

# 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:	11,583,129,233 HUF
Net Asset Value of P series:	47,786,445 PLN
Net Asset Value per unit:	1.150936 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	3.00 %	4.09 %
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, 01/01/2018 - 12/31/2018



— 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 %

## INVESTMENT HORIZON:

Suggested minimum investment period:



Risk and Reward Profile:



## MARKET SUMMARY:

In December, Polish government bonds had a stellar month. Driven by the decrease in yields on the bond markets of the core countries and the local developments, in Poland yields regarding the 10 and 5 year maturity declined by 20-25 basis points and regarding the 3 year maturity by approximately 10 basis points, so the yield curve has flattened. Moving on with economic data, the Polish economy did well in 2018. Consumption was the main catalyst of the growth, supported by growing wages and record-low unemployment. Thus, according to the market consensus GDP growth can reach 5% in 2018, the highest since 2011. Headline inflation decreased further from the previous 1,3% to 1,1% in December, in line with expectations. Core inflation stood flat at 0,7% y/y, thus both indicators closed the year meaningfully below the inflation target. The current inflation value can be considered as the local trough, as according to the expectations it will show an upward move next year driven by base effects. At the same time, the Purchasing Managers' Index declined further from the previous 49,5 to 47,6, reaching the lowest level since April 2013. The downturn is caused by the fast declines in output and new orders, which reflects the fact, that the trade war has negative impact on export-oriented countries. Consequently, industrial production decreased further from 7,4% to 4,7% in December. Regarding the government budget balance, the surplus rose by almost 70% in a month, as it increased from 6,476 bn PLN to 11,060 bn PLN in November, which means that the monthly surplus amounted to 4,584 bn PLN. Thus, it is possible to achieve the first surplus ever in the Polish state budget in the whole year. However, it will depend on the decision of the Ministry of Finance, because usually December brings an increase in budget spending. Even if the surplus will not be achieved, the government deficit for the year will probably be the lowest (0,2% of GDP) in history. We still hold short-dated Hungarian government bonds instead of the short end on the Polish yield curve.

## ASSET ALLOCATION OF THE FUND ON 12/31/2018

Asset type	Weight
Government bonds	74.18 %
T-bills	8.98 %
Corporate bonds	8.70 %
Current account	7.32 %
Receivables	0.93 %
Liabilities	-0.03 %
Market value of open derivative positions	-0.08 %
total	100.00 %
Derivative products	19.76 %
Net corrected leverage	104.94 %

## TOP 5 POSITIONS

PLGB 2028/04/25 2.75%
PLGB 2023/01/25 2,5%
PLGB 2025/07 3,25%
PLGB 2020/04 1,5%
PLNHUF 19.01.28 Forward Buy

## Assets with over 10% weight

PLGB 2028/04/25 2.75% (Lengyel Állam)
PLGB 2023/01/25 2,5% (Lengyel Állam)
PLGB 2025/07 3,25% (Lengyel Állam)
PLGB 2020/04 1,5% (Lengyel Állam)

## Bonds by tenor:

