

## INVESTMENT POLICY OF THE FUND

The objective of the investment fund is to make the Polish bond market accessible to the investors, and to function as a relatively stable, medium-risk investment form bringing steady real yields to our Clients on middle term already, without having to tie down their money for a fixed period of time. The Fund mainly invests in Polish government securities issued in zloty, however, the portfolio manager has some room to complement the portfolio with other bond-type investments. Our goal is to achieve the highest yield while taking the lowest risk. To make investment decisions we use the tools of both fundamental and technical analysis, and we take into consideration the investor sentiment on the markets at all times. The portfolio manager seeks out potential investment opportunities based on the macro-economical expectations, the expected yield curve, the return expected on the curve and the market volatility, and selects investments that are considered to be safe and bring relatively high yields in exchange for the risks taken. The Fund strives for complete exchange risk coverage of foreign currency exposure for the target currency.

## MARKET SUMMARY

In February, yields continued to rise in the Polish bond market. At the beginning of the month, the rate hike cycle continued, in line with the market expectations central bank increased the base rate by 50 basis points to 2.75%. The yield curve flattened during the month. Compared to the beginning of the month, yields were up 24 basis points on the 3-year maturity, 17 basis points on the 5-year maturity and only 4 basis points on the 10-year maturity. Inflation was 9.2% year-on-year in January, which was below the market expectations of 9.4%. The figure already partly reflects the impact of the anti-inflationary measures introduced from January. However, this was the highest inflation rate since November of 2000. Due to the Anti-Inflation Shield 2.0 headline inflation could have been on a declining path from February, but the invasion of Ukraine on 24 February causes further upside risks to price increases. Poland's economy grew by 7,3% year-on-year in Q4. A Bloomberg poll in February forecasts growth of 6% in Q1 and 4.6% in Q2 of 2022. The Purchasing Managers' Index slightly increased to 54.7 points in February from 54.5 points in January. Industrial production rose 19.2% in the first month of the year, significantly beating market expectations. As for public finances, the state generated a deficit of PLN 22 291.7 million in the first month, bringing the 12-month rolling budget deficit to 0.4% of GDP.

Our Ukrainian bonds exposure, which was ~8% of our fund, which we did not sell, detracted a lot from our performance. Based on thorough analyses, lot of in house calls dedicated to the Ukrainian/Russian conflict, our team decided to invest into Ukrainian assets into our funds, as we expected a peaceful solution for the conflict, the emergence of an open total war between Russia and Ukraine had previously seemed completely irrational to us, valuation of Ukrainian bonds became very attractive, we had a high conviction call supporting the investment idea. Despite the utmost caution, we underestimated the potential risk.

## 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
Net Asset Value of the whole Fund:	13,695,068,980 HUF
Net Asset Value of institutional series:	121,515,936 PLN
Net Asset Value per unit:	1.186804 PLN

## DISTRIBUTORS

Aegon Towarzystwo Ubezpieczen na Zycie Spolka

## SUGGESTED MINIMUM INVESTMENT PERIOD

3 mths	6 mths	1 yr	2 yr	3 yr	4 yr	5 yr
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## ASSET ALLOCATION OF THE FUND

Asset	Weight
Government bonds	57.38 %
Corporate bonds	40.28 %
Current account	2.73 %
Liabilities	-0.22 %
Receivables	0.08 %
Market value of open derivative positions	-0.24 %
<b>Total</b>	<b>100,00 %</b>
Derivative products	14.85 %
Net corrected leverage	105.87 %

## Assets with over 10% weight

POLGB 2025/07/25 3,25% (Lengyel Állam)
POLGB 2026/07/25 2,5% (Lengyel Állam)
POLGB 2026/10/25 0,25% (Lengyel Állam)
BGOSK 07/03/25 1.25% (Bank Gospodarstwa Krajowego)

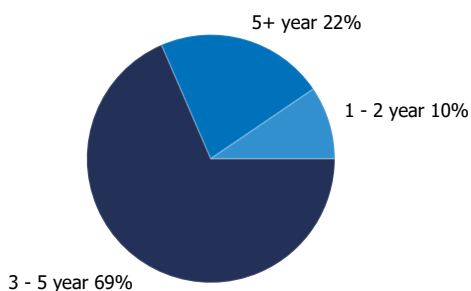
## RISK PROFILE

1	2	3	4	5	6	7
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← Lower risk → Higher risk

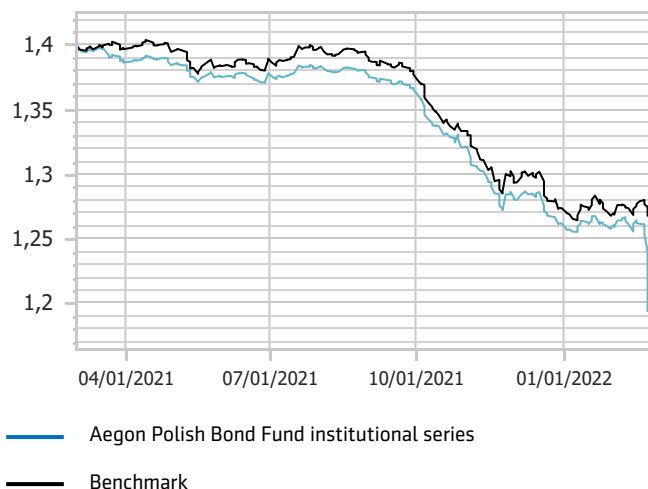
NET YIELD PERFORMANCE OF THE SERIES		
Interval	Yield of note	Benchmark yield
From start	1.81 %	2.92 %
2021	-10.34 %	-9.74 %
2020	6.00 %	6.42 %
2019	3.73 %	3.94 %
2018	4.17 %	4.67 %
2017	4.17 %	4.77 %
2016	0.22 %	0.25 %
2015	0.83 %	1.68 %
2014	9.56 %	9.45 %
2013	0.46 %	1.99 %

**Bonds by tenor:**



**NET PERFORMANCE OF THE SERIES**

net asset value per share, 03/01/2021 - 02/28/2022



**RISK INDICATORS FOR THE LAST 12 MONTHS**

Annualized standard deviation of the fund's weekly yields	3.06 %
Annualized standard deviation of the benchmark's weekly yields	3.82 %
WAM (Weighted Average Maturity)	4.03 years
WAL (Weighted Average Life)	4.60 years

**TOP 5 POSITIONS**

Asset	Type	Counterparty / issuer	Maturity
POLGB 2025/07/25 3,25%	interest-bearing	Lengyel Állam	07/25/2025
POLGB 2026/07/25 2,5%	interest-bearing	Lengyel Állam	07/25/2026
POLGB 2026/10/25 0,25%	interest-bearing	Lengyel Állam	10/25/2026
BGOSK 07/03/25 1.25%	interest-bearing	Bank Gospodarstwa Krajowego	07/03/2025
BGOSK 2030/06/05 2,125%	interest-bearing	Bank Gospodarstwa Krajowego	06/05/2030

**Legal declaration**

The recent document qualifies as Portfolio Report according to the Kbtv. requirements. It contains the following elements based on the last net asset value of the reporting month: presentation of the assets of the fund regarding asset type of portfolio investment and regarding other categories detailed in its investment policy; list of assets (issuers) representing more than 10% of the portfolio; net asset value of the fund, including the cumulated and the calculated value per unit share. Investors are kindly advised, that past performance of the fund does not guarantee future performance. The returns presented are to be considered without applicable taxes, distribution fees and commissions, fees related to account keeping and other costs in relation with holding an investment fund unit. Information presented in the Portfolio Report are for information purposes only, not intended to serve as investment advice, or any other offer. Investors are kindly advised to carefully read the Key Investors Document and Prospectus of the fund, in order to understand the risks of investing into the fund, and to be able to make an informed investor decision. The referred documents are available at the distribution locations and on the official website of Aegon Alapkezelő Zrt. Aegon Magyarország Befektetési Alapkezelő Zrt. | 1085 Budapest, Kálvin tér 12-13. | +36 1 477 4814 | alapkezel@aeon.hu | www.aegonalapkezelo.hu