

# Chamber of Fund and Asset Management Report 2011

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## I. Letter of the President

Dear Sir/Madam,

It is my pleasure to provide you with the report summarizing the previous year on the market of investment funds in Poland.

The 2011 was a weaker year than the previous year. Unfortunately, good situation we had in 2010 has been over. In the period of 12 months of 2011 (from January to December), assets collected by the domestic investment funds decreased totally by 796 M and at the end of 2011 their value was equal to 114,3 billion PLN. It should be emphasized that during the year value of the market of the funds fluctuated a few times. The highest value of the assets was observed in April - 119,6 billion PLN.

The situation of the market was shaped by both, clients' decisions, who withdrew more cash from the funds than they paid in and a downward trend on the Warsaw Stock Exchange. However, one may suppose that the clients' decision generally resulted from observance of situation on the Polish and world markets which were significantly affected by disturbing information on macroeconomic situation and problems of the states belonging to the Euro zone. Such economic conditions and social approach caused that gaining of positive results by investment fund companies (hereinafter TFI) was an impossible task.

As it usually happens in the time of worse market situation in 2011 the clients were interested in safe solutions - debt funds and cash funds as well as funds operating on the cash market. Due to a positive balance both groups of the funds increased in their share in the market.

It is rather obvious the previous year was not good for stock funds and mixed funds which had negative balances and worse results of the management. Nevertheless, both groups managed to keep their position of the leader and vice-leader in terms of value of managed assets.

Bad situation on the market was also reflected in share of investment funds in savings of households which dropped by 17,5% in relation to 2010. In 2011 an average Pole collected nearly 3 thousand PLN in the investment funds.

On the European arena, similarly like in Poland, a downward trend dominated. Value of the Polish market decreased by 10,9% which makes that the Poland comes 17<sup>th</sup> per 27 states monitored by EFAMA. Totally, the entire European market shrank by 2,8%.

I would like to emphasize that despite difficult situation which we faced last year I hope the worse moments passed by. I hope the future will be better since the history proved many times after lean years usually there come fat years.

I wish you a nice and interesting reading!

dr Marcin Dyl  
President of the  
IZFiA Managing Board

## II. Market situation. Economic situation of Poland

Table no. 1 Real dynamics of the Gross Domestic Product

	2008	2009	2010	2011
<b>Gross Domestic Product:</b>	5,1%	1,6%	3,9%	4,3%
Total consumption , including:	6,1%	2,0%	3,5%	2,1%
Individual	5,7%	2,1%	3,2%	3,1%
Gross accumulation, including:	4,0%	-11,5%	9,3%	10,3%
Gross expenditures on fixed ass	9,6%	-1,2%	-0,2%	8,7%
Domestic demand	5,6%	-1,1%	4,6%	3,8%
Gross added value including:	5,1%	1,8%	3,9%	4,0%
industry	6,0%	1,3%	9,4%	6,3%
construction sector	5,8%	11,6%	6,4%	11,8%

Source: GUS

In 2011, despite unfavorable external conditions in Europe and in the world the Polish economy was growing up at a relatively high and regular tempo. Acc. to preliminary estimations of GUS in the previous year the GDP increased by +4,3%, compared to +3,9% in a previous year. It means that Poland belongs to states of the European Union characterized by the highest tempo of growth. The main factor of growth of the GDP in 2011, similarly like in 2010, was gross accumulation, which increased as much as by +10,3%. Gross expenditures on fixed assets increased significantly - by +8,7%, compared to the decrease by -0,2% in the previous year. Results of the building sector from 2011 are worth of attention, their added value was by +11,8% higher compared to 2010. Lower increase in the dynamics characterized the domestic demand which went up by + 3,8% compared to 4,6% in 2010 and the total consumption - increase by +2,1% compared to + 3,5% in 2010.

**Employment market:** Situation on the employment market in 2011 was still difficult despite low increase in the number of employees in the state economy. Average employment rate in the sector of enterprises in a year-time went up by 3,2% but in subsequent quarters a weaker growing tendency was observed. Number of unemployed persons in December 2011 slightly went up. Consequently, the unemployment rate was higher than in the previous year - by 0,1 pp. at the 12,5% level.

In 2011 in the sector of enterprises average dynamics of remunerations (year-to-year) was equal to approx. 5,0%. It is more than half less than in a record breaking 2008 when the annual average was equal to 10,1%. In fact, remunerations were growing up slower than a few years ago but still average annual increase in prices was lower. Therefore, real remunerations (consideration to the inflation rate) were enough to let Poles generate financial excesses.

Table no.2 Inflation rate and unemployment rate 2005-2011

	2005	2006	2007	2008	2009	2010	2011
inflation	2,1%	1,0%	2,5%	4,2%	3,5%	2,6%	4,3%
unemployment	17,6%	14,8%	11,2%	9,5%	12,1%	12,4%	12,5%

Source: GUS (Central Statistical Office)

**Inflation rate:** In 2011 prices of goods and consumer services grew up quicker than a year before. Average

annual inflation rate was equal to +4,3% compared to +2,6% in 2010. It means the quickest tempo of growth since 2001.

**Cash policy:** In the first half of 2011 the Rada Polityki Pieniężnej (Monetary Policy Council) raised basic interest rate four times, totally by 1 pp. Such a situation resulted from a relatively quick tempo of increase in the inflation rate. Increase in the interest rate took place in January, April and May and each time they were increased by 25 base points. Consequently, from the beginning of the year the referential rate, which is minimal profitability of 7 day cash bonds issued by the National Bank of Poland was increased from 3,5 to 4,5%. At the end of last year the remaining basic rate of the NBP - that is the

discount rate for bills of exchange, the lombard rate and deposit rate were equal to accordingly: 4,75%, 6,0% and 3,0% annualized. To the end of the year the interest rates were not changed.

The last year increase in the interest rates was positively reflected in rates for deposits in PLN offered by commercial banks and bonds of the State Treasury. In the first case (annualized) increase was equal to +1,2 pp. and reached the 4,73% level in December. Consequently, the value of deposits of households significantly grew up (by +13,5% - 478,0 billion PLN).

**State budget:** In 2011 situation of the public finances was much better compared to previous year. Deficit of the budget went down by approx. 20 billion PLN to the level approx. 25 billion PLN. Therefore, it was approx. by 15 billion PLN lower than the one planned the budget act.

**Capital market:** The last year on the Warsaw Stock Exchange was the first period of decrease since two years. Index of the largest companies WIG20 ended the year with a loss -21,9%, and 'wide market index' WIG dropped by -20,8%. In turn, value of the index describing the average stock exchange capitalization companies - mWIG40 dropped by -22,5%, and the index of the smallest companies - sWIG80 - even by -30,5%.

Table no.3 Changes on the financial market in 2011

WIG	-20,83%
WIG20	-21,85%
mWIG40	-22,51%
sWIG80	-30,47%
IROS*	5,81%
IRP_WIBID_1M**	4,21%
USD/PLN	15,29%
EUR/PLN	11,53%

\*index of the bonds market calculated by Analizy Online

\*\*cash market index

Source: NBP, GPW, ERSPW, calculations by Analizy Online

Such strong declines of indexes resulted mostly from a serious adjustment which took place in August and September. Later, we faced a wide 'side trend' characterized by serious variability of prices. Negative situation on the Warsaw Stock Exchange was caused mainly by unsolved debt problems of states from the Euro zone and worsening macroeconomic situation as well as threat of recession in the Europe.

From among the professional indexes, the largest losses were incurred by WIG-Budownictwo (-54,7%) and WIG-Deweloperzy (-51,3%). Just two indexes ended the last year with a positive result: WIG-Chemia (+18,6%) and WIG-Telekomunikacja (+10,3%).

In 2011, despite problems on the financial markets in Europe, on the stock markets of the Warsaw Stock Exchange more than 200 companies debuted. Number of companies listed on the Warsaw Stock Exchange went up by 38 companies at the same time. Finally, at the end of the year nearly 430 companies were listed. Among debutants the following companies occurred: Jastrzębska Spółka Węglowa, which was fourth public offer in Europe (in terms of 'size'). In 2011 on the NewConnect market nearly 170 debuted; at the end of the year 345 companies were listed.

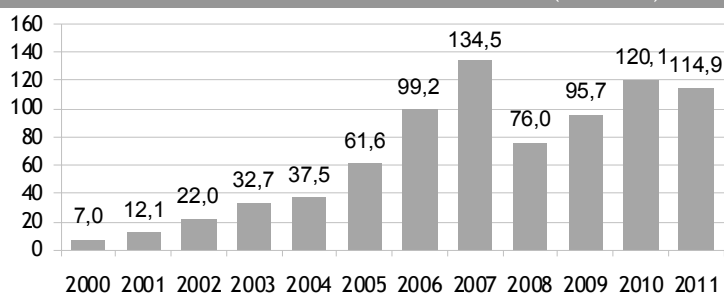
In terms of IPO value after the third quarter 2011 the Stock Exchange came third among European stock exchanges (acc. to WatchQ3/2011), overtaking Deutsche Boerse and Oslo Stock Exchange as well as Nasdaq OMX group.

### III. Market of funds in Poland

#### 3.1. Net assets of the investment funds in 2011

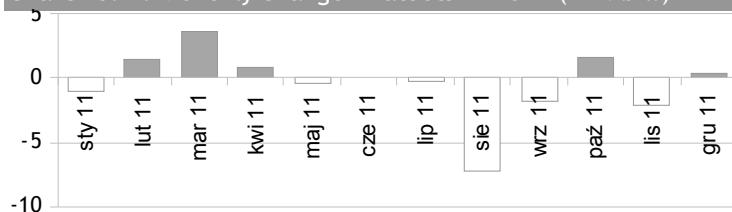
The last year was one of the most difficult years for the investment funds. During 12 months value of resources trusted to the domestic funds decreased by -5,1 billion PLN, that is -4,3%. It is fourth case in 20 year history of our market of investment funds, when value of assets dropped. The largest drop took place in 1995 when the market shrank by more than a half.

Chart no. 1 Assets of funds from 2000 to 2011 (PLN bil.)



Source: TFI (Investment Fund Association), calculations by Anality Online

Chart no. 2. Monthly change in assets in 2011 (PLN bil.)



Source: TFI (Investment Fund Association), calculations by Anality Online

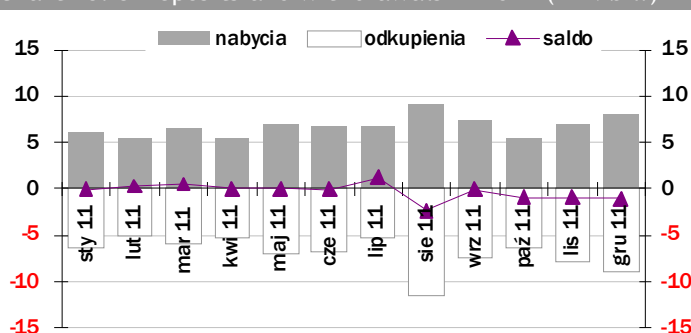
Beginning of 2011 seems to be relatively good. From February to April value of the TFI (investment fund companies) market went up by + 6 billion PLN. The October was still good and ended with increase in value of the resources by + 1,4%.

From the point of view of the market, the worst months were August and September, since price reduction on the world stock exchanges and significant withdrawals of cash by clients caused that the assets the funds invest dropped accordingly by -7,3 billion PLN and -1,8 billion PLN.

Total balance of deposits and withdrawals in 2011 for both, funds publishing data and those which do not disclose information (for them the balance of deposits and withdrawals was estimated) amounted nearly to +0,4 billion PLN. Plenty of new resources were attracted by funds not intended for private investors or institutions (non-public assets funds such as debt or cash ones). After they are excluded the balance of such operations was negative and amounted to -5,9 billion PLN.

According to data of the Chamber of Fund and Asset Management, which include funds of the TFI members of the Chamber and the TFI, which provide the Chamber with the data, withdrawals exceeded the deposits by -3,3 billion PLN. the value referred in the previous sentence included deposits equal to +80,9 billion PLN and withdrawals in amount of -84,2 billion PLN. In particular the situation was observed in the second half of the year and just in August withdrawals exceeded the value of deposits by -2,3 billion PLN.

Chart no. 3 Deposits and withdrawals in 2011 (PLN bil.)

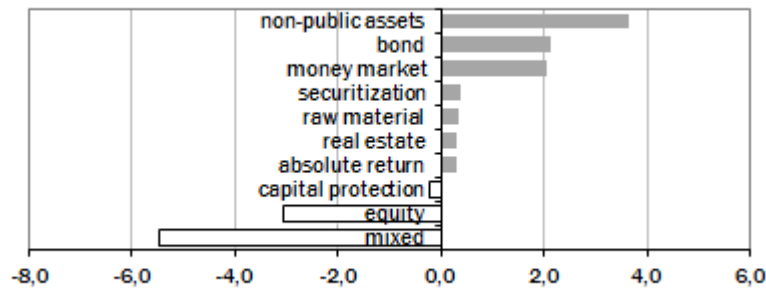


Source: IZFiA

The highest value of new resources was attracted last year by non-public assets funds - nearly + 3,6 billion PLN. Similarly like in 2010 also debt funds as well as cash funds were object of

interest and they attracted approx. +2,1 billion PLN. In case of bond funds, a positive tendency results mainly from a single fund established for needs of one of large capital groups which attracted totally + 2,0 billion PLN in July and in September. In case of cash funds the highest inflow of new resources took place in holiday months when they exceeded +1,5 billion PLN. Negative balance of deposits and withdrawals in 2011 regarded two of the largest segments of the market - stock and mixed funds. In case of stock funds it exceeded -2,9 billion PLN and in case of mixed funds it amounted approx. to - 5,5 billion PLN. In August the balance of the operations referred to above in case of both segments exceeded -1,6 billion PLN.

Chart no. 4. Net sales in the segments in 2011 (PLN bil.)



Source: estimates of Analiz Online

### Structure of the market acc. to groups of funds

Significant inflow of new capital into the non-public assets funds and into funds, which concentrate on financial instruments characterized by relatively weak investment risk - debt and cash funds, contributed to significant increase in their share in the market. Value of the assets of non-public assets funds increased by nearly + 22%. Therefore, their share in the market went up to 12% which means it increased by +2,5 pp. Presently, this segment comes fifth in terms of size on the market. Additionally, some of resources of funds of the non-public assets were recognized as a 'non-specified' group. One can find funds which assets are published by fund companies in a condensed form which does not let dividing them into particular segments. Among solutions of non-public nature, funds dedicated to particular investors or funds established for needs of capital groups dominate.



Table no. 4. Net assets of the segments and their share in the market (mln PLN)

	wartość (mln PLN)		dynamika	udział	
	gru 10	gru 11		gru 10	gru 11
equity	32 581	21 804	-33,1%	27,1%	19,0%
mixed	30 537	21 286	-30,3%	25,4%	18,5%
bond	16 715	19 775	18,3%	13,9%	17,2%
money market	15 366	18 470	20,2%	12,8%	16,1%
non-public assets	11 352	13 835	21,9%	9,5%	12,0%
real estate	2 664	3 307	24,1%	2,2%	2,9%
absolute return	2 878	3 023	5,0%	2,4%	2,6%
capital protection	3 225	2 886	-10,5%	2,7%	2,5%
securitization	805	1 760	118,7%	0,7%	1,5%
raw material	403	657	62,9%	0,3%	0,6%
non-definied	3 551	8 135	129,1%	3,0%	7,1%
total	120 076	114 938	-4,3%	100,0%	100,0%

Source: Analityz Online on the basis of reports provided by TFI and data of IZFI A

Cash funds ended the year with assets at the 18,5 billion PLN level that is by 20% more than in the previous year. This segment increased its share in market to 16,1% level and defended its fourth position from the last year. This segment developed the most quickly at the beginning of the year and during holiday months. At the end of the October the assets collected in the cash funds attained the highest value in the history - 19 billion PLN. Only 2 last months resulted in outflow of resources and consequently, a slight drop in assets which in December reached -1,6%.

The last segment which increased its share in the market by more than + 3 pp. is debt funds. Assets collected in the funds increased by approx. +3,0 billion PLN that is +18,3%, up to 19,8 billion PLN at the end of the year. Nevertheless consideration should be given to the fact that 2/3 of this amount results from contribution of plenty of resources in the framework of one capital group. Development of a segment of Polish debt stock funds was promoted by contributions made by clients and prosperity on the market. Totally, assets of debt funds (PLN) increased by +22,3%, and foreign debt funds decreased by -2,9%.

Increase in assets concerned 4 other segments. Real property funds at the end of the December managed assets of value equal to 3,3 billion PLN, that is approx. ¼ higher than in the previous year. Securitization funds doubled the value of managed resources and ended the year with assets of value 1,8 billion PLN, and raw material funds were responsible for nearly 0,7 billion PLN compared to 0,4 billion in the previous year. Moreover, increase in the assets concerned also the absolute return funds - by +5% up to the 3,0 billion PLN level.

The previous year was difficult for funds investing on the stock markets which lost capitals because of reductions on the stock exchange and outflow of clients. Assets collected in the stock funds during a year dropped by 1/3, up to 21,8 billion PLN. Among them resources collected in funds of Polish stocks were decreasing more quickly (totally -34%), and significant effect of this situation resulted from stock funds of small and medium companies since their assets dropped by nearly half.

In case of mixed funds the decrease was equal to -30%, therefore value of assets was equal to 21,3 billion PLN. The most dramatic decrease in assets regarded the balanced funds (more than by 1/3) and the less decrease regarded active allocation funds (by 1/5). Total share in the market of stock and mixed solutions dropped from 53% to 38%. Nevertheless, they 'defended' their position of the two biggest segments of the market.

Capital protection funds ended the year with a negative dynamics as well. Value of the property managed by them went down from 3,2 billion PLN to 2,9 billion PLN that is one tenth.

### **Structure of the market with pressure on the Investment Fund Companies (hereinafter TFI)**

In 2011, 19 of 33 Investment Fund Companies 'suffered' from decrease in managed assets, including 9 cases with drop exceeding 20%. The strongest dynamics concerned small companies, that is TFI BNP Paribas Polska (-41%), Opera TFI (-38%) and Noble Funds TFI (-32%).

Last year, among the TFIs with the highest share in the investment funds market in Poland there were entities related with the largest retail banks. However, similarly like in previous years, share in the market of the companies in question dropped seriously.

The leader position in terms of value of resources subject to management was maintained by Pioneer Pekao TFI, and market share of this entity dropped by -3 pp. to the 12% level. Other places were taken by: Aviva Investors Poland TFI (8,5%) and PKO TFI (7%). The second one from the afore mentioned companies reached the leaders and overtook BZ WBK TFI, since the latter's share in the market dropped by more than -2 pp.

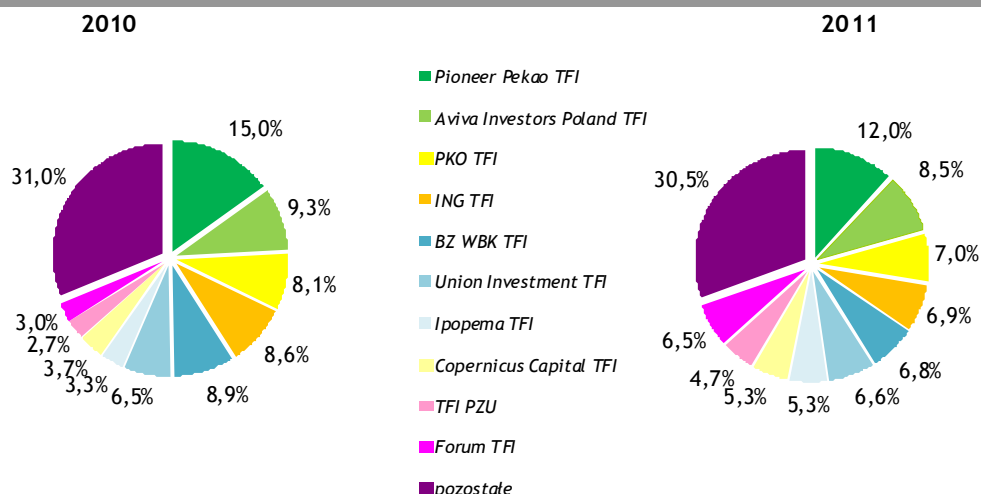
**Table no.5 Pace of changes of particular TFI (Investment Funds Association) (PLN mil)**

	wartość (mln PLN)		dynamika	udział	
	gru 10	gru 11		gru 10	gru 11
AgioFunds TFI	99	218	119,9%	0,1%	0,2%
Altus TFI	390	857	119,8%	0,3%	0,7%
Amplico TFI	1 569	1 163	-25,9%	1,3%	1,0%
Aviva Investors Poland TFI	11 110	9 769	-12,1%	9,3%	8,5%
AXA TFI	299	616	105,9%	0,2%	0,5%
BEST TFI	53	206	286,3%	0,0%	0,2%
BPH TFI	4 120	3 252	-21,1%	3,4%	2,8%
BPS TFI		58			0,1%
BZ WBK TFI	10 629	7 822	-26,4%	8,9%	6,8%
Copernicus Capital TFI	4 443	6 037	35,9%	3,7%	5,3%
Forum TFI	3 551	7 466	110,3%	3,0%	6,5%
IDEA TFI	3 001	3 431	14,3%	2,5%	3,0%
ING TFI	10 337	7 950	-23,1%	8,6%	6,9%
Intrum Justitia TFI	33	142	335,9%	0,0%	0,1%
Investors TFI	2 219	1 940	-12,6%	1,8%	1,7%
Ipopema TFI	3 917	6 057	54,6%	3,3%	5,3%
KBC TFI	5 647	4 993	-11,6%	4,7%	4,3%
KGHM TFI	353	338	-4,3%	0,3%	0,3%
Legg Mason TFI	3 451	3 047	-11,7%	2,9%	2,7%
MCI Capital TFI	515	537	4,5%	0,4%	0,5%
Millennium TFI	2 512	2 196	-12,6%	2,1%	1,9%
Noble Funds TFI	1 676	1 136	-32,2%	1,4%	1,0%
OPERA TFI	1 950	1 206	-38,1%	1,6%	1,0%
Pioneer Pekao TFI	18 061	13 774	-23,7%	15,0%	12,0%
PKO TFI	9 674	8 054	-16,7%	8,1%	7,0%
Provide TFI	10	14	31,4%	0,0%	0,0%
Quercus TFI	1 557	1 394	-10,5%	1,3%	1,2%
Skarbiec TFI	4 694	4 588	-2,3%	3,9%	4,0%
SUPERFUND TFI	250	222	-11,0%	0,2%	0,2%
TFI Allianz Polska	1 912	2 480	29,7%	1,6%	2,2%
TFI BNP Paribas Polska	97	57	-41,3%	0,1%	0,0%
TFI PZU	3 231	5 374	66,3%	2,7%	4,7%
TFI SKOK	885	1 011	14,2%	0,7%	0,9%
Union Investment TFI	7 833	7 534	-3,8%	6,5%	6,6%

Source: Anality Online on the grounds of reports provided by TFI and IZFiA

In case of three companies the share in the market went up by more than +2 pp. Two of them: Forum TFI and Ipopema TFI are companies, which base their business mostly on closed funds intended for selected investors. Forum TFI managed to double assets up to 7,5 billion PLN, due to which its share in the market increased to 6,5%. In Ipopema TFI value of managed resourced went up by half, up to 6,1 billion PLN, and share in the market went up to 5,3%. Also assets in TFI PZU grew up dynamically (by more than +66% up to 5,4 billion PLN), mostly due to significant measures contributed by the group into the debt fund.

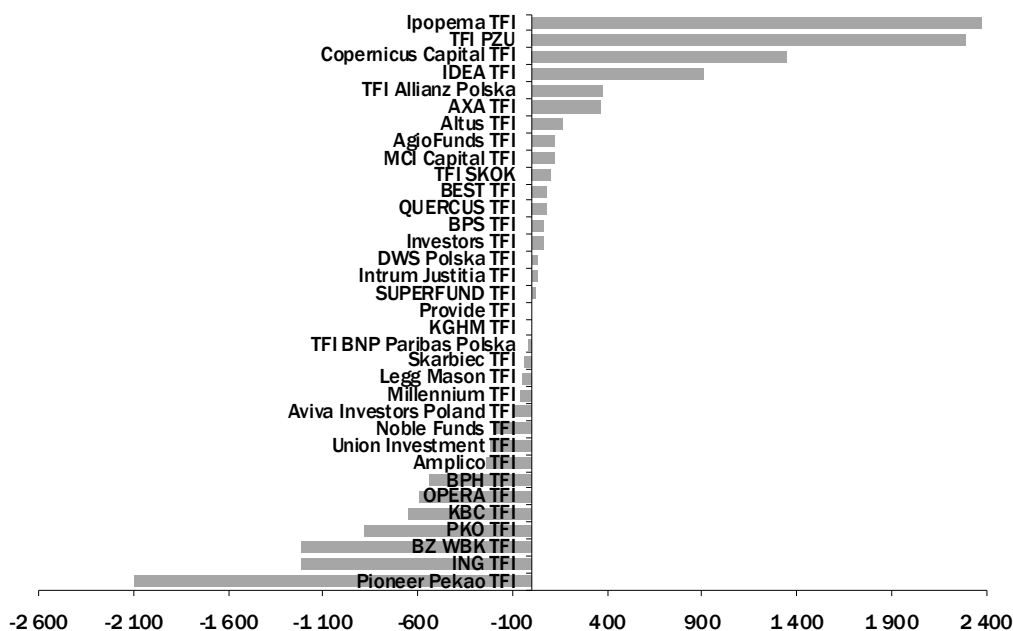
Chart no. 5. Structure of the market acc. to TFI from 2010 - 2011



Source: TFI

In 2011 the highest amounts of new resources were attracted by middle-size institutions, in particular those supported by banks. Definitely, the highest balance of deposits and withdrawals were observed in case of Ipopema TFI and TFI PZU, in each case it exceeded +2,2 billion PLN. In turn, companies which lost the largest amount of resources were large investment fund companies - Pioneer Pekao TFI (-2,1 billion PLN), ING TFI and BZ WBK TFI (both investment fund companies by approx.. - 1,2 billion PLN each).

Chart no. 6 Inflow of resources into the TFI (Investment Funds Association)w 2011 (PLN mil)



Source: estimates by Analizy Online

### 3.2. Development of the market

In 2011 the Polish Financial Supervision Authority gave a permit to one entity only that is Mebis TFI to establish and manage investment funds. Last time we could observe such a situation in 2003. In 2010 the Authority issued 8 such permits. At the end of 2011 the funds were managed by 50 investment funds.

Last year one TFI was liquidated. In February, the Polish Financial Supervision Authority raised no objection towards seizure of DWS Polska TFI by Investors Holding. The final contract was signed in March. After the transaction Investors Holding controlled two investment funds - Investors and Investors Fundusze Otwarte (former DWS Polska). Formal merge of both TFI was registered at the end of June. In turn, one of companies awarded a permit to manage funds in 2010, launched the first fund in 2011 (SovereignFund TFI). Consequently, number of investment funds, which practically were managing the funds, grew up by one last year.

In 2011 the Polish Financial Supervision Authority issued also permits for 5 TFIs to expand operation of companies by management of portfolios including one or higher number of financial instruments. It regards Ipopema TFI, FORUM TFI, Opera TFI, PKO TFI and BPS TFI. It made that the number of companies holding such permits went up to 18. It is worth of mentioning that FORUM TFI was awarded a permit to expand the range of operation by investment advising services. Totally, 6 TFIs have a permit to carry out such an operation.

Some changes in proprietary rights took place last year as well as three TFIs changed their names. The first case regarded AKJ Investments TFI, which 100% shares were seized by the Capital Partners Company. At the same moment the name of the company was changed into TFI Capital Partners. In the second case in September 2011, TFI Fortis Private Investments changed its name into TFI BNP Paribas Polska, which was a consequence of inclusion it into the BNP Paribas. It was the last stage of a merger of the Fortis Group with BNP Paribas in Poland which had started in 2009. Last year in April BZ WBK AIB TFI changed its name into BZ WBK TFI, which also was connected with proprietary rights issue within the group.

In 2011 two companies: Idea TFI and Quercus TFI as the first TFIs debuted on the basic market of the Warsaw Stock Exchange in Warsaw. The second one from the two referred to above moved from the NewConnect market. At the same time shares of GO TFI debuted on the NewConnect market.

**Table no. 6 Investment Funds Association registered in Poland****registered before 2011**

1. AgioFunds Towarzystwo Funduszy Inwestycyjnych S.A.
2. ALTUS Towarzystwo Funduszy Inwestycyjnych S.A.
3. AMATHUS Towarzystwo Funduszy Inwestycyjnych S.A.
4. Amplico Towarzystwo Funduszy Inwestycyjnych S.A.
5. Aviva Investors Poland Towarzystwo Funduszy Inwestycyjnych S.A.
6. AXA Towarzystwo Funduszy Inwestycyjnych S.A.
7. BEST Towarzystwo Funduszy Inwestycyjnych S.A.
8. BPH Towarzystwo Funduszy Inwestycyjnych S.A.
9. BPS Towarzystwo Funduszy Inwestycyjnych S.A.
10. BZ WBK Towarzystwo Funduszy Inwestycyjnych S.A.
11. Copernicus Capital Towarzystwo Funduszy Inwestycyjnych S.A.
12. FINCREA Towarzystwo Funduszy Inwestycyjnych S.A.
13. Forum Towarzystwo Funduszy Inwestycyjnych S.A.
14. GO Towarzystwo Funduszy Inwestycyjnych S.A.
15. Harenda Towarzystwo Funduszy Inwestycyjnych S.A.
16. Hexagon Towarzystwo Funduszy Inwestycyjnych S.A.
17. Idea Towarzystwo Funduszy Inwestycyjnych S.A.
18. ING Towarzystwo Funduszy Inwestycyjnych S.A.
19. Intrum Justitia Towarzystwo Funduszy Inwestycyjnych S.A.
20. Investors Towarzystwo Funduszy Inwestycyjnych S.A.
21. Ipopema Towarzystwo Funduszy Inwestycyjnych S.A.
22. KBC Towarzystwo Funduszy Inwestycyjnych S.A.
23. KGHM Towarzystwo Funduszy Inwestycyjnych S.A.
24. Legg Mason Towarzystwo Funduszy Inwestycyjnych S.A.
25. MCI Capital Towarzystwo Funduszy Inwestycyjnych S.A.
26. MILLENNIUM Towarzystwo Funduszy Inwestycyjnych S.A.
27. MS Towarzystwo Funduszy Inwestycyjnych S.A.
28. Noble Funds Towarzystwo Funduszy Inwestycyjnych S.A.
29. OPERA Towarzystwo Funduszy Inwestycyjnych S.A.
30. Opoka Towarzystwo Funduszy Inwestycyjnych S.A.
31. OSTOJA Towarzystwo Funduszy Inwestycyjnych S.A.
32. Penton Towarzystwo Funduszy Inwestycyjnych S.A.
33. PIONEER PEKAO Towarzystwo Funduszy Inwestycyjnych S.A.
34. PKO Towarzystwo Funduszy Inwestycyjnych S.A.
35. Plejada Towarzystwo Funduszy Inwestycyjnych S.A.
36. Provide Towarzystwo Funduszy Inwestycyjnych S.A.
37. Quercus Towarzystwo Funduszy Inwestycyjnych S.A.
38. SKARBIEC Towarzystwo Funduszy Inwestycyjnych S.A.
39. SovereignFund Towarzystwo Funduszy Inwestycyjnych S.A.
40. Superfund Towarzystwo Funduszy Inwestycyjnych S.A.
41. Towarzystwo Funduszy Inwestycyjnych AGRO S.A.
42. Towarzystwo Funduszy Inwestycyjnych Allianz Polska S.A.
43. Towarzystwo Funduszy Inwestycyjnych BDM S.A.
44. Towarzystwo Funduszy Inwestycyjnych BNP Paribas Polska S.A.
45. Towarzystwo Funduszy Inwestycyjnych Capital Partners S.A.
46. Towarzystwo Funduszy Inwestycyjnych PZU S.A.
47. Towarzystwo Funduszy Inwestycyjnych Spółdzielczych Kas Oszczędnościowych - Kredytowych S.A.
48. Trigon Towarzystwo Funduszy Inwestycyjnych S.A.
49. UNION INVESTMENT Towarzystwo Funduszy Inwestycyjnych S.A.

**registered in 2011**

50. Mebis Towarzystwo Funduszy Inwestycyjnych S.A.

Source: KNF

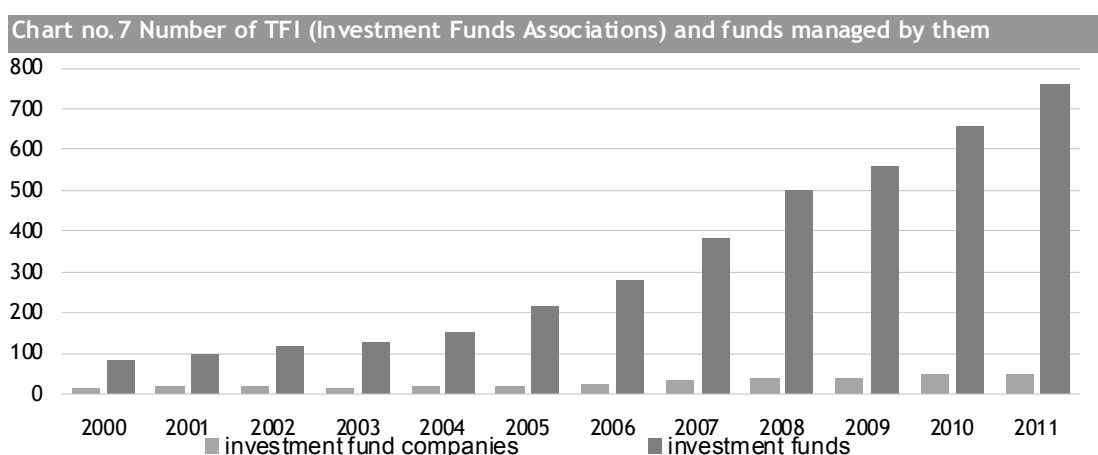
### 3.3. Development of the market in terms of products

In 2011 into the register of investment funds maintained by the District Court in Warsaw 89 investment funds were entered. Practical operation was started by 131 domestic investment funds. Some of them were registered in 2010 and some of them were established as a result of significant investment policy of existing fund. The number referred to above included 82 closed-end funds, 28 open funds and 21 specialist open funds.

The highest number of new solutions - 11 - appeared in the offer of BPS TFI (7 closed-end funds and 4 open funds). TFI Allianz Polska offered 9 new products including three ones which were designed as a result of transformation of existing funds; other 5 ones are sub-funds of new Bezpieczna Jesień SFIO 'umbrella', available for selected group of clients. 8 funds established Forum TFI (6 non-public assets funds and 2 securitization funds) and Ipopema TFI (5 non-public assets closed-end funds and 3 open funds). 8 novelties were included in the PKO TFI, however, 5 cases are transformed funds.

Among the closed-end funds established in 2011 the non-public assets funds dominated, that is solutions designed for wealthy clients or institutions. This group included also securitization funds that is those established in order to collect measures necessary to purchase liabilities (real estates). Also a few funds from the group of mixed ones, absolute return rate funds and capital protection funds and debt funds had a closed-end fund form.

From among 49 new funds (open ones or specialist open ones) aggressive funds dominated; their assets are located on the stock markets. Among new 15 funds seven ones are absolutely new and 8 ones were transformed from existing funds. Among absolute novelties there are funds of foreign stocks (Russian, global and growing markets funds) and funds investing on our market including one of small and medium companies' stocks. Companies also launched totally 13 debt funds including 3 ones arising from transformation and 4 cash funds. Moreover, the (investment funds) companies established 3 capital protection funds (including one arising from transformation), 8 mixed ones including 3 stable growth and active allocation funds (one arising from transformation) and 2 balanced funds. TFIs established also 3 absolutely return rate funds and a one which was established as an effect of the investment policy. One investment fund company - TFI PZU - transformed 9 open funds into sub-funds of an umbrella fund.



Source: KNF, TFI, calculations by Analizy Online

In the period under consideration 39 investment funds were liquidated. The highest number of funds - 7 - was liquidated by TFI Allianz Polska, including, among others, 4 sub-funds from the Allianz Globalny SFIO umbrella. Moreover 6 'solutions' were liquidated by ING TFI and 5 were liquidated KBC TFI (time for which they were established elapsed) and

5 by PKO TFI. Among liquidated products, in case of 14 of them a significant amendment of investment policy took place. Consequently, they significantly changed their character.

Totally, at the end of 2011 in Poland 757 investment funds operated including 381 in closed-end form, 228 open ones and 148 specialist ones.

### **3.4. Foreign funds**

Compared to previous year in the 2011 no serious changes took place when it comes about the segment of foreign funds which run sales of their share units on the basis of notification procedure before the Polish Financial Supervision Authority. In fact notifications issued by the Polish Financial Supervision Authority were awarded to 2 other funds - Fidelity Funds and Nordea Funds, however, none of them started a direct distribution.

At the end of the year just half of the nearly 600 registered funds and sub-funds were carrying out active sales in the territory of Poland. 7 institutions per 25 ones, which have permits issued by the Polish Financial Supervision Authority, did not commence activity. Therefore the Authority referred to in the previous sentence amended the list of notified funds. From the list those entities were deleted which resigned distribution in Poland despite the notification they had been awarded, or they were liquidated or transformed. In 2011 the following solutions were deleted (among others) managed by Legg Mason Investment Management, ING Investment Management, Dexia Asset Management and Credit Suisse Portfolio Fund Management Company. It should be recalled that in 2011 on our market other ETFs appeared (Exchange Traded Funds). They are managed by Lyxor Asset Management. The first of them retorts situation of the German DX index and the second one follows the American index S&P500. However, interest in such type of instruments is very little on our market.

One of the two most significant phenomena on the market of foreign funds was an increase in the meaning of units with guaranteed exchange rate risk, so called PLN-hedged units. Value of such type of solutions at the end of December 2011 amounted to 750 million PLN located in 21 of such type of units. Acc. to declarations on the market some new ones will appear. Initiative more and more frequently is taken by distributors.

The second significant phenomenon was change in structure of assets of the foreign institutions. Meaning of the solutions based on the debt market increased and in terms of popularity they taken the segment of sector stocks over. One could say that the 'weight center' was moved into the direction of safe assets.

Acc. to data of the Polish Financial Supervision Authority the assets of foreign funds listed on the Polish market at the end of 2011 amounted to 3,3 billion PLN which means an increase by +13,3% during a year. Share in the market measured by value of assets was equal nearly to 2,7%. Foreign institutions cooperate also with insurance companies where, acc. to data collected by Analyz Online, value of the resources amounted to 2,1 billion PLN.



## IV. Polish market of funds in the light of the European market

In 2011 the Polish market of investment funds shrank by nearly -11% (in terms of currency). Acc. to EFAMA data, after conversion into Euro, value of resources allocated in Polish funds dropped from 28,414 billion EUR at the end of 2010 to 25,325 billion EUR at the end of December of 2011.

Table no. 7. Polish compared to other European states (WAN in EUR bil. acc. to rigid exchange rates)

	2011			2010		
	value	share	change	value	share	change
Luxemburg	2096,5	26,5%	-4,7%	2 199	27,0%	19,4%
France	1381,0	17,4%	-8,1%	1 503	18,4%	5,7%
Germany	1133,9	14,3%	0,8%	1 125	13,8%	10,4%
Ireland	1055,3	13,3%	9,6%	963	11,8%	28,6%
Great Britain	805,1	10,2%	1,4%	794	9,7%	24,4%
Switzerland	272,5	3,4%	4,4%	261	3,2%	64,7%
Italy	193,3	2,4%	-19,2%	239	2,9%	-7,2%
Spain	156,4	2,0%	-8,3%	171	2,1%	-12,3%
Sweden	150,4	1,9%	-9,4%	166	2,0%	31,4%
Danmark	139,0	1,8%	2,6%	135	1,7%	23,6%
Austria	137,5	1,7%	-6,6%	147	1,8%	6,2%
Belgium	85,0	1,1%	-12,5%	97	1,2%	0,3%
Holland	64,5	0,8%	-17,4%	78	1,0%	-1,2%
Norway	61,8	0,8%	-3,2%	64	0,8%	27,9%
Finland	55,4	0,7%	-9,9%	62	0,8%	13,4%
Lichtenstein	30,0	0,4%	1,7%	29	0,4%	19,9%
<b>Poland</b>	<b>25,3</b>	<b>0,3%</b>	<b>-10,9%</b>	<b>28</b>	<b>0,3%</b>	<b>25,8%</b>
Portugal	22,1	0,3%	-14,1%	26	0,3%	-9,6%
Turkey	19,1	0,2%	1,7%	19	0,2%	15,2%
Hungary	9,0	0,1%	-30,5%	13	0,2%	17,4%
Malta	8,2	0,1%	2,4%	8	0,1%	-
Greece	6,3	0,1%	-30,9%	9	0,1%	-11,2%
Czech Republik	4,2	0,1%	-14,0%	5	0,1%	10,3%
Romania	3,4	0,0%	14,2%	3	0,0%	14,5%
Slovakia	3,2	0,0%	-14,9%	4	0,0%	10,1%
Slovenia	1,8	0,0%	-21,2%	2	0,0%	1,5%
Bulgaria	0,2	0,0%	-0,4%	0	0,0%	27,9%
<b>Total</b>	<b>7 920,45</b>	<b>100,0%</b>	<b>-2,8%</b>	<b>8 150,22</b>	<b>100,0%</b>	<b>15,4%</b>
UCITS	5 633,83	71%	-5,9%	5 990	73,5%	12,7%
Non-UCITS	2 286,25	29%	12,4%	2 035	25,0%	16,5%

Source: EFAMA Quarterly Statistical Release

Value of net assets of the investment funds of states associated in the *European Fund and Asset Management Association* (EFAMA) dropped at the time by -2,8% - to 7 920 billion Euro at the end of December 2011. To the largest extent the markets of funds in Greece and Hungary suffered where the value of assets dropped by more than -30%. In 9 European states assets of funds went up. The strongest increase was observed in Romania where value of managed resources increased by more than +14% up to 3,4 billion EUR at the end of December of 2011.

Share of Polish funds in the European market remained at the same level 0,3%. Also place of our state has not changed, we still hold 17th place.

Table no. 8. WAN per inhabitant (EUR thousand)

kraj	2011
Luxemburg	4096,03
Lichtenstein	829,32
Ireland	235,51
Switzerland	34,63
Denmark	25,00
France	21,23
Malta	19,55
Austria	16,36
Sweden	15,98
Germany	13,87
Grat Britain	12,90
Norway	12,57
Finland	10,30
Belgium	7,77
Holland	3,87
Spain	3,39
Italy	3,19
Portugal	2,08
Hungary	0,90
Slovenia	0,87
<b>Poland</b>	<b>0,66</b>
Slovakia	0,59
Greece	0,56
Czech	0,40
Turkey	0,26
Romania	0,16
Bulgaria	0,03

Source: EFAMA Quarterly Statistical Release, Eurostat

Since the value of managed assets dropped the value of the net assets per one inhabitant dropped as well. In December 2011 statistical Pole had 663 Euro allocated in the investment funds compared to 744 EUR at the end of 2010. Among states monitored by EFAMA, smaller amount allocated in funds falls per inhabitant in Slovakia, Greece, Czech Republic, Turkey, Romania and Bulgaria. The highest value of resources statistically falls per 1 inhabitant of the Luxemburg - nearly 4,1 million EUR.

## V. Share of investment funds in savings of Poles

At the end of 2011 value of savings collected by Polish households in different forms of deposits attained a record-breaking level 965 billion PLN. It means an annual increase equal to 52 billion PLN that is +5,7%. Admittedly it was the third consecutive year during which the savings increased their value but the dynamics of the increase was weaker than in two previous years when it was equal to +18% in 2009 and +14% in 2010.

Table no. 9. Value and structure of savings of households (mld PLN)					
	2010		2011		dynamika zmian
	mld zł	udział	mld zł	udział	
deposits in PLN and in other currencies	426,0	46,7%	482,1	50,0%	13,2%
cash	92,7	10,2%	101,8	10,6%	9,9%
pension funds	221,3	24,2%	224,7	23,3%	1,6%
stocks of public companies*	44,4	4,9%	44,2	4,6%	-0,5%
insurance capital funds	38,9	4,3%	37,5	3,9%	-3,8%
foreign funds	3,9	0,4%	3,6	0,4%	-7,2%
bonds	10,3	1,1%	8,9	0,9%	-12,9%
domestic investmnet funds	75,5	8,3%	62,3	6,5%	-17,5%
<b>Total</b>	<b>913,0</b>	<b>100,0%</b>	<b>965,1</b>	<b>100,0%</b>	<b>5,7%</b>

\* dane dotyczące zdematerializowanych akcji przechowywanych na rachunkach w biurach maklerskich

\*\* available for natural persons, corrected by value of insuring companies' investments

Source: Analizy Online, based on data NBP, MF, GUS, TFI, PTE TUNŻ

Value of net assets of retail investment funds in portfolios of households (dedicated to physical persons, after exclusion of value of investments of insurance companies) dropped during a year by -13,0 billion PLN (-17,5%). In case of foreign funds and insurance capital funds the decrease in assets was weaker and it was equal accordingly to -7,2% and -3,8%.

In 2011 our savings collected in form of PLN and currency deposits were growing up the most quickly. During a year all resources collected there went up by +13% up to 482 billion PLN at the end of the year. Consequently, they pose half of our savings. Cash beyond banks went up by nearly +10%. Such a good result was influenced by (among others) active attraction of clients by banks and clients' interest in safe deposits. Banks actively tried to attract smaller and smaller amounts of cash which was reflected by increase in the interest rates. The situation was intensified by problems of subsequent states of the Euro zone which decreased a trust to financial markets causing increase in rates for loans granted by banks between themselves.

Table no. 10. Share of net assets of funds in selected macroeconomic categories (PLN)					
	2007	2008	2009	2010	2011
Investment funds' net assets	134,5	76,0	95,7	120,1	114,9
GDP value (PLN bil.)*	1 176,7	1 275,4	1 344,4	1 416,4	1 524,66
Share of funds (%)	11,4%	6,0%	7,1%	8,5%	7,5%
Deposits of households + net assets of funds	396,8	407,9	483,3	546,1	597,0
Share of funds (%)	33,9%	18,6%	19,8%	22,0%	19,3%

\* value for 2011 r. - estimated by GUS

Source: TFI, GUS, NBP, calculations by Analizy Online

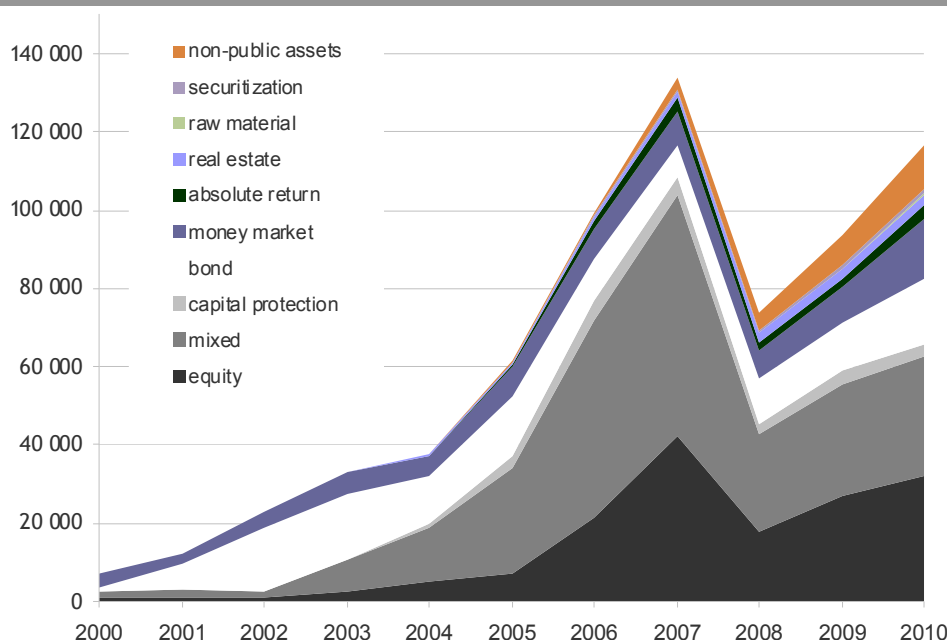
In terms of examination of value of net assets of investment funds in relation to total savings of Polish citizens, a significant cognitive value is assigned to their relation to the Gross Domestic Product. The factor describing this dependency went down in 2011 from 8,5% at the end of 2010 to 7,5%. In a year scale also share of funds in total assets of funds and deposits of households dropped (from 22,0% to 19,3%).

Value of resources collected by an average Pole in the investment fund at the end of 2011 amounted to nearly 3,0 thousand PLN, which means over 5 percent drop compared to 2010. To compare, in a record 2007 the value amounted to 3,5 thousand PLN.

## VI. Structure of the market of the investment funds in 2011

In 2011 sequence of the most significant groups of assets in the structure of TFI (investment fund companies) did not change. However, value of measures subject of management was changing in different tempo. Similar situation happened also in the past when preferences of clients in different periods were different. 10 years ago in 2000 nearly half of resources were allocated in cash funds and assets of the entire market amounted to 7 billion PLN only. By 2005 the biggest share in the market was held by debt funds. Next years, when the prosperity was continued, interest was paid to mixed funds (stable growth funds and later balanced ones), and finally - stock funds. In 2008 clients went back to funds focused on safe strategies.

Chart no. 8 Assets of basic group of funds 2000 - 2010 (PLN mil)



Source: IZFiA, TFI, calculations Analityz Online

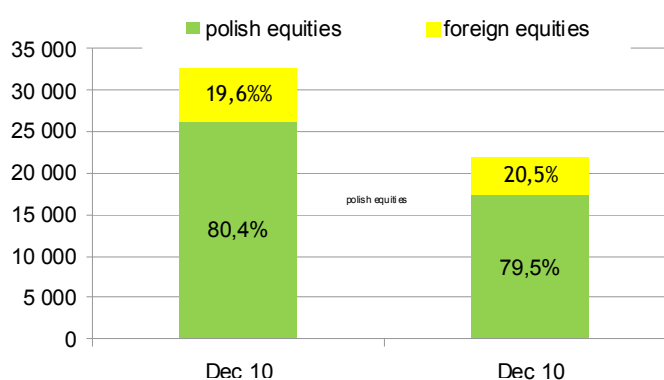
Over time mixed funds lost their leading position and at the end of 2010 the stock funds became the most significant category of funds while the mixed ones came second. The debt funds and cash funds come accordingly third and fourth which in 2011 managed to enhance their situation due to other resources from clients and due to decrease in assets of aggressive funds. Consequently, total share of safe funds in the structure of assets of TFI increased to 1/3.

It was an effect of withdrawal of clients from fund segments and decrease in pricing of funds caused mostly by drops on world exchanges.

### 6.1. Equity funds

In 2011 the stock funds suffered from decrease in value of assets by -33,1%, that is much more than the Warsaw Stock Exchange index - WIG dropped (-20,8%). Consequently, their market

Chart no. 9 Structure of net assets of the stock funds (mln zł)



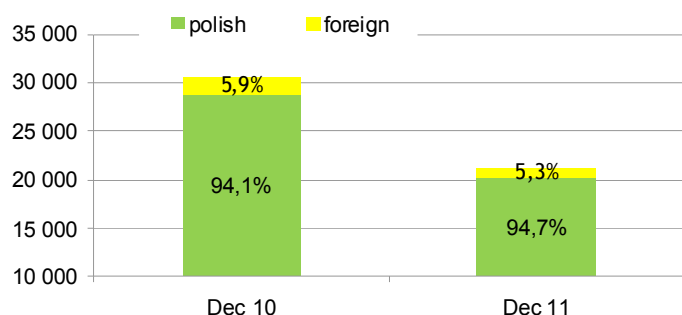
share went down by -8,1 pp. to the 19,0% level. Despite the fact of the radical drop in value of assets of stock funds, they remained the first segment (in terms of value of managed resources) with assets at the 21,8 billion PLN level.

Resources collected in funds of Polish stocks dropped at similar pace - accordingly -33,8% and -30,2%. Therefore, at the end of 2011 their assets attained accordingly 17,3 billion PLN and 4,5 billion PLN. Decrease in value of resources was caused also by negative balance of deposits and withdrawals (-2,8 billion PLN) as well as unfavorable results of management which caused a drop in the resources by -8,0 billion PLN.

At the end of December 2011 on our TFI market total number of 160 stock funds was available, including more than 40% of products investing in Poland. Still the highest value assets were managed by the Aviva Investors Akcyjny fund (Aviva Investors SFIO) - 3,8 billion PLN. Next ING Akcji 2 SFIO and Arka Akcji (Arka BZ WBK FIO), with resources under management accordingly 1,6 and 1,4 billion PLN.

## 6.2. Mixed fund

Chart no. 10 Structure of net assets of mixed funds

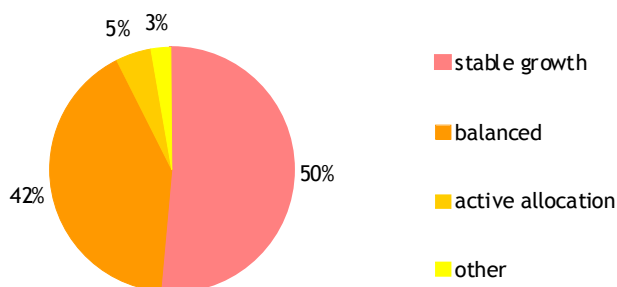


Source: Analityz Online on the grounds of reports provided by TFI and IZFiA

funds which attracted 10,6 billion PLN in 2011 and balanced funds (8,4 billion PLN).

A decrease in value of assets of mixed funds in 2011 was caused by advantage of withdrawals over established deposits which amounted to -5,5 billion PLN, and negative results of management which resulted in decrease in the property by approx. - 3,8 billion PLN. Clients withdrew resources mainly from Polish funds of stable growth (-2,7 billion PLN).

Chart no. 11 Structure of assets of mixed funds in 2011



Source: Analityz Online on the grounds of reports provided by TFI and IZFiA

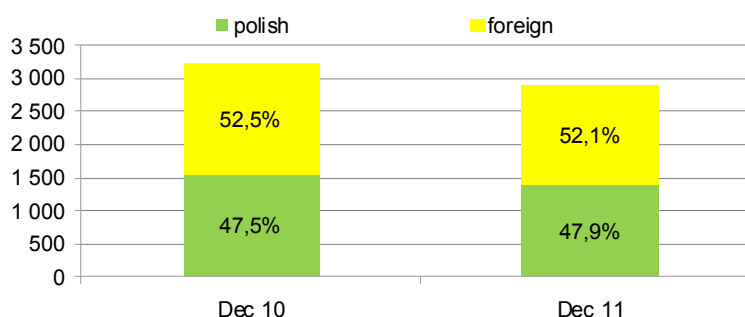
Acc. to situation valid as of the end of 2011 on our market more than 100 mixed strategy funds were available, including more than 65 ones focused on the Polish market and 35

ones on the foreign markets. From among the products in question the highest value assets was managed by the following funds: PKO Zrównoważony - FIO and Pioneer Zrównoważony (Pioneer FIO), accordingly - 1,9 billion PLN and 1,7 billion PLN.

### 6.3. Capital protection fund

Chart no. 12 Structure of net assets of the capital protection funds

Capital protection funds also ended the 2011 year with smaller amount of assets. Their value dropped during 12 months by 1/10, to 2,9 billion PLN at the end of December. To a serious extent it was an effect of outflow of resources, caused mainly by end of operation by a few products which are usually designed for a definite time. Totally, withdrawals exceeded deposits by approx. - 0,2 billion PLN. One of the funds ended its operation in September, consequently, this month was one of the worse months for this segment.



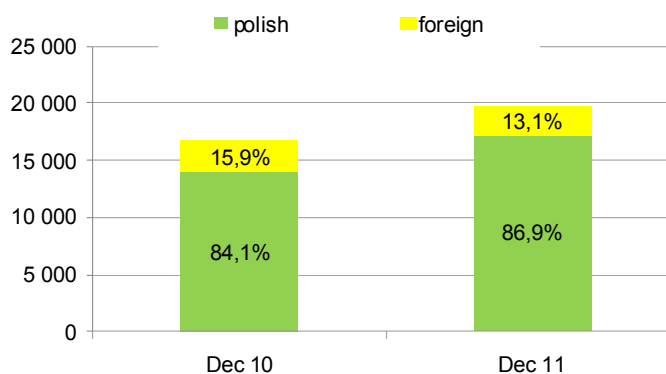
Source: Analizy Online on the grounds of reports provided by TFI and IZFiA

At the end of 2011 total number of 51 funds operated in this segment. The highest value assets are managed by Quercus Ochrony Kapitału (Parasolowy SFIO) - 412,0 M PLN.

### 6.4. Bond funds

Chart no. 13 Structure of net assets of the bond funds

In 2011 assets collected in debt funds increased in their value by nearly 1/5 (that is +3,0 billion PLN) up to 19,8 billion PLN. Therefore, their situation on the market of common investing institutions went up by +3,3 pp. to 17,2%.



Source: Analizy Online on the grounds of reports provided by TFI and IZFiA

Increase in net assets regarded funds investing in stocks issued in PLN, it amounted to +3,1 billion PLN. Funds investing in debt foreign securities suffered from nearly 3% drop in the value of assets. Finally their share in this segment of the market dropped to 13% from 16% at the end of 2010.

Growth in value of resources collected by debt funds in 2011 generally was a result of new contributions of clients. The funds totally obtained + 2,1 billion PLN of new capital whereby 2 billion PLN was addressed to a single fund only established for needs of the PZU group.

At the end of 2011 nearly 70 debt funds operated including 45 investing in bonds issued in PLN. Similarly like in the period of 3 recent years the highest value assets were managed by [Aviva Investors Dłużny \(Aviva Investors SFIO\)](#) (Aviva Investors SFIO) - 2,3 billion PLN.

## **6.5. Cash funds**

Value of resources managed by cash funds went up in 2011 by +20,2% to 18,5 billion PLN. therefore, their market share went up by +3,3 pp. up to 16,1% at the end of December. This is the safest segment of the market and it defended its fourth place in terms of 'size', just after the debt funds.

Cash funds owe such a high dynamics of changes mostly to strong popularity among clients. Balance of contributions and withdrawals amounted to +2,1 billion PLN. The first months of the year were the most profitable, the net monthly contributions amounted approx. to 0,4-0,5 billion PLN as well as holiday months. Just in July advantage of contributions over withdrawals exceeded +1,0 billion PLN.

At the end of 2011 on the Polish market 40 cash funds were available and the highest value of assets was managed by UniWIBID (UniFundusze SFIO) - 1,8 billion PLN.

## **6.6. Absolute return rate funds**

In 2011 the group of absolute return rate funds increased their assets by 5,0%, their value exceeded 3,0 billion PLN. The funds attracted +0,3 billion PLN of new capital from the clients. Value of assets was negatively affected by results of the management since plenty of funds suffered from loss. Nevertheless their share in the market went up from 2,4% to 2,6% at the end of 2011. At the end of December of 2011 total number of the absolute return rate funds exceeded 40. Allianz Platinum FIZ (0,5 billion PLN) managed the highest value of assets.

## **6.7. Real property market funds**

Real estate funds were characterized in 2011 by a high dynamics of growth in the assets' value (+24,2%). In the period of 12 months assets collected by the funds went up totally by +0,6 billion PLN, whereby more than half of the increase is a result of new contributions made by clients. Most of resources were allocated in newly established funds. A growth in value of the assess contributed to subsequent increase in share of this group of products in the investment funds market from 2,2% in 2010 to 2,9% at the end of 2011. At that time total number of 22 real estate funds operated on the market and assets collected in funds, which publish their data (19 of them), were worth 3,3 billion PLN.

Arka Fundusz Rynku Nieruchomości FIZ (0,5 billion PLN) managed the highest value assets.

## **6.8. Raw materials fund**

Funds based on raw materials pose the smallest segment of market. The funds referred to in the previous sentence managed assets equal to 657 million PLN. It was nearly +63% more than 12 months earlier. Their share in the market went up from 0,3% at the end of 2010 to 0,6% at the end of 2011. Increase in value of managed assets was possible due to inflow of new resources, in particular in the first half of year. Total balance of contributions and withdrawals exceeded +0,3 billion PLN. Unfavorable economic situation on the market contributed to decrease in value of units of all offered funds from this segment.

6 raw materials funds operated at the end of 2011 on the market. The highest value of assets was managed by: Investor Gold Otwarty (Investor SFIO) - 238 M PLN and Investor Gold FIZ (202 M PLN).

## **6.9. Securitization fund**

2011 was a good one for securitization funds which attracted new capitals. In the period of 12 months the resources under their management doubled their value up to 1,8 billion PLN at the end of 2011. Consequently, their share in the market increased from 0,7% to 1,5%



during 12 months. The data concerns 22 funds from more than 40 operating ones. The highest value of assets at the end of 2011 was managed by Prokura Niestandaryzowany Sekurytyzacyjny FIZ (managed by Copernicus Capital TFI) - 431 M PLN and Allianz Kredyt Inkaso I NSFIZ - 321 M PLN.

### ***6.10. Non-public assets funds***

Last year the resources collected in the funds of non-public assets increased their value by +21,9%, to the 13,8 billion PLN level. Consequently, their market share exceeded 10%. Value of resources collected in the funds in question in fact is higher. Some of investment fund companies focused on this type of funds publish data in aggregated form which disable their classification (into a particular group) (the data include funds of non-public assets but also securitization funds, mixed funds or stock funds). All data published in aggregated form are presented under the 'indefinite' item (see Table 4). At the end of 2011 value of assets of the funds in question exceeded 8 billion PLN. It could be assumed that significant part of the funds is non-public assets funds.

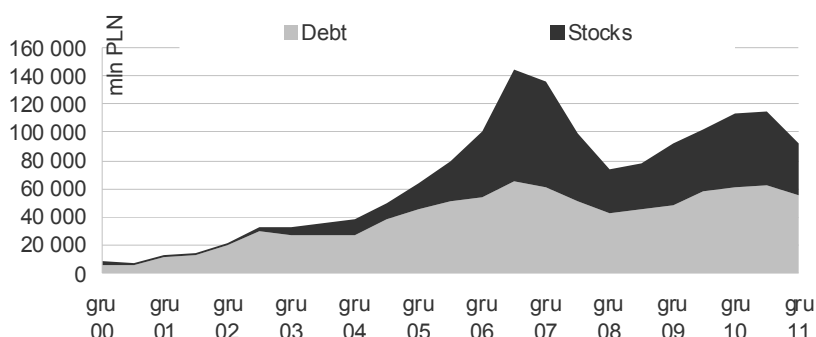
236 non-public assets funds operated at the end of December of 2011 on the market. The highest value of assets (among funds which publish their data) was managed by SEZAM FIZ (992 M PLN) and Sowiniec FIZ (805 M PLN).



## VII. Elements of investment funds

Chart no. 14 Debt and stock instruments in the assets of funds

From reports published by the investment funds it results that at the end of 2011 most of deposits collected by the funds were instruments of debt character (totally with cash resources). At the end of December 2011 share of the debt instruments in the total assets of funds was equal to 61%, which in the annual period means an increase by +7,9 pp.



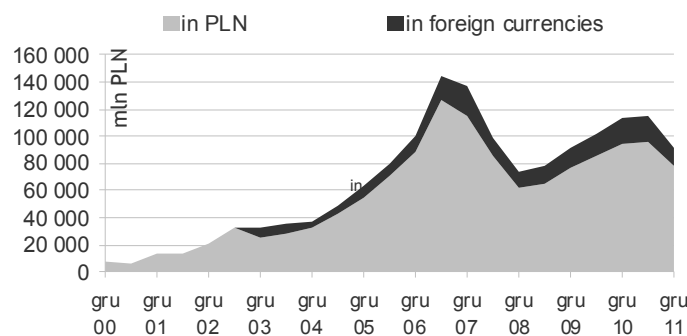
Source: Anality Online on the grounds of reports of the funds

In the peak of the prosperity on the market of Polish bonds that is in the half of 2003 share of this group of instruments was equal to 94% of value of assets. Together with increase in prosperity on the stock market, share of debt instruments was regularly dropping and at the end of December 2007 it attained -45% level. In 2008 their meaning has started to grow up while stock markets were decreasing. Since 2009 the tendencies reversed and share of both categories of deposits nearly equalized. The situation was also continued also in 2010 and in the first half of 2011. In second half of 2011 engagement in the debt instruments exceeded 60% level.

Increase in share of debt papers in the portfolios of funds was not followed by an increase in their value but it was connected with a significant decrease in value of papers of share nature. In 2011 value of share papers dropped by more than -17 billion PLN, that is up to 35 billion PLN at the end of the year. In that time for debt instruments it was more than -4 billion PLN - up to 56 billion PLN.

Chart no. 15 Value of funds' investments based on currency

In terms of currency structure, assets of funds include mostly investments in instruments denominated in PLN. At the end of December 2011 they were equal to 85,5% of share in assets. Share of instruments denominated in foreign currencies was the highest in June 2004 when it was equal to 20,2%.



Source: Anality Online on the grounds of reports of the funds

Later, the share was dropping and in 2006 it attained the 11,1% level. From that time share of instruments denominated in foreign currencies in total structure, with a little break in 2008, was growing up and at the end of June 2011 it attained the 17% level. Nevertheless in the period of subsequent 6 months engagement in this group of assets went down by 2,2 pp. and attained the lowest level for three years equal to 14,5%.

## VIII. Results of investment funds

In 2011 it was difficult to generate profits. More or less every third fund managed to generate a positive return rate. Among them safe solutions dominated that is debt and cash funds. The largest amount of cash was lost by holders of stock funds investing mainly on the European growing markets. Some of investors had great profits since PLN was weaker in relation to main currencies. In particular profits were obtained by holders of units in debt funds investing in foreign markets settled in PLN. Debt universal funds USA earned averagely +15,2%. Two-digit profits were also generated also by share units of funds (PLN) belonging to the group of foreign debt funds and debt European funds, whereby results of investments in such funds in US Dollars and Euros were a little bit beneath zero. The investments referred to above were the most profitable ones last year.

Table no.11 Average return rates of funds of (2011)					
	O1M	O3M	O12M	O36M	O60M
Bond, USA, universal	1,1%	5,0%	15,2%	44,8%	47,0%
Bond, foreign	-0,7%	0,9%	11,2%	27,5%	35,0%
Bond, European, universal (EUR)	-1,3%	-0,7%	11,0%	19,4%	27,1%
Bond Polish treasury securities	0,5%	1,2%	5,1%	17,2%	28,8%
Bond, Polish, universal	0,7%	1,3%	4,8%	18,2%	30,1%
Mixed, foreign, stable growth	0,6%	2,8%	4,6%	36,7%	21,5%
Money Market PLN universal	0,5%	1,1%	4,3%	14,3%	23,3%
Equity American (USD)	0,8%	11,9%	4,1%	48,2%	-4,6%
Bond USA universal (USD)	1,3%	0,1%	-0,2%	25,4%	23,1%
Bond European universal (EUR)	1,7%	-0,8%	-0,5%	12,8%	14,3%
Mixed foreign balanced	-1,4%	1,7%	-3,9%	26,2%	-1,7%
Mixed polish stable growth	-1,2%	-0,6%	-7,5%	16,8%	2,8%
Equity of European developed markets	-1,0%	4,1%	-8,6%	12,5%	-32,4%
Equity American (USD)	0,6%	7,5%	-9,4%	31,5%	-18,5%
Equity of global developed markets	-0,5%	5,1%	-11,7%	31,9%	-13,5%
Stocks of European developed markets (EUR)	2,2%	5,1%	-13,0%	25,6%	-29,3%
Mixed polish of active allocation	-2,5%	-2,7%	-15,4%	15,0%	-13,2%
Mixed polish balanced	-2,2%	-1,6%	-15,8%	15,6%	-14,3%
Mixed foreign active allocation	-3,0%	0,1%	-15,8%	17,0%	-16,4%
Equity of global growing markets	-4,1%	3,5%	-17,0%	59,1%	
Equity Asia without Japan	-2,0%	0,9%	-17,8%	41,5%	
Equity polish universal	-3,8%	-2,7%	-23,2%	28,0%	-27,8%
Equity of European growing markets	-6,0%	-4,0%	-23,8%	36,6%	-20,0%
Equity of Polish small and medium companies	-1,6%	-2,0%	-27,1%	23,6%	-36,6%
Equity foreign of real estate sector	-3,9%	-4,6%	-38,4%	8,9%	

Source: FUNDonline FI, Analizy Online

Decent profits were also generated by funds investing in Polish debt. Funds of Polish treasury bonds earned averagely +5,1%, debt universal Polish funds generated +4,8%, and cash and cash market funds +4,3%. In case of Polish stable growth funds, small share of stocks in the portfolio enabled just reduction on losses and average result in the group was equal to -7,5%. Results of active allocation funds at the -15,4% level were coherent with results attained by balanced funds but within these groups they were seriously diverse.

Holders of share units in stock funds suffered the most serious losses. From among 180 funds a positive return rate was attained just by 10 of them and in more than 150 cases losses were two-digit ones, even as much as -49%. Funds investing their assets on the

developed markets coped with the situation on the difficult market in a better way. Funds investing in our region, also those investing in Polish stocks funds, were among the worst investments. Funds focused on smaller companies lost averagely -27,1%, whereby the universal stock funds -23,2%.