Izba Zarządzających
Funduszami i Aktywami
IZFiA

Chamber of Fund and Asset Management

The 2012 report

May 2013

Table of contents

I. Letter of the President

Ladies and Gentlemen,

It is my pleasure to provide you with the report summarizing the previous year on the market of investment funds in Poland. For me as head of the Chamber, who represents the investment funds market it is a special pleasure since the last year has been one of the best in our sector. For the first time for five years the assets gathered in the national investment funds increased totally by more than PLN 31 billion. What affected the increase in the domestic market? A serious role played clients of the funds, who provided the funds with more than PLN 14 billion. Obviously, a great part of the funds was shifted within the capital groups. However, when it comes about the activity of the participants of the funds it was a period of very successful 12 months. Several factors enabled the increased interest in funds. A crucial incentive could be certainly favorable investment conditions due to a growing trend on the Warsaw Stock Exchange. Almost all indexes recorded positive rates of return last year which were frequently two-digit ones. It certainly promoted positive view of products offered by investment funds. In addition, the deteriorated conditions of interest rates on bank deposits also made the funds attractive. Very good situation on the bond market made that the debt funds gained many new resources since they were the most popular among clients in 2012. The opposite position was held by safe solutions: cash funds and the money market funds. Thanks to excellent results of debt funds, the situation on the podium has changed as well. Debt funds had overtaken stock funds and came first in terms of the value of the assets. The second place was occupied by the stock funds, and the third one by non-public assets funds

Good luck of investment funds was reflected in form of their share in Poles' savings. At the end of the year the average Pole had in funds PLN 3.8 thousand, which means 27% growth compared to the end of 2011. Changing the perspective into more global one we are still only a small fraction of the European fund cake. Despite the fact that Poland is among leaders - countries with the biggest growth in assets year after year, actually we are far behind such countries as Germany, France or United Kingdom. However, it is should be noted that last year we went up in the EFAMY list, from the 17th position into the 16th. Therefore, we are ahead of other countries in our region (Czech Republic, Hungary, Slovakia), as well as the developed countries of Western Europe (Portugal, Turkey, Greece).

A summary of the 2012 ends with a reflection concerning the direction of the market. As one can observe, there has been increasing share of products designed for specific investors, customized, and consequently, share of funds designed for a wide range of investors has been falling down. Responding to the afore-described changes and in order to reflect the market situation in a better way, we've updated the classification of investment funds dividing them into the dedicated funds and non-dedicated fund. Since the beginning of 2013, data on assets, purchases and redemption of investment funds presented by the Chamber has been adapted to the new approach. I hope this will help you to use the information and the data, which we supply, more effectively.

I wish you a nice and interesting reading!

dr Marcin Dyl
President of The IZFiA's *(Chamber of Fund & Assets Management)* Board

II. Market situation. Economic situation of Poland

Table no. 1. Real dynamics of gross domestic product

	2009	2010	2011	2012
Gross Domestic Product	**1,6%**	**3,9%**	**4,5%**	**1,9%**
Total consumption	2,0%	3,4%	1,6%	0,6%
individual	2,1%	3,2%	2,6%	0,8%
Gross accumulation, including	-11,5%	9,3%	11,2%	-3,3%
gross expenses on fixed assets	-1,2%	-0,4%	8,5%	-0,8%
Domestic demand	-1,1%	4,6%	3,6%	-0,2%
Gross added value, including	1,8%	3,7%	4,5%	1,8%
industry	1,2%	7,3%	8,2%	1,1%
building industry	11,6%	6,4%	11,8%	-0,7%

Source: GUS (Central Statistical Office)

Gross domestic product: At the first half of 2012, the development of the Polish economy was driven by large infrastructure investments, primarily connected with organization of the European Football Championships and a high individual consumption rate. The recession, which was moving deeper and deeper in the Euro zone and the decline of public investments have resulted in significant weakening of the dynamics of gross domestic product (GDP) in the second half of the year. According to the data of the Main Statistical Office, in 2012 the economic growth tempo equaled to +1,9% and it was lower by -2.6 percentage point compared to the year before. The main growth factor was foreign demand. Due to higher export dynamics (+2.8%) and the decrease in the rate of the import (-1.8%) contribution of the export/import balance in the GDP equaled + 2.1 percentage points. The trade in the country was also promoted by stabilization of the Polish Zloty exchange rate against the Euro and the depreciation against the US Dollar. Unfortunately, since the second quarter of 2012 the domestic demand has started to affect the weakening of the economic growth dynamics reducing the index in question by -0.2%. The domestic demand growth rate in 2012 equaled -0.2%, including the decrease in the fourth quarter by -1.6%. The fastest growing element of the domestic demand in 2012 was the individual consumption (an increase by +0.8%), and the weakest component - gross fixed assets (decrease by -0.8%).

Employment market: Despite the fact that the greater part of the last year was characterized by a relatively stable situation on the labor market, the unemployment rate has started to grow up heavily till it reached +13.4% at the end of the year. At the end of December 2012, the number of unemployed people recorded in employment offices equaled approx. 2.1 million that is it went up by +7.8% year-to-year. Negative trends on the labor market were also reported in industrial enterprises, where the average employment increased compared to the previous year but only by about +0.1%. The average monthly nominal gross remuneration growth in sector of enterprises equaled +3.4% and it was lower compared to 2011, when it was +5.0%. Also the purchasing power of the remunerations for the first time for several years was lower than in the previous year by -0,2%, compare to the +0.9% growth in 2011.

Table no. 2. inflation and unemployment rate 2006 - 2012

	2006	2007	2008	2009	2010	2011	2012
Inflation rate	1,0%	2,5%	4,2%	3,5%	2,6%	4,3%	3,7%
unemployment rat	14,8%	11,2%	9,5%	12,1%	12,4%	12,5%	13,4%

Source: GUS (Central Statistical Office)

Inflation: In 2012 a significant increase in the prices of consumer goods and services took place. Although the inflation rate was lower compared to the previous year (+3.7% against + 4.3%), an increase in the consumer prices was higher than the rate estimated in the annual finances act by +0.9 percentage point. A decisive factor, which had an influence on the increase in the prices was a high growth rate of prices of goods & services related to the transport, food and non-alcoholic beverages, as well as prices related to residing. Starting from the fourth quarter, however, one can observe a weakening of the inflationary "pressure". In December 2012 the pace of price increase slowed down to +2.4% that is below the inflation goal set out by the Monetary Policy Council at the level equal to +2.5%.

Monetary policy: The inflation rate higher than the goal of the NBP *[National Bank of Poland]*, which the Polish economy faced the first months of 2012 persuaded the Monetary Policy Council to increase in the interest rates unpredictably by +0.25 percentage point. As a result, in May there took effect the interest rate at the level equal 4.75%. The negative signals from the economy occurring from half of 2012, as well as the inflationary pressure resulted in a change of the approach of the Monetary Policy Council. In November 2012, the Monetary Policy Council made a decision to cut the interests rates including the reference interest rate by -0.25 percentage point to the level equal 4.50%. In December, having in mind the economic situation the process of monetary policy relieving was continued. Consequently, the interest rates went down by 0.25 percentage point including the reference rate which reached 4.25%. When the marked was waiting for the first decreases in the interest rates in 2012 the Polish treasury bonds' prices were growing up enormously. Good situation on this market resulted in a change in the profitability of 10-year treasury bonds which reached 3.7% instead of 5.9% in December the year before. Last year's drop in the interest rates had its negative impact on the interest rates of deposits in PLN, which began to fall down at the last month of the previous year.

National budget: Budget deficit of the country, after December 2012, equaled PLN 30.4 billion. This was 86.9% of estimated limit that is 35 billion. Country's expenditures after December totally amounted to 318.2 billion, which represented 96.7% of the planned expenditures, while the national budget revenue totaled 287.6 bn, representing 97.9% of the estimated budget revenue. Generally, the largest amount of expenditure had a form of subsidies for local government units (100% of the plan) and subsidies for Social Insurances Fund (100% of the plan).

Table no. 3. Changes in the financial market 2012

WIG	26,24%
WIG20	20,45%
mWIG40	17,42%
sWIG80	22,92%
IROS*	12,61%
IRP_WIBID_1M**	4,63%
USD/PLN	-9,30%
EUR/PLN	-7,44%

** index of bonds market calculated by Analizy Online*

*** cash market index*

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

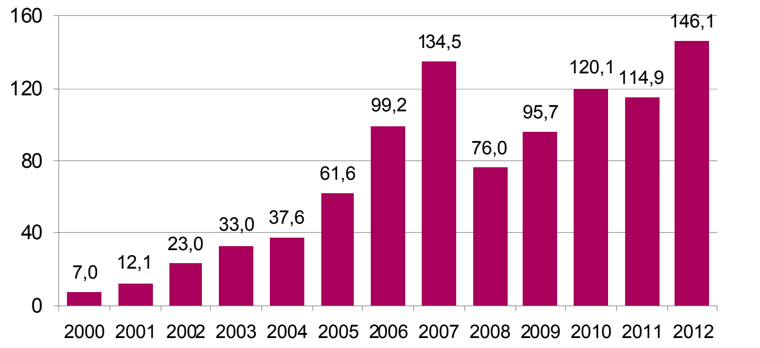
Capital market: In the first half of 2012 at the Warsaw Stock Exchange (WSE) calmed down moods could be observed after significant stocks revaluation which took place in 2011. However, in the middle of the year on the WARSAW STOCK EXCHANGE there occurred growth due to hope for less restricted monetary policy of the Monetary Policy Council. Despite deteriorated national economic parameters and the atmosphere of uncertainty caused by the Euro zone crisis, the stock market ended the year with green numbers. The broad market WIG index increased by +26.2%. Smaller companies represented by the index sWIG80 grew up (an increase by +22.9%) as well as large companies from the index WIG20 (an increase by +20.4%). mWIG40 index companies were rated a little bit worse (an increase by +17.4%). The largest increase in 2012 was promoted by the WIG-raw materials (+78.9%), and just a little worse results were generated by WIG-Chemistry index (an increase by +57.9%) and WIG-fuel (an increase by +39.1%). WIG-construction index went down (-30.9%), WIG-telecommunications (-21.2%) and WIG-energy (-2.7%). In 2012, on the main market of the Warsaw Stock Exchange there debuted 19 companies, 7 companies were canceled which means that at the end of the year 438 companies were listed on the stock market. Capitalization of companies during the last session 2012 was equal to PLN 734.0 billion (an increase by + PLN 91.2 billion, i.e. by +14.2% in relation to the final session 2011). An alternative trading system NewConnect has been playing more and more significant role. 89 companies debuted in 2012 and 11 were canceled; the number of listed companies equaled 429. Capitalization of companies at the last session 2012 was equal to PLN 11.1 billion (an increase by +30.6% in relation to the final session 2011).

III. Funds market in Poland

3.1. Net assets of investment funds in 2012.

The year before was one of the best in the history of the investment funds. During this period, the increase in assets managed by the Domestic Investment Funds amounted to +31.2 bn that is +27.1% compared to 2011. In this field the 2012 turned out to be similar to the record-breaking years 2006-2007, when assets under management grew up by PLN +37.7 billion and PLN +35.3 billion. However, it should be noted that the last year's increase was promoted mainly by solutions designed for individual investors.

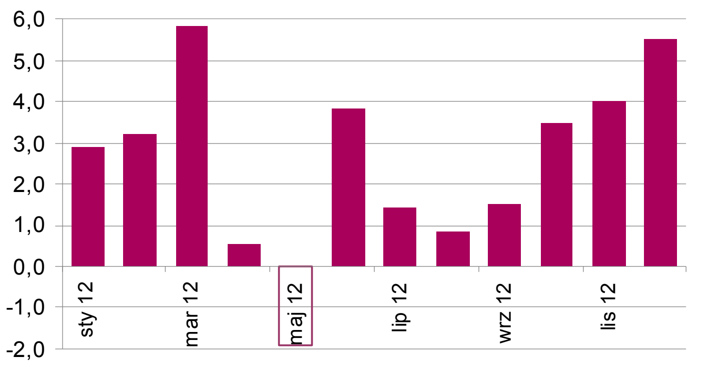
Figure no. 1 Assets of investment funds 2000 - 2012 (PLN bn.)



Source: Investment funds associations, Calculations by Analizy Online

The year 2012 was exceptional due to a boom, which concerned both, the stock market and bonds market. For the first time for many years both, WIG and Index of Treasury Bonds (IROS) calculated by Analizy Online produced the double-digit rates of return. Both of them went up approx. by +26.2% and +12.6%. The first quarter of the year, when assets under management increased by PLN +11.9 bn, generally due to significant inflows, brought a hope for a good year for funds. After the correction at the WSE following months were not so good, however, except for the decline in May (approx. PLN -1.9 bn) assets have been growing up all the time. After a break in June the last three months of the year were a turning point; assets managed by IFAs increased by PLN +13.0 billion, including PLN 9.3 billion in form of a balance of deposits and withdrawals.

Figure no. 2 Monthly change in assets in 2012 (PLN bn.)

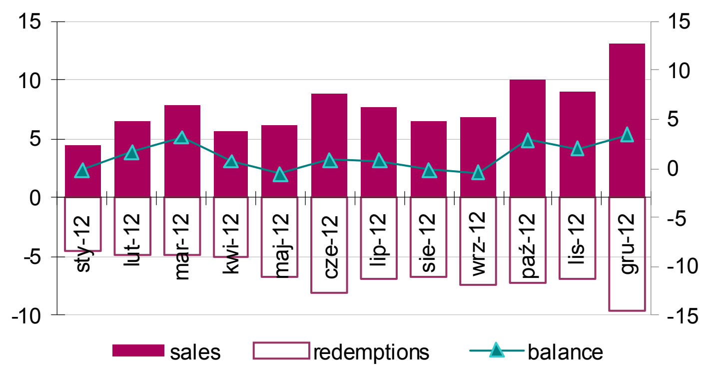


Source: Investment funds associations, Calculations by Analizy Online

The total balance of deposits and withdrawals in 2012 for both, funds which publish data and those, which do not publish information (balance of deposits and withdrawals has been assessed for them), equaled nearly PLN +19.0 billion. Similarly like in the previous year, the majority of this amount was attracted by the funds intended for private investors or institutions (mainly non-public assets funds, but also debt, cash or stock funds). After excluding them, the balance of the operations in question equaled PLN +1.9 billion.

According to data of the Chamber of Fund and Asset Management including funds of those IFAs (Investment Funds Associations), which are the members of the Chamber and those IFAs, which provide the Chamber with the data, advantage of purchases over redemptions equaled PLN + 14.2 billion. The amount equal PLN + 92.8 bn was spend to purchase new units and redemptions reached the value PLN -78.5 billion. After a rapid increase in the first quarter a cumulative advantage of purchases over redemptions was approx. PLN +5.0 bn, and it went up again at the period of last three months of the year when it equaled PLN +8.4 bn.

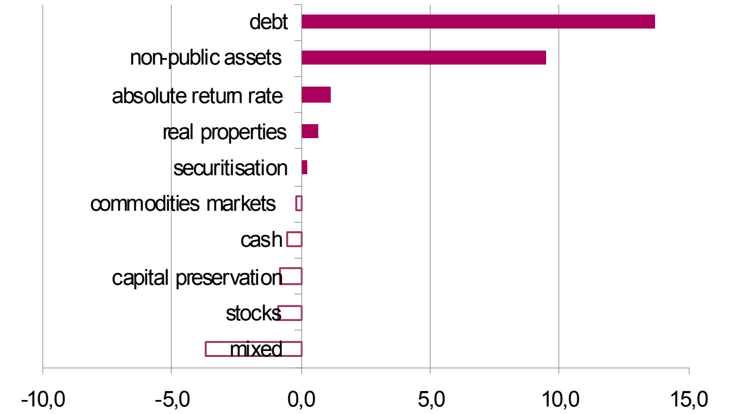
Figure no. 3 Acquisitions and redemptions 2012 (PLN bn.)



Source: IZFiA

In 2012, debt products were the most popular; they attracted PLN +13.7 billion. Regular popularity characterized the funds of private assets; after a very successful 2011 they attracted PLN +9.5 billion last year. Absolute return rate solutions generated high dynamics of new funds, totally they attracted PLN 1.1 bn compared to +0.2 bn in 2011. The three groups mentioned above overtook other solutions in the field of attracted capital however, such an advantage results from singular solutions designed for a particular investors. In case of bond products and absolute rate of return products PLN +6.0 billion and PLN + 0.8 bn respectively were attracted by individual funds set up for the PZU Group. In turn in the group of non-public funds PLN + 4.3 bn was attracted by two products managed by the Skarbiec TFI.

Figure no. 4 Balance of deposits and withdraws in the segments in 2012 (PLN bn.)



source: Analizy Online

Similarly like in 2011 mixed funds segment recorded strong outflow of the capital in the amount of PLN -3.7 billion, and therefore, its market share decreased by -4.7 pp. Last year was also unfavorable for stock funds, which lost the capital but the August came with a break of this trend. Last year was not successful for cash funds which, after an exceptional 2010-2011, lost PLN 0.5 billion. Redemptions took place in June, when the balance of the operation equaled PLN -0.3 billion, which was caused by problems of certain funds suffering from building companies' bonds.

Market structure based on the groups of funds

Last year the assets structure changed keeping the 2011 direction. Hence, in the foreground there were debt funds, which assets went up by + 67% (PLN +16.6 bn), mainly due to the significant inflow of new capitals (PLN +13.7 billion). Except for the June, when corporate debt funds suffered from outflows caused by problems of construction companies, debt solutions had positive balance of sales each month. The situation looked really well in the fourth quarter of the year, when the net payments equaled PLN 8.4 billion. Due to the very good market conditions, giving consideration to the largest growth in assets (PLN +10.9 bn), products based on treasury bonds came first. The situation enabled the entire debt segment to increase the market share to 28,3% and to increase the advantage over the second-largest group of public funds to +11.4 percentage point. It should not be forgotten that so good result resulted from payments (PLN +6.0 bn) made into PZU SFIO Dłużny which was set up for needs of the capital group.

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

	value (PLN million)		dynamics	share	
	gru 11	gru 12		gru 11	gru 12
debt	24 710	41 314	67,2%	21,5%	28,3%
stocks	21 337	24 613	15,4%	18,6%	16,8%
non-public assets	14 261	23 379	63,9%	12,4%	16,0%
mixed	21 286	20 213	-5,0%	18,5%	13,8%
cash	13 595	13 789	1,4%	11,8%	9,4%
absolute return rate	2 956	4 516	52,8%	2,6%	3,1%
real properties	3 307	3 504	6,0%	2,9%	2,4%
capital preservation	2 886	2 310	-20,0%	2,5%	1,6%
securitisation	1 760	2 071	17,7%	1,5%	1,4%
commodities market	697	519	-25,5%	0,6%	0,4%
non-defined (*)	8 135	9 898	21,7%	7,1%	6,8%
Total	**114 931**	**146 127**	**27,1%**	**100,0%**	**100,0%**

Source: Analizy Online of the basis of TFI's reports IZFiA

Funds of private (non-public) assets maintained the 2011 dynamics. These are mostly solutions designed for specific investors or set up for the purposes of capital groups. Thanks to the growth equal PLN +9.1 billion, non-public solutions have become the third largest segment of the market. Over the one-year time their share increased by +3.6 percentage point up to 16%. However, it should be noted that some IFAs (Investment Funds Associations) report assets in collective form, without division into specific funds. For this reason, the assets managed by these funds have been classified into a group: "not-specific". If one took the fact into account that a large part of the measures classified as "not-specific" are just non-public funds, their real impact would be higher.

The last segment, which increased its market share during the year, is total return rate funds. Assets collected by them went up by + PLN 1.6 billion, which means an increase in the market share by +0.5 pp. up to 3.1%. However, after giving consideration to the fact that nearly half of this amount results from inflow into the PZU FIZ Dynamiczny, their market share remains virtually unchanged.

Asset growth was recorded by 4 other segments, however, their market share decreased. It was related with a significant increase in the value of the overall market, mainly due to the large flows into the debt funds. Real estate solutions ended the year with assets at PLN 3.5 billion level which means a growth +6.0% compared to 2011, in turn, securitization funds increased the assets under management by +17.7% which finally resulted in the amount equal PLN 2.1 billion. However, shares of these segments dropped respectively by -0.5 pp. and -0.1 pp.

The stocks funds lost capital last year but due to the growth of the WSE they managed to generate +15.4% increase in assets. From among solution focused on the Polish market high dynamics (+19.9%) characterized the universal products. In turn, from among funds investing abroad dynamic growth (+159.7%) was recorded by a group of Turkish stocks funds. The dynamics of the share segment did not enable to maintain the market share, which shrunk by -1.7 pp. up to 16.8%. Apart from weak result in particular months of 2012 share of the stocks funds had not been so low since June 2006.

Also cash funds were not popular among investors and therefore, withdrawals overtook contributions by PLN -0.5 billion. It is completely opposite to last year's investment results in this group, which were the highest for a decade. Just due to good management the solutions in question have a small but positive dynamics of assets, however, it was not enough to maintain the share exceeding 10%.

In 2012 mixed funds also did not manage to improve their situation; they gathered assets by PLN -1.1 billion lower than the year before, and their market share shrunk once again up to 13.8% level. This time, the solutions in question which came fourth in 2012, lost their third position for the funds of private assets. Negative dynamics at similar level was reported by stable growth funds (-3.1%), balanced funds (-7.3%) and the active allocation funds (-5.1%), which meant the value equal to -5.0% for the entire segment.

The value of the assets managed by capital preservation funds declined, the assets shrunk from PLN 2.9 billion to PLN 2.3 billion, that is by approx. 1/5. Similar dynamics characterized drop of funds invested by commodities funds; this time they lost 1/4.

Market structure based on the groups of investment funds

In 2012, the value of the assets managed by the Associations of Investment Funds increased by +27.1% and reached the highest value from the very beginning that is PLN 146.1 billion. The previous record was recorded at the beginning of the financial crisis, in October 2007, and it was lower than the December one by about PLN -1.8 billion. It should be mentioned that the market structure has significantly changed recently. In October 2007, the assets of retail investors accounted for 94.6% of the market, and at the end of 2012 it was 56.8% only. Dropping share of small investors in 2012 results from the fact that the main beneficiaries of the increase in assets in this period there were IFAs (Investment funds Associations) offering customized solutions. Also companies, which strategy was based on the sales of the retail funds, have benefited from the growth of assets in the funds designed for individual investors; the best example is the TFI PZU, leader of the growth last year.

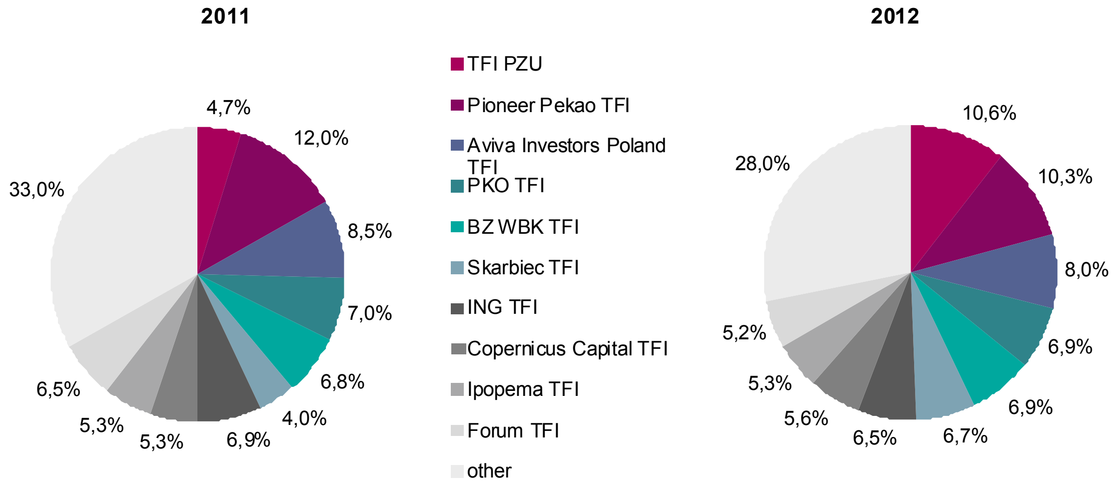
More than 2/3 from among 39 IFAs recorded an increase in assets under management in 2012 including 16 IFAs which dynamics of assets exceeded +20%. There are entities in this group which have very varied impact on the market. 16 companies only managed to increase their share of the market, mainly due to large one-time inflows into two companies.

Table no. 5. Dynamics of changes in net assets of particular Investment Funds Associations

	value (PLN million)		dynamics	share	
	Dec. 11	Dec. 12		Dec. 11	Dec. 12
AgioFunds TFI	218	265	21,5%	0,2%	0,2%
Altus TFI	832	1 861	123,7%	0,7%	1,3%
Amplico TFI	1 163	1 371	17,8%	1,0%	0,9%
Aviva Investors Poland T	9 769	11 701	19,8%	8,5%	8,0%
AXA TFI	616	983	59,6%	0,5%	0,7%
BEST TFI	206	259	26,1%	0,2%	0,2%
BPH TFI	3 252	3 216	-1,1%	2,8%	2,2%
BPS TFI	58	79	36,3%	0,1%	0,1%
BZ WBK TFI	7 822	10 050	28,5%	6,8%	6,9%
Caspar TFI		15			0,0%
Copernicus Capital TFI	6 037	8 123	34,5%	5,3%	5,6%
Eques Investment TFI		865			0,6%
Forum TFI	7 466	7 539	1,0%	6,5%	5,2%
GO TFI		17			0,0%
IDEA TFI	3 431	2 098	-38,8%	3,0%	1,4%
ING TFI	7 950	9 451	18,9%	6,9%	6,5%
Intrum Justitia TFI	142	442	210,4%	0,1%	0,3%
Investors TFI	1 940	2 072	6,8%	1,7%	1,4%
Ipopema TFI	6 076	7 782	28,1%	5,3%	5,3%
KBC TFI	4 993	4 806	-3,7%	4,3%	3,3%
KGHM TFI	338	338	0,0%	0,3%	0,2%
Legg Mason TFI	3 047	3 208	5,3%	2,7%	2,2%
MCI Capital TFI	537	711	32,4%	0,5%	0,5%
Millennium TFI	2 196	2 953	34,5%	1,9%	2,0%
Noble Funds TFI	1 136	1 786	57,3%	1,0%	1,2%
Open Finance TFI		82			0,1%
OPERA TFI	1 206	1 336	10,8%	1,0%	0,9%
Pioneer Pekao TFI	13 774	14 982	8,8%	12,0%	10,3%
PKO TFI	8 054	10 084	25,2%	7,0%	6,9%
Provide TFI	14	7	-47,8%	0,0%	0,0%
QUERCUS TFI	1 394	1 670	19,8%	1,2%	1,1%
Skarbiec TFI	4 588	9 822	114,1%	4,0%	6,7%
SUPERFUND TFI	222	158	-29,0%	0,2%	0,1%
TFI Allianz Polska	2 480	2 605	5,0%	2,2%	1,8%
TFI BDM		29			0,0%
TFI BNP Paribas Polska	57	83	46,0%	0,0%	0,1%
TFI PZU	5 374	15 475	188,0%	4,7%	10,6%
TFI SKOK	1 011	1 127	11,5%	0,9%	0,8%
Union Investment TFI	7 534	6 677	-11,4%	6,6%	4,6%

Source: Analizy Online on the basis of TFI's reports IZFiA

Figure no. 5 Structure of the market - TFI, 2011-2012

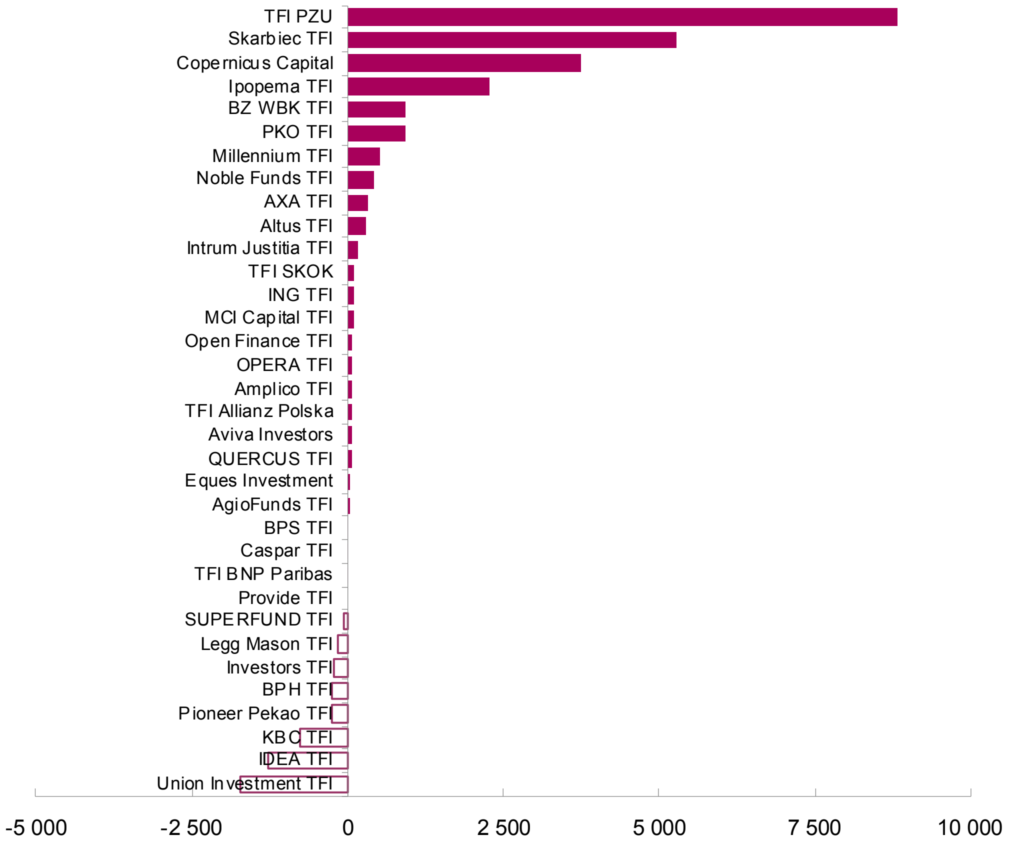


Source: Investment fund

One of the most important events last year was a change on a position of leader in terms of the 'size' of assets under management. Previous long-time leader, Pioneer Pekao TFI, was overtaken by TFI PZU, in December, which came 10th last year. The assets of the TFI PZU increased mainly due to the transfer of part of the capital group's funds into customized investment funds, which enabled to increase the market share by +5.9 percentage point, up to 10.6%. Pioneer Pekao TFI came second but it is still the leader in the segment of retail funds. Following positions are held by Aviva Investors Poland TFI and PKO TFI, which grew up but at a lower rate than the entire market and they recorded slight declines.

Apart from TFI PZU, also Skarbiec TFI produced huge growth; it managed to increase the value of the funds under management by 114.1% (PLN 5.2 billion), therefore the company came 6th leaving the 12th position. Skarbiec's business is based both on the open nature funds and customized solutions designed for particular investors. The second group of the products contributed to the promotion of the Skarbiec.

Figure no. 6 Inflow of funds into TFI in 2012 (mln. PLN)



Source: Analizy Online

In 2012, the largest value of new funds was attracted by fund companies which, at the end of 2011, were already in the top 10 on the market. Although leaders in this list are entities not related with bank capital groups, also bank IFAs significantly participated in the capital inflows. Just 8 of 37 IFAs recorded outflows; they were related to (in case of Idea TFI to the large extent and in case of Union Investment and KBC TFI to the less extent) problems regarding investments funds which had in their portfolios papers of companies intended for revaluation. In case of KBC TFI an additional factor was the outflow of capital resulting from the end of validity of foreign products (a closed system nature).

3.2. The development of the market in the field of subject

In 2012, the Financial Supervisory Commission enabled the setting up and management of 4 investment funds. For comparison, in 2011 the Financial Supervisory Commission gave one permit only, for MebisTFI. Totally, at the end of last year 54 investment companies were on the market.

At the first half of the year KRUK TFI received a permit to start its business; it manages securitization funds customized for particular investors. Other permits were issued for Caspar TFI and Open Finance TFI. At the end of December the last permit to operate was issued for Warsaw Equity TFI which, by the end of 2012, has not launched any investment fund.

Last year, Legg Mason Tand TFI PZU received a permit to extend the subject-matter of the business by management of portfolios which include one or more financial instruments. Consequently, number of companies with the same permit increased up to 20. Since 2011 on the capital market still 6 companies has a permit issued by the KNF (Financial Supervisory Commission) to run business in the field of investment consulting.

Table no. 6. Investment Funds Associations registered in Poland

Associations registered before 2012			
1.	AgioFunds TFI	26.	MCI Capital TFI
2.	Altus TFI	27.	Mebis TFI
3.	Amathus TFI	28.	Millennium TFI
4.	Amplico TFI	29.	MS TFI
5.	Aviva Investors Poland TFI	30.	Noble Funds TFI
6.	AXA TFI	31.	OPERA TFI
7.	BEST TFI	32.	OPOKA TFI
8.	BPH TFI	33.	Ostoja TFI
9.	BPS TFI	34.	Penton TFI
10.	BZ WBK TFI	35.	Pioneer Pekao TFI
11.	Copernicus Capital TFI	36.	PKO TFI
12.	Eques Investment TFI	37.	Provide TFI
13.	FINCREA TFI	38.	Quercus TFI
14.	Forum TFI	39.	Skarbiec TFI
15.	Fundusze Inwestycji Polskich TFI	40.	SovereignFund TFI
16.	GO TFI	41.	SUPERFUND TFI
17.	Harenda TFI	42.	TFI AGRO
18.	IDEA TFI	43.	TFI Allianz Polska
19.	ING TFI	44.	TFI BDM
20.	Intrum Justitia TFI	45.	TFI BNP Paribas Polska
21.	Investors TFI	46.	TFI Capital Partners
22.	Ipopema TFI	47.	TFI PZU
23.	KBC TFI	48.	TFI SKOK
24.	KGHM TFI	49.	Trigon TFI
25.	Legg Mason TFI	50.	Union Investment TFI
Associations registered in 2012			
51.	KRUK TFI		
52.	Caspar TFI		
53.	Open Finance TFI		
54.	Warsaw Equity TFI		

Source: Financial Supervisory Board

Some changes in the ownership occurred last year. At that time, the KNF (Financial Supervisory Commission) gave its consent to Zbigniew Jakubas to acquire shares in Hexagon TFI in number that exceeds 50% of the votes at a general meeting. In February 2013 the previous name of the institution was replaced with Fundusze Inwestycji Polskich TFI. KBC Asset Management NV from Belgium was also provided with a consent to make an acquisition resulting in number votes at the general meeting of KBC TFI exceeding 50%. The changes in the field of the ownership also affected the Noble Funds TFI. Consent to purchase the shares of the investment company in question directly was awarded to Get Bank, which is a part of the Getin Holding Group, in number exceeding 50% of the votes at a general meeting, and an indirect permit to acquire the same package of shares was obtained by Leszek Czarnecki. Skarbiec TFI was also subject of ownership changes.

3.3. The development of the market in the field of products

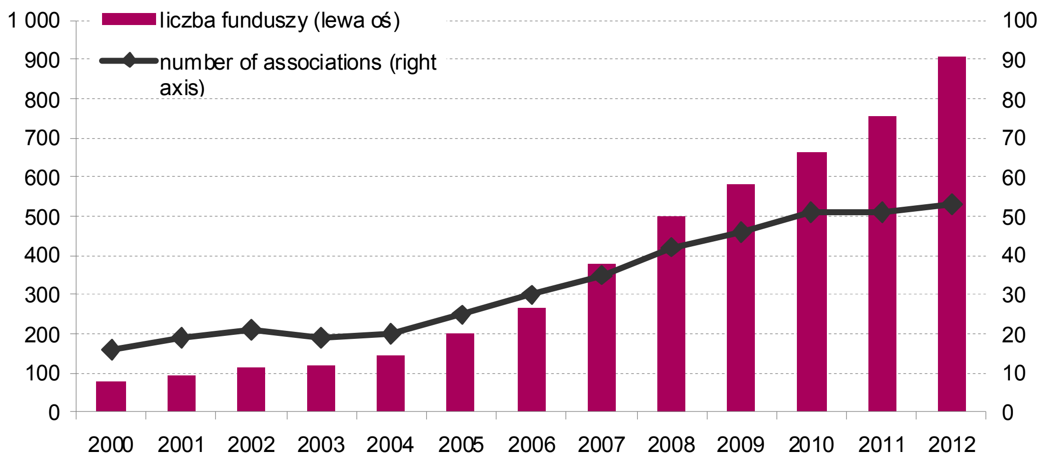
158 investment funds (companies) were entered into the register of investment funds run by the District Court in Warsaw in 2012. However, actually just 197 domestic investment companies started their operations; some of them were entered into the register previously and several of them were set up as a result of changes in the investment policy of existing solutions. Among the new funds there dominated closed solutions (123); number of open funds and specialist open funds was definitely smaller.

Ipopema TFI offered the largest number of new products for their clients, that is 30 funds. However, just 3 of the new solutions are open funds, other solutions are closed funds mostly intended for individual investors. Less new products were launched by Copernicus Capital TFI and two of them only were solutions designed for to a wide range of clients. 12 new products were offered by Forum TFI which specializes in customized solutions. Altus TFI and Open Finance TFI launched 9 new novelties each and 8 new solutions were offered by: Eques Investment TFI and PKO TFI. For the first two IFAs it was a debut on the retail funds market at the same time. Open Finance TFI is a new institution established as part of a group of Getin Holding.

Among products launched last year there dominated closed funds; 123 such funds were established, the most frequently they are designed for a particular group of investors. The largest group among them there were products of private assets. There were also popular absolute rate of return funds in the FIZ (closed investment fund) form (20) and 14 securitization funds, as well as a few debt funds or capital preservation funds.

Mixed funds dominated among 72 new open or specialist funds. This group was dominated by "life cycle" funds from PKO TFI and ING TFI's portfolios. Aggressive strategy products were also frequent; 18 novelties including 4 ones which came as a result of the transformation. Among stock-based solutions there appeared both, products investing on the domestic market as well as products using the potential of the new Europe or Turkey. Also among the debt funds some novelties appeared (16), which were really popular among investors last year. Among them there were 5 funds investing in Polish commercial papers, 4 universal solutions of universal strategy and 2 treasury bond investment companies. Other investment funds were funds investing in a generally recognized foreign debt or the New Europe's debt.

Figure no. 7 No. of new investment funds compared to no. of total solutions 2000 -2012



Source: TFI, KNF, calculations by Analizy Online

Last year total number of 47 solutions expired including 11 solutions converted into a completely new funds. The largest number of products was closed by TFI KBC. However, most of the 9 products are structures in the form of FIZ, which are established for a predetermined time. 5 products were closed by Copernicus Capital TFI and TFI Allianz Polska and 4 products were closed by Skarbiec TFI. Other TFI liquidated single products.

Totally, at the end of 2012, in Poland there were functioning 907 investment funds including 477 in a closed form, 259 in open form and 171 in special open form.

3.4. Foreign funds

Similarly like in case of domestic IFAs the 2012 appeared to be profitable for foreign institutions which offer their investment solutions in Poland. According to the Financial Supervisory Commission the assets of foreign investment companies listed on the Polish market at the end of 2012 equaled PLN 3.9 billion, which, compared to the end of 2011 means an increase equal to +19%. Dynamics of assets, however, proved to be lower than in case of the domestic investment funds; therefore share of foreign funds in domestic and foreign investment funds' assets dropped from 2.7% to 2.5%. However, it should be remembered that foreign institutions have better level of assets since most of them in addition to direct sales, which is carried out on the basis of the consent of Financial Supervisory Commission, also cooperate with insurers, who have become an important distribution channel.

Definitely, the most important phenomenon in 2012 was change of preferences of investors which has started in 2011. There is no doubt that this period belonged to the debt funds, which were promoted by a boom on the treasury and corporate bonds markets in the world. Customers purchased units of a few the most popular solutions and consequently, at the end of the year the assets gathered in debt funds exceeded PLN 2 billion. The scale of this phenomenon was large, since products designed for generally recognized bonds market, recorded an increase in assets at the level +70%, that is nearly by PLN +0.9 billion. This made that at the end of the year their market share reached 49%, while the share of stock funds dropped to 33%. However, this would not have been possible without units with foreign exchange risk secured (USD-hedged), which have been distributed in Poland for more than 6 years. Last year most of newly gained funds were allocated in such kind of instruments, and consequently, their assets boosted from PLN 0.8 bn at the end of 2011, up to PLN 1.4 billion. Acc. do data of Analizy Online their share in assets of foreign investment funds at the end of the year equaled 34% and their offer included 36 of such type solutions.

In 2012 the Financial Supervisory Commission notified funds offered by 3 entities and the Czech CP Invest acquired the permit for the first time. In turn, a real distribution in Poland was started by funds managed by Allianz GI, Fidelity Worldwide Investment, PARVEST or the previously mentioned CP Invest. Information, that that HSBC Global AM intends to resign direct distribution in Poland was surprising. As a result, the company at the end of the year started to terminate its sales activity and the expiration of the distribution took place at the first half of 2013.

IV. Polish market funds at the background of the European market

According to data of EFAMA, after conversion into Euro, value of resources invested in the Polish funds increased from EUR 25.9 billion at the end of 2011 to EUR 35.8 billion at the end of December 2012. In 2012 the Polish investment funds market increased by +38% (in the monetary terms).

Table no. 7. Assets of the European funds market (EUR bln.)

	2012			2011		
	value	share	change	value	share	change
Luxembourg	2 383,8	26,7%	13,7%	2 096,5	26,3%	*-4,7%*
France	1 505,7	16,8%	8,5%	1 387,3	17,4%	*-8,1%*
Germany	1 285,5	14,4%	13,4%	1 133,5	14,2%	*0,8%*
Ireland	1 227,4	13,7%	16,3%	1 055,3	13,3%	*9,6%*
Great Britain	969,6	10,8%	17,2%	827,7	10,4%	*1,4%*
Switzerland	297,3	3,3%	7,9%	275,5	3,5%	*4,4%*
Italy	190,5	2,1%	-4,97%	200,4	2,5%	*-19,2%*
Spain	150,4	1,7%	-3,87%	156,4	2,0%	*-8,3%*
Sweden	172,5	1,9%	14,6%	150,4	1,9%	*-9,4%*
Denmark	164,4	1,8%	18,3%	139,0	1,7%	*2,6%*
Austria	147,8	1,7%	7,7%	137,2	1,7%	*-6,6%*
Belgium	87,3	1,0%	3,1%	84,7	1,1%	*-12,5%*
Holland	68,6	0,8%	6,5%	64,4	0,8%	*-17,4%*
Norway	74,8	0,8%	21,0%	61,8	0,8%	*-3,2%*
Finland	66,3	0,7%	19,8%	55,4	0,7%	*-9,9%*
Poland	35,8	**0,4%**	**38,0%**	25,9	**0,3%**	***-10,9%***
Lichtenstein	27,7	0,3%	-7,7%	30,0	0,4%	*1,7%*
Portugal	23,7	0,3%	7,4%	22,1	0,3%	*-14,1%*
Turkey	22,7	0,3%	12,0%	20,2	0,3%	*1,7%*
Hungary	11,7	0,1%	30,5%	8,9	0,1%	*-30,5%*
Malta	9,7	0,1%	16,9%	8,3	0,1%	*2,4%*
Greece	6,7	0,1%	7,2%	6,3	0,1%	*-30,9%*
Czech	4,6	0,1%	9,4%	4,2	0,1%	*-14,0%*
Romania	3,4	0,0%	10,5%	3,1	0,0%	*14,2%*
Slovakia	3,8	0,0%	17,2%	3,2	0,0%	*-14,9%*
Slovenia	1,8	0,0%	0,4%	1,8	0,0%	*-21,2%*
Bulgaria	0,3	0,0%	9,6%	0,2	0,0%	*-0,4%*
Totally	**8 943,90**	**100,0%**	***12,4%***	**7 960,01**	**100,0%**	***-2,8%***
UCITS	**5 633,83**	**63%**	***-5,9%***	**5 990**	**75,2%**	***-5,9%***
Non-UCITS	**2 286,25**	**26%**	***12,4%***	**2 035**	**25,6%**	***12,4%***

The total value of the net assets of investment funds in countries associated in the European Fund and Asset Management Association (EFAMA) increased at this time by +12.4% up to EUR 8.9 billion at the end of December 2012. Last year the greatest dynamics characterized the Polish investment funds market, which assets after conversion into the Euro increased by +38.0%. Thanks to the high dynamic of assets, share of Polish funds in the European market increased by +0.1% and equaled to 0.4% at the end of 2012. Consequently, it changed position of our country in the list. Polish market went up to 16th position among countries monitored by the EFAMA. More than 30% increase in net assets, up to EUR 11.7 billion was also recorded by the Hungary. As a consequence, the country made up for the outflow of funds dated 2011, when they shrunk by nearly one-third. Attention is also drawn by the increase in the assets in Norway and Finland, respectively by +16.1% and +19.8%.

Decrease in assets was reported only in the three countries associated in the EFAMA. To the greatest extent the funds market shrunk in the Liechtenstein - by -7.7%. The recession and the financial crisis caused the outflow of funds from Italian investment companies (-4.97%) and Spanish ones (3.87%).

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

Luxembourg	4 541,89
Lichtenstein	759,78
Ireland	267,83
Switzerland	37,37
Denmark	29,47
Malta	23,28
France	23,05
Sweden	18,19
Austria	17,51
Germany	15,71
Great Britain	15,39
Norway	15,01
Finland	12,28
Belgium	7,87
Holland	4,10
Spain	3,25
Italy	3,13
Portugal	2,25
Hungary	1,17
Poland	**0,93**
Slovenia	0,89
Slovakia	0,69
Greece	0,59
Czech	0,44
Turkey	0,30
Romania	0,16
Bulgaria	0,03

Source: EFAMA Quarterly Statistical Release, Eurostat

Along with the growth of assets under management the net assets value of funds per capita has increased. In December 2012 statistical Pole had EUR 929 in investment funds compared to EUR 679 the year before. Among the countries monitored by EFAMA smaller amount located in funds per capita falls in Slovakia, Slovenia, Greece, the Czech Republic, Turkey, Romania and Bulgaria. The highest amount of the funds per capita statistically still falls on inhabitants in Luxembourg – more than EUR 4.5 million. In Luxembourg, there is registered a lot of foreign investment companies, hence the WAN per capita is so high in the country.

V. Share of investment funds in savings of Poles

The previous year was another period of strong growth of savings of households. The value of the funds in varied forms of deposits reached PLN 1.06 trillion the largest one in the entire history. Compared to the 2011 savings of Poles increased by PLN +101.5 billion that is by +10.6%. Therefore, 2012 appeared to be 4th consecutive year when our savings went up. Growth dynamics was higher than in 2011 (+5.2%), but lower than in years 2009-2010 (+17.8% and +13.7%).

Value of the net assets of retail investment funds, which are held by households (designed for natural persons, after exclusion of insurers' investment value), increased during the year by PLN +8.1 billion (+13.2%). Also assets gathered in foreign funds and capital funds grew up last year. The first of afore-mentioned groups recorded an increase by +16.0% and assets of capital groups in households' portfolios went up by as much as one-fifth.

Table no. 10. Share of net assets of funs in certain macro-economic categories (PLN bn.)

	2008	2009	2010	2011	2012
net assets of investment funds	76,0	95,7	120,1	114,9	146,1
GDP (PLN bn.)*	1 275,4	1 344,4	1 416,4	1 528,13	1 595,00
share of funds (%)	*6,0%*	*7,1%*	*8,5%*	*7,5%*	*9,2%*
deposits of households + net assets of the funds	407,9	483,3	546,1	597,0	665,6
share of funds (%)	*18,6%*	*19,8%*	*22,0%*	*19,3%*	*22,0%*

**value for 2012 - acc. to preliminary estimations of the GUS*

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

In 2012 the largest increase characterized our savings held in open pension funds. During the whole year, funds held in the investment companies went up by +21.2% to PLN 272.3 billion. Already they pose 1/4 of our savings. The largest share in Poles' savings is still held by Polish Zloty deposits and foreign currency deposits (48.9%). Their value increased by +7.8% (PLN +37.4 billion) in 2011. Segments, which recorded a decrease in value of savings were public enterprises' stocks as well as bonds and treasury bonds.

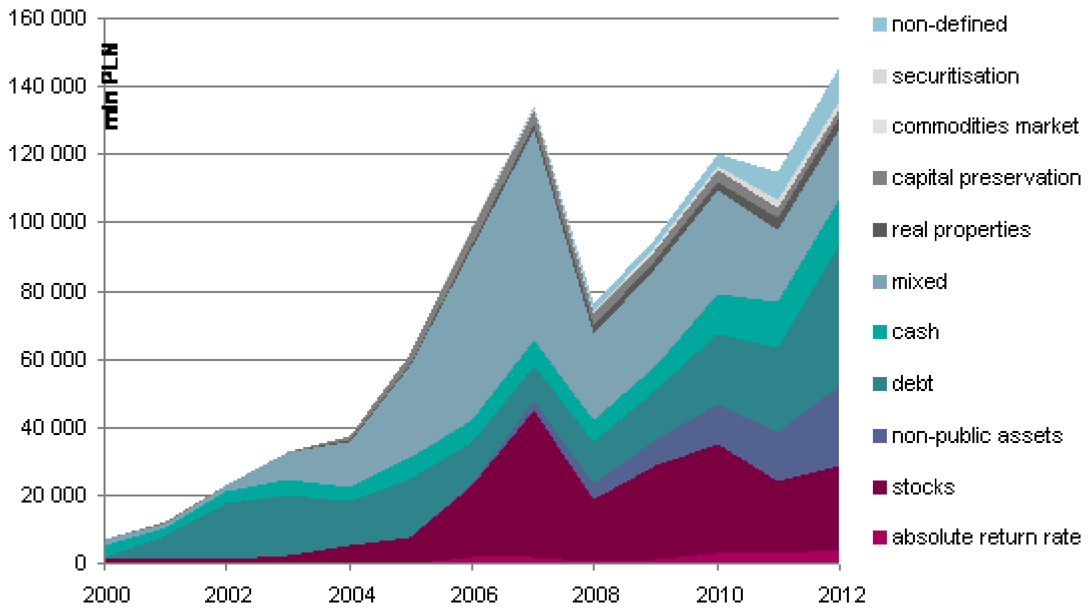
Cash in hand beyond banks increased in 2012 but only by PLN +0.7 billion, that is approx. by +0.6%. As the problems of the Euro zone were being re-solved step by step, customers of banks were more and more prone to seek for other way of investing than investing in safe investments. Announcements of the Monetary Policy Council (in November 2012) and subsequent decreases in interest rates also promoted the risk.

After analysis of the net value of investment funds' assets in the total savings of the Poles, their relationship with gross domestic product should be examined. An index describing this relation increased from 7.5% to 9.2% at the end of 2012; there also grew up share of funds in total assets of the investment companies and deposits (from 19.3% to 22.0%). The value of the funds gathered by the average Pole in investment funds at the end of 2012 equaled PLN 3.8 thousand, which means a 27-percent increase compared to the end of 2011. This is the highest value ever. Share of the national investment funds in Poles' savings increased but by +0.1% only in 2012 and it still does not exceed 7,0%.

VI. Structure of investment funds market in 2012.

In 2012 the assets' structure in each group under the management of the domestic investment funds change just a little compared to the previous year. Assets of debt funds increased the most rapidly last year and they have become the largest category of assets. During the recent 12 years the customers' preferences have frequently been changing under the influence of the current market situation. In 2000 cash funds were on the lead and at the end of 2002, similarly like today, the largest segment in terms of assets there were debt funds. They maintained their position by 2005. Then, as the boom continued, the mixed funds and then the stock funds enjoyed popularity. In 2008, customers returned to funds focused on safe strategies and those relying on risky strategy lost their position.

Figure no. 8 Structure of net assets 2000 – 2012 (PLN million)

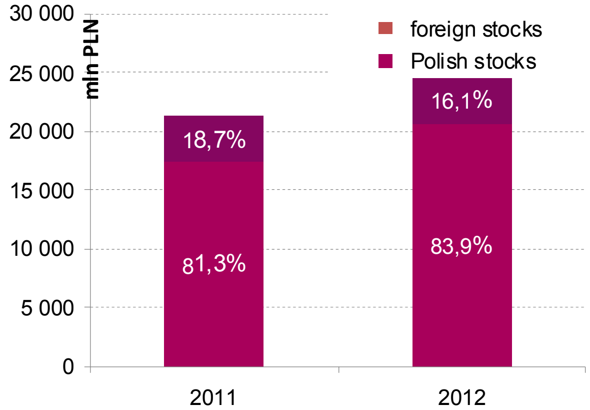


Source: IZFiA, TFI, calculations by Analizy Online

At the end of 2011, the most important category of funds were debt products, coming before mixed and stock funds. At the end of last year, debt funds strengthened their position since their assets accounted for nearly 30% of the market. An increase in the assets of this group is primarily effect of the growing popularity of these solutions among customers and a decrease in aggressive funds' assets.

6.1. Stock funds

Figure no. 9 Net stocks funds' assets



Source: Analizy Online of the basis of TFI's data and IZFiA's data

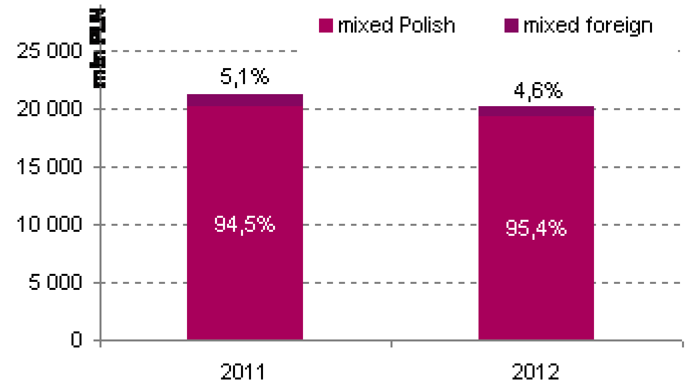
In 2012 the assets gathered in stock funds expanded their value by +15,4%, ending the year at the level equal to PLN 24.6 billion. Although they maintained the status of the second largest segment, their market share decreased by -1.7 percentage points up to 16.8% at the end of 2012. It resulted from negative balance of made deposits and withdrawals, which amounted to PLN -0.9 billion.

Increase in the value of funds under management was recorded by stock markets only on the Polish market. Their assets' value grew up by +19.0%. In the case of solutions investing abroad a decline in the value of assets by -0.7% was observed. Totally, at the end of 2012, Polish stock funds managed assets worth PLN 20.6 billion, while the foreign stock funds nearly PLN 4.0 billion. Increase in the value of the funds investing on the Warsaw Stock Exchange was promoted by the boom in the market, which resulted in very good results of the management. The WIG index went up by +26.2%. In case of foreign stock funds, despite great results of the management, the final result was greatly affected by the negative balance of sale at the PLN -0.5 billion level.

At the end of the last year from among nearly 170 public solutions, every second is focused on the domestic market. The greatest value of assets in the group is managed by the investment fund established for needs of the Aviva group - Aviva Investors Stock (Aviva Investors SFIO) that is PLN 4.4 billion. Next places are occupied by ING Akcji 2 SFIO and Arka BZ WBK (Arka BZ WBK FIO) with funds under the management at the level of PLN 1.9 and 1.4 billion.

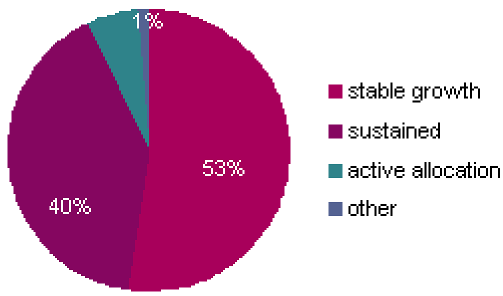
6.2. Mixed funds

Figure no. 10 Net mixed stocks funds' assets



Source: Analizy Online of the basis of TFI's data and IZFiA's data

Figure no. 11 Mixed stocks funds' assets



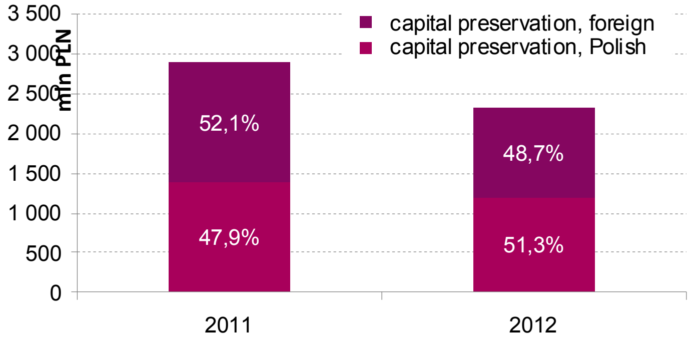
Source: Analizy Online of the basis of TFI's data and IZFiA's data

Practically, since the beginning of 2007, the importance of mixed funds has been falling. At the end of 2012 their market share was equal just to 13.8%, which makes the lowest share since 2003. Mixed funds have been facing the reluctance of investors for a long time. Just in 2012 the balance of deposits and withdrawals equaled PLN -3.6 billion, while customers withdrew funds from sustainable and stable growth funds. A positive result of the management, achieved due to good situation on both, the stock market and the debt market, is not enough to maintain assets at a similar level. Finally, the assets gathered by them shrunk by nearly PLN -1.1 bn, that is -5.0% up to PLN 20.2 billion level.

The stable growth and balanced solutions play the most important role in the segment of mixed investment funds. At the end of the year they gathered assets respectively PLN 10.1 and 7.7 billion. The highest amount of funds was managed by PZU Stabilnego Wzrostu Mazurek (PLN 1.8 bn), PKO Zrównoważony (PLN 1.6 bn) and Pioneer Zrównoważony (PLN 1,6 bn) Totally, at the end of the previous year, the Polish IFAs offered 115 mixed funds including 73 focused on the Polish market.

6.3. Funds of capital preservation

Figure no. 12 Net capital preservation funds' assets



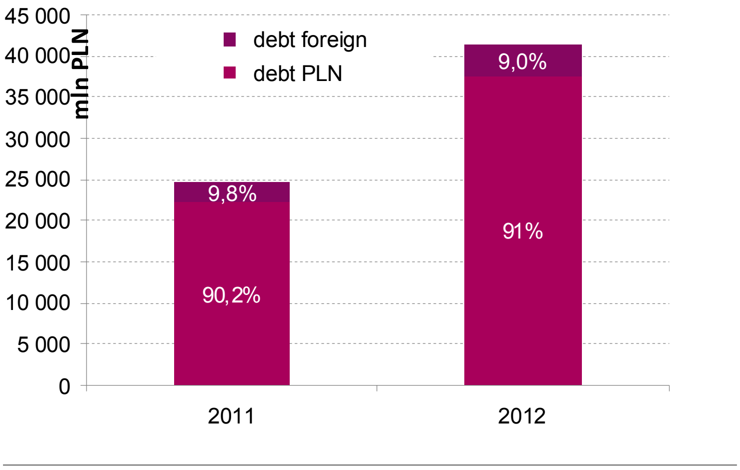
Source: Analizy Online of the basis of TFI's data and IZFiA's data

Last past year also capital preservation funds experienced a decrease in net assets. At the end of December 2012 the value of funds gathered in the funds in question equaled PLN 2.3 billion, which is approx. 1/5 less than a year before. To a large extent this was the effect of end of 6 structured products, which involved return of funds to clients. As a result, their market share decreased from 2.5% in December 2011 to 1.6% at the end of 2012.

From among 50 solutions over 30 of them invested on foreign markets last year. The greatest assets were managed by KBC Index Nieruchomości II FIZ (PLN 351 million) and Quercus Ochrony Kapitału (PLN 291 M).

6.4. Debt funds

Figure no. 13 Net debt funds' assets



Source: Analizy Online of the basis of TFI's data and IZFiA's data

In 2012 the debt investment funds recorded the highest growth in funds from among all segments of the market. The assets they collected increased their value by +67%, i.e. by PLN +16.6 bn up to PLN 41.3 billion at the end of the year. Their market share increased by +6.8 percentage point up to 28.3%. This segment is dominated by funds investing on the domestic market, which manage the assets worth PLN 37.6 billion.

Such a significant increase in the assets of debt funds is a merit of great prosperity on Polish market of treasury securities, which encouraged investors to invest their capitals in them. In the 2012 the debt investment funds totally attracted PLN +13.6 bn of new capital. To the large extent the situation resulted from transfer of PZU Group's funds into one of debt investment funds, which was supplied with PLN 5.9 bn of new capital.

At the end of 2012, on the Polish market there operated total number of more than 90 debt funds; in portfolio of 70 of them there dominate bonds issued in Polish Zloty. The largest investment fund is PZU SFIO Dłużny, funds of which (gathered by PZU Group) exceeded PLN 8.4 bn at the end of December. The top three largest investment funds included also investment funds established for the needs of specific groups: Aviva Investors Dłużny (Aviva Investors SFIO) and ING Obligacji 2 SFIO, with assets worth respectively PLN 2.5 and 2.2 bn.

6.5. Cash Funds and similar funds

The value of the funds gathered in cash investment funds in 2012 went up by +1.4% to the level equal to PLN 13.8 billion. During the year their market share has fallen below the 10% threshold and at the end of the year it equaled 9.4%. In 2012 the investment funds in question were not a subject of excessive interest. The balance of deposits and withdrawals was equal to PLN -0.5 billion.

At the end of 2012, nearly 40 cash funds were available on the Polish market. The largest value of assets, worth PLN 1.8 billion was gathered by Millennium Deposit (Millennium FIO). The top-three solutions included PKO Skarbowy FIO (PLN 1.6 bn) and Pioneer Pieniężny (PLN 1.4 bn)

6.6. Absolute return funds

In 2012 the assets of the absolute return rate increased their value by nearly +53%, ending the year at approx. PLN 4.5 billion level. Increment in value of funds under management was a result of both, good performance and advantage of deposits over withdrawals. In the entire previous year the investment funds in question attracted totally PLN +1.1 bn of new capital. Therefore, the funds increased their market share up to 3.1%, becoming the sixth largest segment.

At the end of 2012, offer of the domestic IFAs included 56 investment funds of absolute return, including funds available for a selected group of investors only. The greatest value of assets was managed by PZU FIZ Dynamiczny (PLN 0.8 billion), designed for PZU Group, and Total FIZ (PLN 0.4 billion).

6.7. Real estate funds

In 2012 assets of real estate funds went up by +6,0%, that is nearly by PLN +0.2 billion, up to the level equal to PLN 3.5billion. The funds in question attracted PLN +0.6 billion of new assets last year, mainly due to contributions to the following funds: Accession Real Estate and PZU FIZ Sektora Nieruchomości 2. Increase in assets the year before would have been higher if a decline had not taken place in the field of valuation of certain investment funds' certificates. Consequently, the assets shrunk by more than PLN -0.4 billion. As a result, the market share of real estate funds shrunk to the level equal to 2.4% at the end of 2012, compare to 2.9% a year before.

According to available data, the highest value of assets at the end of the year was managed by PZU FIZ (Real Estate Sector 2), which at the end of 2012 gathered assets worth PLN 0.5 bn and ALFA Real Estate FIZ (PLN 0.4 bn).

6.8. Commodities funds

The commodities investment funds make the smallest segment of the market. At the end of 2012 they managed assets worth just over PLN 0.5 billion. It's as much as one-quarter less than at the end of 2011. Decrease in the assets in the year before took place mainly due to the negative balance of sales of commodity market funds. Throughout the 2012 customers withdrew nearly PLN 0.2 billion. In addition, the situation did not promote them and most of the solutions ended the year with a negative rate of return. Totally their market share decreased at the end of the year to the level equal to 0.4%.

At the end of 2012, the investment companies offered 14 commodities funds that is two times more compared to the year 2011. The highest value of assets was managed by the funds from Investors TFI's offer: Investor Gold Otwarty (Investor SFIO) - PLN 213 million and Investor Gold FIZ (PLN 141 million).

6.9. Securitization funds

By contrast, the increase in the value of assets last year was reported by securitization funds, totally by PLN +0.3 billion, that is by +17.7%, up to PLN 2.1 billion at the end of the year. A reason for growth in the assets is the positive balance of sales balance last year. Totally they attracted PLN +250 million of new capital. The market share of the securitization funds remained at a similar level equal to 1.4% (decrease by 1.5% at the end of 2011).

At the end of December 2012 the offer contained 24 securitization funds, including a few ones available for a wide range of investors. The highest value of assets at the end of last year was managed by Intrum Justitia Debt Fund 1 FIZ NFS and Allianz Kredyt Inkaso I NSFIZ - both of them PLN 0.4 billion.

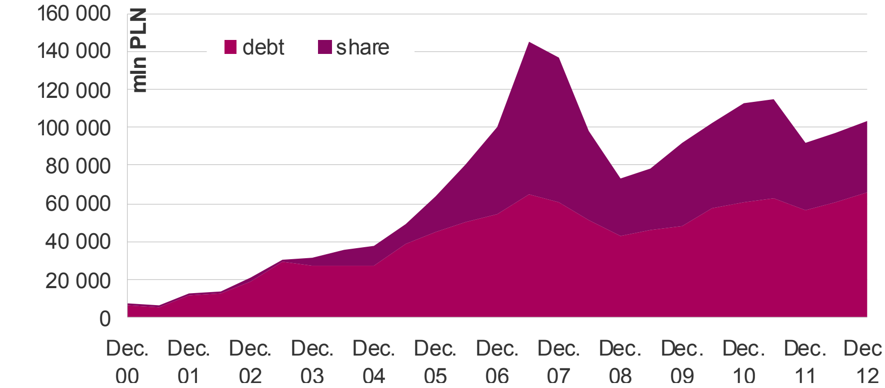
6.10. The funds of private (non-public) assets

During the last year funds collected in private assets investment funds went up by nearly +64% to the level equal to PLN 23.37 billion. It enabled them to increase the share in the market to a level equal to 16%. At the end of 2012 they were the third largest segment of the investment funds market. In fact, the value of the funds in these investment funds is even higher. Some of investment funds which specialize in such type of products publish their data in a collective form which disables assigning them to a relevant group (the data includes non-public assets funds but also securitization funds, absolute return funds or real estate funds). All these funds published in aggregated (collective) form at the end of December 2012 gathered totally PLN 9.9 billion. One may assume that a large part concerns the funds of private assets.

At the end of December 2012 total number of 161 private assets funds operated on the market. The greatest value of assets from among the solutions, which data is published, was managed by PZU FIZ AN BIS 1 (PLN 3.4 billion) and SESAME FIZ (PLN 3.1 billion).

VII. Components of investment funds' deposits

Figure no. 14 Debt and share instruments in funds' assets

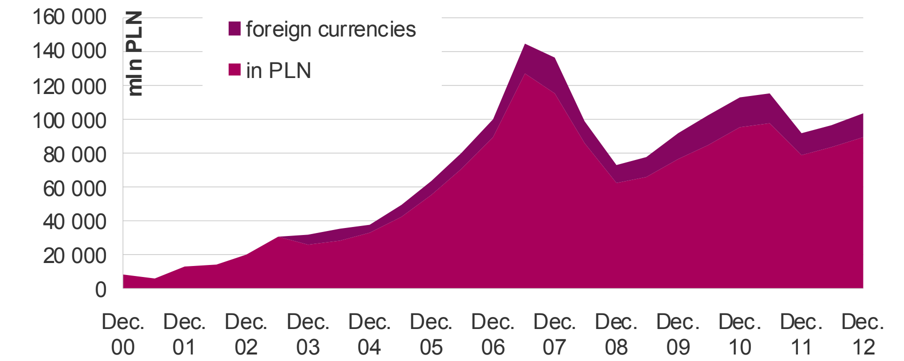


Source: Analizy Online on the basis of funds' reports

The reports published by the investment funds show that at the end of 2012 the majority of funds gathered by them were invested in debt instruments (including cash). At the end of December 2012 share of the debt instruments in total funds' assets equaled 63.4%. It was approx. by +2.3 percentage point more compared to end of 2011. Share of debt instruments in the structure of deposits is the highest since December 2005. Greater involvement in this asset group is connected with several-month boom on the Polish treasury bonds market which, in turn, encouraged clients of the IFAs to invest in debt investment funds.

At the peak of the bull market on the Polish treasury bonds market that is in the middle of 2003, the share of this group of instruments equaled 93.5% of the value of the assets. Along with the improvement of the situation on the stock markets, the share of debt instruments had been decreasing regularly to reach a minimum at the end of December 2007 that is -44.1%. In 2008, together with drops on the stock markets, their significance started to grow up again. Since 2009 the trends have been reversed and the level of both of the categories of deposits almost equaled. This situation was continued in 2010 and the first half of 2011. At the second half of 2011 commitment into the debt instruments exceeded the level of 60%. Since the second half of 2010 share of equity instruments in deposits of funds has been falling down. This is a consequence of increased long-term variety on the world stock markets. Additionally, some of customers did not regain their trust to the IFAs after the collapse of the market in August 2011.

Figure no. 15 Value of funds acc. to currency



Source: Analizy Online on the basis of funds' reports

In terms of currency structure the funds' assets mostly comprise of the instruments in Polish currency. At the end of 2012 they equaled 85.9% of assets. Their share fell down slightly compared to the end of 2011 (-0.2 pp.) Part of instruments denominated in foreign currencies equaled 14.1%.

Instruments denominated in foreign currencies had the highest share in June 2004, when it exceeded 20%. The following years the share was getting lower and in the middle of 2006 it reached the level equal to 11.1%. Since then, the share of instruments denominated in foreign currencies in the total structure, with a short break in 2008, was growing up to the end of June 2010 when it reached nearly 17%.

VIII. Results of the investment funds

The 2012 was very successful for the investment funds. About 80% of the solutions offered by Polish Investment Funds Associations recorded positive rates of return. The obtained results were effect of a boom on the Polish debt market as well as a good situation on the global stocks markets in the second half of the year. Most of the indexes of the global stocks market ended the 2012 with large profits, and listings of the Polish WIG went up at this time by +26.2%. Also the situation on the debt market promoted the investment funds. Treasury bond index IROS went up at that time by +12.6%. What is interesting the 2012 was the first year of the 21st century, when both the WIG and IROS produced a double-digit rate of return.

Table no. 11. Average rate of return (2012)

	O1M	O3M	O12M	O36M	O60M
stocks, European emerging markets	**4,1%**	7,7%	**22,7%**	9,0%	-14,0%
foreign stocks, real estate sector	**1,9%**	7,6%	**7,5%**	-27,2%	-56,3%
Polish stocks, universal	**4,9%**	7,2%	**17,7%**	7,6%	-24,4%
stocks of small and middle companies	**2,8%**	7,1%	**17,2%**	1,5%	-37,4%
foreign mixed, active allocation	**2,9%**	6,5%	**12,9%**	6,4%	-7,7%
mixed Polish, sustained	**3,1%**	6,0%	**15,8%**	8,5%	-8,4%
mixed Polish, stable growth	**2,5%**	4,8%	**11,7%**	12,9%	8,0%
Polish mixed, active allocation	**3,1%**	4,8%	**8,6%**	2,9%	-13,5%
stocks, European developed markets	**1,8%**	4,4%	**14,7%**	9,0%	-17,3%
debt Polish treasury securities	**1,3%**	4,1%	**11,0%**	23,7%	41,1%
debt Polish universal	**1,1%**	3,9%	**10,3%**	22,7%	40,7%
stocks, global emerging markets	**3,6%**	3,8%	**9,0%**	3,4%	-13,6%
Asian stocks, no Japan	**1,1%**	3,7%	**8,4%**	0,2%	-20,4%
debt European, universal (EUR)	**0,8%**	2,3%	**9,6%**	11,9%	23,3%
mixed foreign, sustained	**0,8%**	2,1%	**6,9%**	11,7%	2,7%
cash, universal, PLN	**0,6%**	1,8%	**5,7%**	15,2%	25,2%
debt, USA, universal (USD)	**0,4%**	1,5%	**10,9%**	17,0%	31,6%
stocks, global developed markets	**0,7%**	1,3%	**10,4%**	12,6%	4,0%
debt European, universal	**0,0%**	1,3%	**1,1%**	11,0%	35,0%
debt Polish, corporate	**0,7%**	1,1%	**4,5%**	16,3%	29,5%
mixed foreign, stable growth	**-0,4%**	0,3%	**1,6%**	14,9%	20,5%
debt foreign	**-0,9%**	0,0%	**0,3%**	16,6%	46,4%
debt USA, universal	**-1,8%**	-1,3%	**-0,8%**	25,6%	64,0%
American stocks (USD)	**-0,1%**	-1,8%	**6,7%**	3,6%	-14,4%
American stocks	**-1,5%**	-3,3%	**-0,1%**	16,4%	9,6%

Source: FUNDonline FI, Analizy Online

A boom to the greatest extent promoted stocks investment funds. Investors, who chose solutions characterized by the highest level of risk, made the best return. Almost +23.0% profit was produced by funds investing in European emerging markets, which was largely effect of excellent result of Turkish Stock Exchange (+52.6%). High, double-digit rates of return were also recorded by Polish universal stocks funds (+17.7%) and small and medium companies stocks funds (+17.2%).

More than +10% profit was produced by solutions investing in Polish treasury bonds. The rate of return of universal debt funds equaled +10.3% and debt funds of the Polish treasury securities gained 11% in 2012. Domestic market was supported by foreign investors whose commitment in our debt reached the highest level in the history exceeding 35%. Also Polish mixed funds had a very good year. Sustainable solutions produced a just a little lower rate of return than stocks funds (+15.8%). In turn, stable growth investment funds gained +11.7%.

The opposite position was held by groups of investment funds investing in the United States. Investors' fear about the fiscal cliff stopped rises on the Wall Street, which reflected into a negative result of American stocks investment funds (-0.1%). The loss was also suffered by clients investing in the American debt (-0.8%), which was a derivative of strengthening of the Polish currency in relation to US dollar.