



# Employee capital plans in PZU



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„We want to convince the Poles that it pays to save with us. That is why we waive fund management fees in PPKs in the first year”

**Paweł Surówka**  
President of the Management Board  
of PZU SA

## I. Our experience

**Towarzystwo Funduszy Inwestycyjnych PZU SA is one of the oldest institutions in Poland managing assets of corporate and private clients. It offers funds with a variety of investment strategies: from traditional strategies based on benchmarks to global macro and absolute return strategies.**

TFI PZU SA was the first in Poland to offer low-cost proprietary inPZU SFIO passive funds. The purpose of these funds is to achieve a rate of return at the benchmark/index level. In this context, they achieved a very good investment performance already after the first six months, which demonstrates the right

selection of instruments matching the composition of portfolios to the adopted benchmarks.

TFI PZU SA is also a leader in the market of occupational pension schemes (PPEs). It manages over 300 PPEs — including for the largest employers in Poland. The highest quality of PPE management is confirmed by the Polish Promotional Emblem awarded by the Teraz Polska [Poland Now] foundation.

TFI PZU SA also offers Individual Retirement Accounts (IKEs) and Individual Retirement Security Accounts (IKZEs).



## II. Our support

The PZU Group offers comprehensive support to employers at every stage of activities related to employee capital plans (PPKs). It provides comprehensive assistance at the conclusion of agreements on management and maintenance of PPKs and at the day-to-day service of PPKs. This is particularly important due to a number of obligations imposed on employers by the PPK Act.



**400**  
PZU branches  
throughout  
Poland

### For employees



**2500**  
private client advisors



user-friendly  
**inPZU** website

### For employers



**300**  
corporate account managers



modern  
**e-PPK** website

# 1. Operational and administrative assistance

**PZU Group provides comprehensive support to employers in order to minimise their efforts aimed at implementing and servicing employee capital plans.**

**We put at the employer's disposal:**

- teams of experts with many years of experience in pension products for corporate clients,
- over 300 corporate account managers in PZU branches throughout the country,
- hotline (22) 640 06 22 which provides information on PPKs and offers technical support when using the e-PPK website.

**In addition, we provide support for PPKs through:**

- portal for the employer: e-PPK website
- portal for the employee: inPZU.pl website
- PPK knowledge portal: emerytura.pzu.pl

**Using the e-PPK website the employer will simply and quickly:**

- conclude agreements on management and maintenance of PPKs,
- register employees for PPK,
- provide aggregate information on employee and employer payments due,
- accept and transfer employees' statements concerning the participation in PPKs.

We provide free support in servicing the e-PPK website as well as its updates.

# 2. Simple conclusion of agreements

**Using the e-PPK website the employer will conclude online an agreement on management and maintenance of PPKs – simply, quickly and conveniently.**

**All the employer has to do is:**

- to enter in the website the code received via SMS, or
- to sign a paper agreement and upload its scan in e-PPK.

TFI PZU SA will verify and sign a PPK management agreement and subsequently will report it to the PPK register kept by the Polish Development Fund.



### 3. Simple maintenance of PPKs

**The e-PPK website will enable employers to maintain PPKs on an ongoing basis. It ensures online transfer of data required for the functioning of the PPK and communicates with the employer's HR and payroll system.**

**e-PPK will allow to efficiently generate and transfer:**

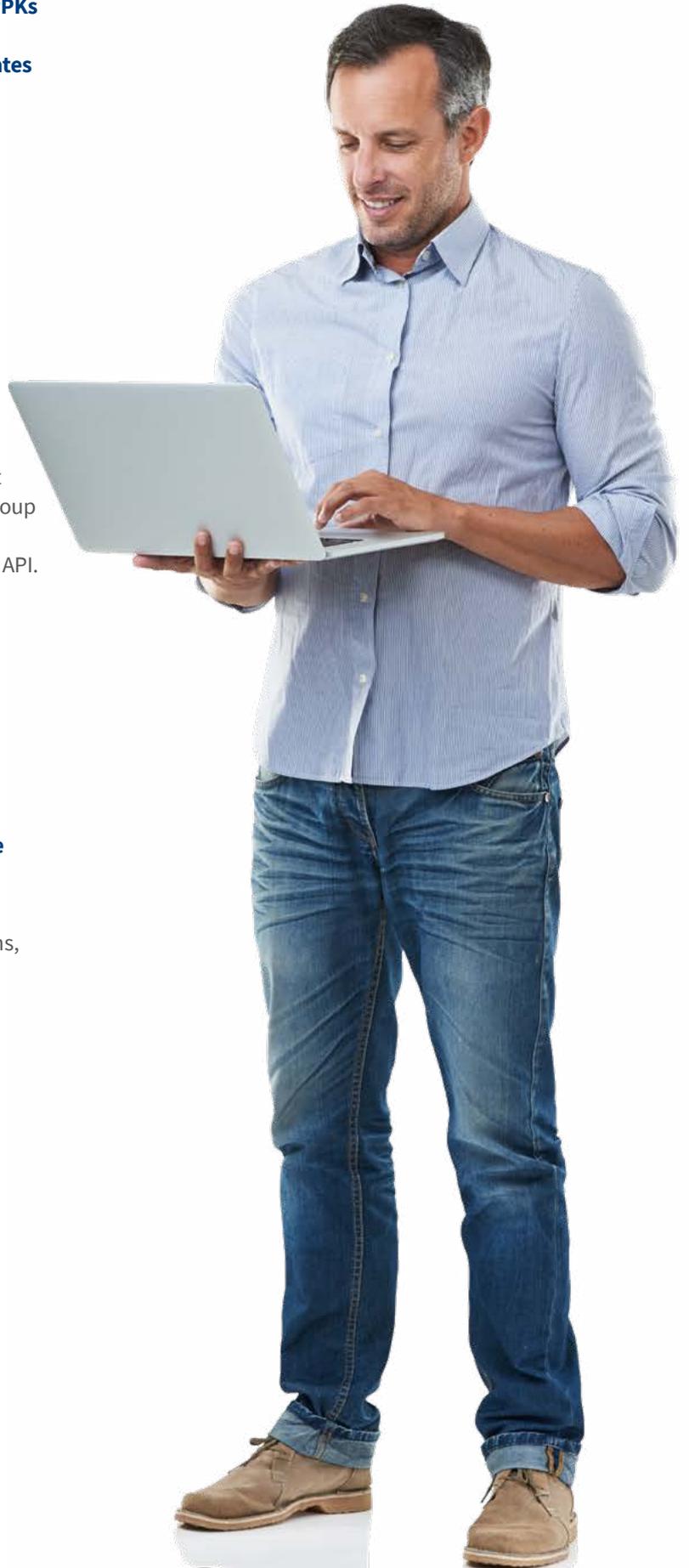
- lists of employees,
- lists of payments to the accounts of PPK participants,
- employee applications for, for instance:
  - change of their personal data,
  - declarations concerning the amount of additional payments to the PPK,
  - declarations of opting out of or re-joining the PPK,

The e-PPK website supports files in the csv, txt, xml format as well as in the standard developed by the PPK Project Group which cooperates with the Polish Development Fund. We also support the exchange of files for PPK servicing via API.

### 4. Communication with the employer

**We also offer regular meetings of account managers with representatives of management boards, executive personnel and employees.**

Our representatives will help them solve current problems, summarise fund activities and provide up-to-date information on the situation in capital markets.





**inPZU.pl** is a user-friendly  
Internet platform.  
It is available 24 hours a day  
and can be also used on  
a smartphone.

## 5. Facilities for employees

**We offer a modern and friendly inPZU.pl website to PPK participants.**

**In the website, participants can for instance:**

- check the account balance in the PPK,
- change their personal details,
- place instructions regarding an additional payment, transfer disbursement or return payment from the PPK,
- designate persons entitled to receive savings from the PPK in the event of their death.

PPK participants can also place selected instructions in 400 PZU branches throughout the country and with the intermediation of the employer upon its consent.

A disbursement, transfer disbursement and return payment are made after the conditions provided for in the PPK Act are satisfied.



**In addition, TFI PZU SA will provide PPK participants with:**

- information materials on PPKs,
- annual reports on savings accumulated in the PPK account.

# III. Our competence

The TFI PZU SA strengths are: multidisciplinary and flexibility of the investment process. We have one of the largest fund management teams in Poland. The team comprises experts with extensive experience and expertise in various investment and economic areas. They perform the functions of managers, analysts or the chief economist. Most of the team members hold the title of an investment advisor, stockbroker or a foreign certificate confirming their professional competence (CFA, PRM, CAIA). Our experts work in five offices responsible for the individual investment strategies: listed equities, debt securities and derivatives, private debt securities and alternative investments, real estate sector and passive products replicating index performance.

## 1. Investment process

**Pursuant to the Act on Employee Capital Plans, PPK funds will be primarily based on investments in debt instruments and equity instruments.**

TFI PZU SA offers a product that combines active value-added search (active selection) with passive acquisition of exposure to selected risks (quantitative methods). Using the quantitative methods, we also intend to present to the client an optimal path of reallocation to particular asset classes throughout the fund's life.

In the case of active portfolio management, the process consists of two stages. The macro level („top down”) emphasises a team approach under which the Investment Committee develops the framework of the investment strategy in quarterly and longer periods. At the tactical level („bottom up”), the individual approach is of key importance. The managers with the greatest knowledge and experience make short-term decisions within the allocated investment limits with a greater freedom.

The predominant use of the macro („top down”) or micro („bottom up”) approach depends on the type of investment strategy.

As from 2017, TFI PZU SA has been developing strategies based on quantitative methods which are managed in accordance with proprietary algorithms of market index replication. A dedicated team consisting of mathematicians and econometrists is responsible for reflecting the performance of bond and stock indices, both domestic and foreign. In order to project rates of return, we use a number of methods for selecting instruments (sampling) that give exposure to the components of the respective indexes, thus minimising the deviation from the benchmark (tracking error).

To achieve an additional rate of return, TFI PZU SA intends to use alternative strategies such as: real estate market strategies, public and non-public corporate debt, global macro and private equity strategies as a supplement to the life-cycle funds investment portfolio, within the acceptable investment limits. TFI PZU SA is the only company in Poland with many years of experience acquired in the process of managing such strategies for both the PZU Group and external clients.

## 2. Course, supervision and control over investments

The effectiveness of the investment process in TFI PZU SA results from the multi-stage supervision and control.

**The implementation of the investment process is the responsibility of:**

- Management Board,
- Investment Committee,
- Equity Market Department,
- Debt Instruments, Foreign Currencies and Commodities Department,
- Quantitative Methods Management Department,
- Structured Investments Department,
- Real Estate Sector Department,
- Risk and Monitoring Department,
- Compliance Department.
- Biuro Ryzyka i Monitoringu,
- Biuro Nadzoru.





### Equity Market Department

Develops investment strategies for individual portfolios and a scenario for the equity market. Manages portfolios on an ongoing basis, analysing the condition of companies, sectors and the macroeconomic situation in the countries where it makes investments. Determines portfolio allocations, selects companies and executes transactions within portfolios. Monitors benchmarks established for portfolios, maintains and archives transaction documentation and oversees the implementation of tasks related to the exercise of corporate rights from shares.



### Debt Instruments, Foreign Currencies and Commodities Department

Develops investment strategies for individual portfolios and a scenario for the debt instruments market. Manages portfolios on an ongoing basis, analysing financial markets and the macroeconomic situation in the countries where it makes investments



### Quantitative Methods Management Department

Develops investment strategies for individual portfolios and funds managed with the application of quantitative methods. Manages portfolios on an ongoing basis, analysing financial markets and the macroeconomic situation in the countries where it makes investments. Monitors benchmarks established for portfolios and selects instruments within the funds in accordance with the limits set out in their statutes. instrumentów w ramach funduszy zgodnie z limitami określonymi w ich statutach.

In order to assess the investment attractiveness of equities of domestic and foreign companies, TFI PZU SA uses both its own analyses and valuations as well as external research reports.

Internal analyses and valuations are the responsibility of the Chief Economist of TFI PZU SA, stock market analysts and investment analysts of the debt market.

## 3. Risk monitoring

**In the area of risk monitoring, TFI PZU SA applies strict rules and procedures. They concern financial risks (market, credit or liquidity risk) and non-financial risks (operational, business, custody and investment risk).**

### The risk management policy adopted at TFI PZU SA strictly defines:



processes, methods and procedures allowing to measure and manage risks,



division of responsibilities related to risk management in TFI PZU SA,



the scope as well as conditions and frequency of generating risk management reports.

### The process of managing each of the risks comprises the following stages:

- identification,
- measurement and assessment,
- monitoring and control,
- reporting,
- management actions.

The risk management policy of TFI PZU SA defines precisely actions at each stage as well as the role of all organisational units involved in the process. They mainly include: the Supervisory Board, the Management Board, the Investment Committee, the manager of funds and financial instruments portfolios, traders and units from the so-called second line of defence, such as the Risk and Monitoring Department, the Financial Department or the Compliance Department.

The Risk and Monitoring Department is responsible for day-to-day risk management and monitoring, preparing daily reports as well as monthly and quarterly summaries.

The Risk and Monitoring Department also gives opinions on applications submitted to the Investment Committees, owing to which the risk element is taken into consideration at the earliest possible stage.

The principles adopted by TFI PZU SA which require individual units to report operational risk incidents and monitor risk indicators have been also developed to react quickly to threats. Reports are delivered periodically to the Management Board and the Supervisory Board of TFI PZU SA.

**Funds managed by TFI PZU SA have been repeatedly appreciated by the market and awarded for the performance achieved.**

The editorial staff of Gazeta Giełdy i Inwestorów Parkiet awarded, among others, **Golden Portfolio** awards for the best manager – to PZU Polonez Debt Securities fund in 2013 and 2016 and PZU Balanced fund in 2013, the editorial staff of Analizy.pl honoured in 2015 PZU Polonez Debt Securities fund with the **Alfa** award for the best fund in the group of Polish treasury securities, and in 2019 in PZU Polish Equities fund became the fund of the year in the **Invest Cuffs** competition.

**Golden Portfolio  
for**

**Dividend Companies Equity Fund**  
for the best equity fund  
in 2016

**PZU Polonez Debt Securities Fund**  
for the best debt securities fund  
in 2016

**PZU Balanced Fund**  
for the best managed fund  
in its class in 2012

**PZU Polonez Debt Securities Fund**  
for the best managed debt securities  
fund in 2011



**Invest Cuffs  
2019 for**  
in PZU Polish  
Equities Fund



**Alfa  
for**  
**PZU POLONEZ Debt Securities Fund**  
for the best managed debt securities fund in 2015  
**PZU Balanced Fund**  
for the best managed fund in its class in 2016

**Most Credible in the Polish Economy  
in category:  
Revolutionary for launching  
the inPZU internet platform in 2019**

**European Medal  
for**

**PPE TFI PZU SA in 2009  
PZU Balanced Open-End Investment Fund in 2009  
PZU Krakowiak Equity Open-End Investment Fund in 2007  
PZU Polonez Debt Securities Open-End Investment Fund  
in 2006  
PZU Mazurek Stable Growth Specialised  
Open-End Investment Fund in 2005**



**The best financial institution  
According to „Rzeczpospolita”**

**3<sup>rd</sup> place for TFI PZU SA**  
in the category of  
Investment Fund Management Companies  
in 2009

**2<sup>nd</sup> place for TFI PZU SA**  
in the category of  
Investment Fund Management Companies  
in 2008

# IV. Principles of investing and Defined Date Fund



**Contributions of employees and employers to PPKs will be fully invested. PPK participants will acquire participation units in the so-called Defined Date Sub-Funds. The fund dedicated to PPKs is PPK inPZU Specjalistyczny Fundusz Inwestycyjny Otwarty (PPK inPZU SFIO) [PPK inPZU Specialised Open-End Investment Fund].**

PPK inPZU SFIO offers eight defined date sub-funds. They change the investment policy over time so as on one hand to strive to increase the value of investments and on the other hand - to mitigate the risk. The risk is related to the allocation of assets among financial instruments with:

- higher level of investment risk
  - these are equity instruments (such as shares),
- lower level of investment risk
  - these are debt instruments (such as treasury bills, bonds).

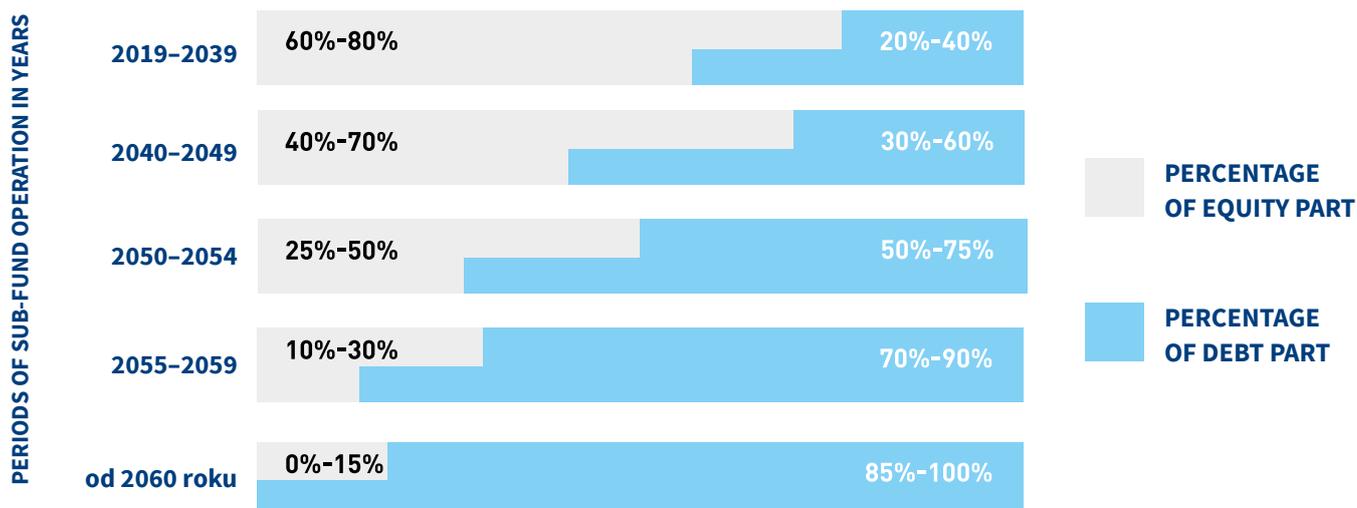
Each PPK participant will be assigned to a specific sub-fund in accordance with the date of birth.

With the age of savers the percentage of more risky financial instruments, such as shares, decreases, while the involvement in safer financial instruments, such as bonds and treasury bills, increases.

Example of a change in asset allocation in PPK inPZU 2060 sub-fund in individual years

Sub-fund	Date of birth of PPK participant
PPK inPZU 2025	before 1968
PPK inPZU 2030	between 1968 and 1972
PPK inPZU 2035	between 1973 and 1977
PPK inPZU 2040	between 1978 and 1982
PPK inPZU 2045	between 1983 and 1987
PPK inPZU 2050	between 1988 and 1992
PPK inPZU 2055	between 1993 and 1997
PPK inPZU 2060	after 1998

## Example of a change in asset allocation in PPK in PZU 2060 sub-fund in individual years



Each PPK participant can independently choose any sub-fund, regardless of their date of birth, if they submit an appropriate instruction. They can decide on a sub-fund with a higher or lower investment risk.

## V. Costs

As of the date of this document, pursuant to the resolution of the Management Board of TFI PZU SA, until a change of this decision, the operating costs of all sub-funds, referred to in Article 50 of the PPK Act, are covered by TFI PZU SA.

### TFI PZU SA will not charge any fees on:



payments to PPK made by employees and employers,



state subsidies,



disbursements, return payments and transfers of savings to other PPKs,



conversions between sub-funds (including the third and subsequent conversions in a given calendar year).



**TFI PZU SA may receive remuneration:**



fixed fee for the management of each sub-fund - not more than 0.5% of the net asset value of the sub-fund per annum,



fee for the result achieved - not more than 0.1% of the net asset value of the sub-fund per annum.

This remuneration may be charged provided that:

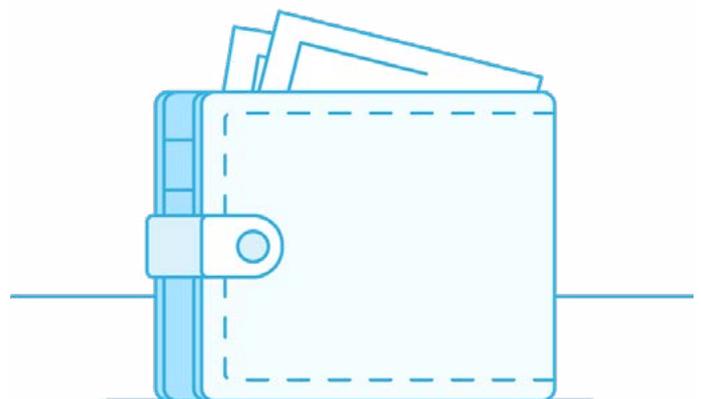
- a positive rate of return of the sub-fund is achieved for a given year,
- the rate of return achieved in a given year by a sub-fund exceeds the reference rate determined by the regulation issued on the basis of Article 49 clause 13 of the PPK Act.

TFI PZU SA **will not receive a fixed fee for the management** of PPK sub-funds in the first year of their operation, i.e. from 1 July 2019 to 30 June 2020. After that date, until a change of this decision, TFI PZU SA will charge a fixed management fee in the amount lower than that specified in the PPK Act and in the Fund’s statute and not greater than:

Period		Amount of fixed management fee							
sins	to	PPK inPZU 2025	PPK inPZU 2030	PPK inPZU 2035	PPK inPZU 2040	PPK inPZU 2045	PPK inPZU 2050	PPK inPZU 2055	PPK inPZU 2060
2019	2024	0,22%	0,40%	0,44%	0,44%	0,45%	0,45%	0,45%	0,45%
2025	2029		0,30%	0,40%		0,44%			
2030	2034		0,30%	0,40%	0,44%	0,44%			
2035	2039				0,30%		0,40%		
2040	2044		0,22%	0,22%	0,22%	0,30%	0,40%	0,44%	
2045	2049					0,30%	0,40%		
2050	2054		0,22%	0,22%	0,22%	0,22%	0,30%	0,40%	
2055	2059						0,22%	0,30%	
2060								0,22%	

TFI PZU SA may - without having to amend the PPK management agreement - change the amount of the management fee as part of the maximum rate specified in the PPK Act and the Fund’s Statute.

In such a case, it will inform the employer and PPK participants about the change by publishing the information on pzu.pl and in the manner specified either in the agreement on PPK management (applicable to the information for the employer) or PPK maintenance (applicable to the information for the participant).



## Disclaimer

The document containing the statute and other information regarding the investment risk and principles of participation in the PPK inPZU Specialised Open-End Investment Fund (the Fund) is the Fund's prospectus, available on [pzu.pl](http://pzu.pl) and in the registered office of TFI PZU SA. Prior to purchasing participation units, please read it. It contains the information necessary to evaluate the investment and informs of risks, costs and fees.

Neither the Fund nor TFI PZU SA guarantees the achievement of the assumed investment objective or the achievement of a specific investment performance. The past performance of the Fund is no guarantee or promise of the Fund to achieve certain results in the future. Investments in participation units do not constitute a bank deposit. Investments in the Fund involve an investment risk and the Fund's participant must take into account a possibility of losing at least a part of the invested funds. The net asset value of the sub-funds (and thus the value of the unit) may be highly volatile due to the composition of investment portfolios and the management techniques used.

The Fund may invest over 35% of the value of the Fund's assets in securities issued, secured or guaranteed by the State Treasury, the National Bank of Poland, Member States of the European Union, OECD countries: Australia, Chile, Iceland, Israel, Japan, Canada, South Korea, Mexico, New Zealand, Norway, United States of America, Switzerland, Turkey, as well as by the district or municipality, the capital city of Warsaw and the European Bank for Reconstruction and Development and the European Investment Bank.

This material should not constitute sufficient basis for making a decision to use the employee capital plan (PPK) management service offered by TFI PZU SA. The information on the PPK offered by TFI PZU SA is included in the „Terms and conditions of employee capital plan management by PPK inPZU Specialised Open-End Investment Fund”. The data in the material do not constitute a service consisting in the provision of investment advice and recommendations on financial instruments or their issuers within the meaning of the Act on Trading in Financial Instruments. They are not a form of the provision of tax advice or legal assistance, either.

The functionalities of the e-PPK website, including the method of concluding agreements, are described in the „Terms and conditions of using the e-PPK website”, which we provide at the conclusion of the PPK management agreement. The functionalities of the inPZU site are described in the „Terms and conditions of using the inPZU Website” available at [inPZU.pl](http://inPZU.pl). We may inform of individual functionalities on different dates. The communication of the e-PPK website with employers' HR and payroll systems also depends on the suppliers of these systems. In order to designate a person entitled to receive savings from the PPK in the event of the participant's death via the [inPZU.pl](http://inPZU.pl) website, an instruction in writing must be also sent to the Fund. We will inform on [pzu.pl](http://pzu.pl) about the possibility of placing instructions and declarations of will by a PPK participant in selected PZU branches. Passive inPZU SFIO funds [inPZU Specialised Open-End Investment Funds] mentioned in this material aim to achieve rates of return equal to the rates of return from individual indices. The investment performance of these funds depends on the results of indices and on matching the portfolio composition to the adopted benchmarks. Results of PZU Polonez Debt Securities Fund, PZU Balanced Fund and other funds are presented in order to demonstrate effectiveness of asset management. These funds will not be offered as part of PPKs. Under PPKs we will be offering a dedicated PPK fund - inPZU SFIO and not passive inPZU SFIO funds.

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Towarzystwo Funduszy Inwestycyjnych PZU Spółka Akcyjna, District Court for the Capital City of Warsaw, 12th Commercial Division of the National Court Register, number of registration in the National Court Register: 0000019102, Tax Identification Number (NIP): 527-22-28-027, share capital: PLN 13,000,000 paid in full, al. Jana Pawła II 24, 00-133 Warsaw, [pzu.pl](http://pzu.pl)

