/09 5,75%	interest-bearing	Lengyel Állam (PL)	2022. 09. 23.
PLGB 2020/04 1,5%	interest-bearing	Lengyel Állam (PL)	2020. 04. 25.
HUF/PLN 19.04.30 Forward Sell	derivatív	OTP Bank (HU)	2019. 04. 30.

## Assets with over 10% weight

PLGB 2028/04/25 2,75% (Lengyel Állam)

PLGB 2025/07 3,25% (Lengyel Állam)

PLGB 2022/09 5,75% (Lengyel Állam)

PLGB 2020/04 1,5% (Lengyel Állam)

## Bonds by tenor:

