

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

With surging yields, the Polish bond market was very weak again in October. Yields were up 122 basis points at the three-year maturity, 119 basis points at the five-year maturity and 120 basis points at the ten-year maturity. Main reasons behind surging yields: emergency rate hike in Hungary (500bps) had its impact on Poland as well, tensions with EU over funding provided for Poland increased again and fiscal concerns (elections in 2023, elevated spending and higher than official deficit expectations) scared market participants. Contrary to expectations, at the rate decision meeting in early October, the central bank did not change its interest rate conditions. The base rate thus remained at 6.75%. The risk of a slowdown in the economy thus appears to play a prominent role in decisions to raise interest rates. However, Glapinski said that the cycle of interest rate hikes is not over, but that they just want to get a clearer picture of the future path of inflation and will decide on rate hikes in the light of that. Preliminary data for October showed that inflation continued to rise year-on-year, with the Polish Statistical Office recording a 17.9% increase. This brings inflation in Poland to a 26-year high. The rise was mainly driven by further increases in energy and food prices. Inflation is expected by the market to peak in the first quarter of 2023. According to an October Bloomberg poll, the Polish economy could grow by 4% in 2022, 1% in 2023 and 3.2% in 2024. The growth forecast for the third quarter was revised up to 3% from the previous 2.6%. The purchasing managers' index fell again, with the manufacturing index falling to 42 from 43 the previous month. Output and new orders continued to fall as high inflation and an uncertain economic environment weighed on demand. Industrial production grew by 9.8% in September, beating market expectations of 8.8%. As for public finances, the state generated a deficit of PLN 70.2 million in September, bringing the 12-month rolling budget deficit to 1.61% of GDP.

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
Net Asset Value of the whole Fund:	13,407,112,824 HUF
Net Asset Value of P series:	43,071,426 PLN
Net Asset Value per unit:	0.899247 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	54.26 %
Corporate bonds	42.79 %
Receivables	29.81 %
Liabilities	-28.26 %
Current account	1.06 %
Market value of open derivative positions	0.36 %
Total	100,00 %
Derivative products	14.40 %
Net corrected leverage	100.01 %

Assets with over 10% weight

POLGB 2027/05/25 3,75% (Lengyel Állam)
POLGB 2032/04/25 1,75% (Lengyel Állam)
BGOSK 07/03/25 1.25% (Bank Gospodarstwa Krajowego)

RISK PROFILE

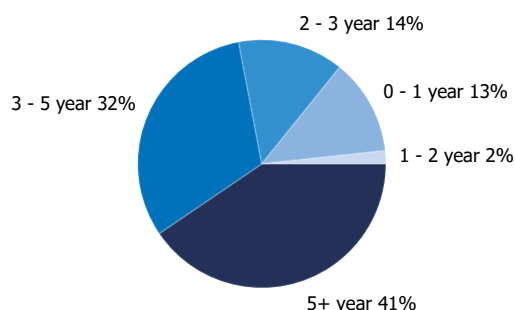
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← Lower risk Higher risk →

NET YIELD PERFORMANCE OF THE SERIES

Interval	Yield of note	Benchmark yield
From start	-1.23 %	0.89 %
2021	-10.96 %	-9.74 %
2020	5.35 %	6.42 %
2019	3.10 %	3.94 %
2018	3.55 %	4.67 %
2017	3.56 %	4.77 %
2016	-0.38 %	0.25 %
2015	0.22 %	1.68 %

Bonds by tenor:



NET PERFORMANCE OF THE SERIES

net asset value per share, 11/01/2021 - 10/31/2022



RISK INDICATORS FOR THE LAST 12 MONTHS

Annualized standard deviation of the fund's weekly yields	11.73 %
Annualized standard deviation of the benchmark's weekly yields	9.69 %
WAM (Weighted Average Maturity)	4.56 years
WAL (Weighted Average Life)	5.32 years

TOP 10 POSITIONS

Asset	Type	Counterparty / issuer	Maturity
POLGB 2027/05/25 3,75%	interest-bearing	Lengyel Állam	05/25/2027
POLGB 2032/04/25 1,75%	interest-bearing	Lengyel Állam	04/25/2032
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
BGOSK Float 06/12/31	interest-bearing	Bank Gospodarstwa Krajowego	06/12/2031
BGOSK 2027/04/27 1,875%	interest-bearing	Bank Gospodarstwa Krajowego	04/27/2027
BSTDBK 2.52 10/19/23	interest-bearing	BLACK SEA TRADE AND DEVELOPEMENT BANK	10/19/2023
POLAND EUR2023/01/19 3,75%	interest-bearing	Lengyel Állam	01/19/2023
PKNPW 2,5% 2023/06/07	interest-bearing	Orlen Capital AB	06/07/2023
BGOSK 2033/07/21 2,25%	interest-bearing	Bank Gospodarstwa Krajowego	07/21/2033

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.
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