

MARKET SUMMARY

Now that people are slowly but surely getting back to their pre-Covid way of life, May was finally about when and how economies can re-open. This varied from country to country, depending on the vaccination rates. In Europe, it was England that led the vaccination rate, but fortunately for us, Hungary was also in the top 5 in the world. The question now is how the emergence of the new Indian mutant in Europe will change the re-opening plan. If we are lucky, the Indian version will be more contagious than the typical strain but not as deadly as the English variant was. There also remains the question of whether existing vaccines are effective against the Indian version or whether new vaccines need to be developed. Although the stock markets continued to rally in May, volatility was higher than in April. Investors also felt that stock market averages did not reflect the performance of the real economies, but as long as central banks provide the markets with the current amount of liquidity, there is little chance of any major correction. Investors will therefore be easily jittered if any announcement from central banks suggests that money supply may be tightening. Additionally, there was finally some good news about the corona virus in Hungary. Both the number of cases and the death toll went down in May. This was mainly due to the fact that Hungary had one of the best vaccination rates in the world. The economy was also picking up but at a price. Accumulated demand flooded into the market all at once, which was reflected in higher prices and the inflation forecasts. In May, inflation was over 5% on a year-on-year basis, which got the National Bank's interest. The National bank prepared markets for base rate hike in June. On hearing this news, the forint strengthened to below 350 against the euro.

In May, we continued the strategy that we started last month: we reduced our Hungarian interest rate exposure to virtually the lowest possible level in the fund, while we further increased our OTP/Mol exposure. This turned out to be a very good decision, as the hawkish comments from the MNB, on the better than expected growth and inflation data, the potential rate hike caused a substantial repricing of the domestic yield curve, so we realized profits as we sold the fund's bonds positions around the local lows in terms of yield. Meanwhile, our Hungarian equities also performed exceptionally well as the third wave of the Covid subsided. Towards the end of the month, the market priced in the June rate hike in line with our expectations, and we bought back Hungarian 2024/C government bonds while the core markets acted calmly. For the markets, June will be a crucial month as they look for the Fed and ECB guidance: in our view, this will determine the next direction for both the equity and the bond markets.

INVESTMENT POLICY OF THE FUND

The Fund invests most of its available funds in assets with a lower risk profile, which means bonds issued or guaranteed by states (including their debt management agencies) that have a credit rating, which is equal or higher than the rating of Hungary, quasi sovereign companies[1], national banks, supranational entities. It is allowed for the Fund to hold deposits, cash or invest in REPO and reverse REPO agreements. Allowed duration limit is 3 years for the whole Fund, while the duration limit for individual bonds is 10 years. In case of bonds denominated in other currencies than HUF, the portfolio manager is aiming for a full FX hedge, deviation from this is only allowed as a part of the riskier asset category.

The Fund is permitted to invest in riskier assets to a limited extent: domestic and foreign equities, equity indices, bonds with a higher risk profile, currencies, commodities and collective investment vehicles on spot and futures markets. Long and short trades are both permitted. In case of pair trades[2] the gross extent of the risky assets may reach 10 % of the NAV of the Fund.

Given its approach to the purchase of risky instruments, the fund falls into the category of absolute-return funds: it selects, from among the opportunities available in the domestic and international money and capital markets, the investments with the best expected yield/risk ratio.

The fund management company, exercising all due diligence, based on its own judgement and decisions while observing the relevant legal provisions and the limitations stipulated in the Fund Documentation, determines the means of utilising the Fund's resources, and the weights of the various investments within the portfolio, with a view to ensure that the Fund - in line with our expectations regarding future risks and returns - achieves its objective in the long term.

Reference index of the Fund: 100% RMAX index (Bloomberg ticker: MAX RMAX Index) + 0,5%

GENERAL INFORMATION

Fund Manager:	AEGON Hungary Fund Manager Ltd.
Custodian:	Unicredit Bank Hungary Zrt.
Main distributor:	AEGON Hungary Fund Manager Ltd.
Benchmark composition:	100% RMAX Index + 0.5%
ISIN code:	HU0000705157
Start:	03/19/2007
Currency:	HUF
Net Asset Value of the whole Fund:	469,055,586 HUF
Net Asset Value of HUF series:	469,055,586 HUF
Net Asset Value per unit:	1.666199 HUF

DISTRIBUTORS

Aegon Magyarország Befektetési Alapkezelő Zrt., Commerzbank Zrt., CONCORDE Értékpapír Zrt., Equilor Befektetési Zrt., Erste Befektetési Zrt., Raiffeisen Bank Zrt., SPB Befektetési Zrt., Takarékbank Zrt, Unicredit Bank Hungary Zrt.

SUGGESTED MINIMUM INVESTMENT PERIOD

3 mths	6 mths	1 yr	2 yr	3 yr	4 yr	5 yr
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NET YIELD PERFORMANCE OF THE SERIES

Interval	Yield of note	Benchmark yield
From start	3.66 %	4.10 %
2020	0.89 %	0.92 %
2019	0.50 %	0.74 %
2018	0.08 %	0.81 %
2017	0.30 %	0.22 %
2016	1.14 %	1.22 %
2015	1.74 %	1.50 %
2014	3.75 %	3.31 %
2013	5.80 %	5.71 %
2012	7.87 %	8.52 %
2011	4.77 %	5.17 %

RISK PROFILE

1	2	3	4	5	6	7
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← Lower risk Higher risk →

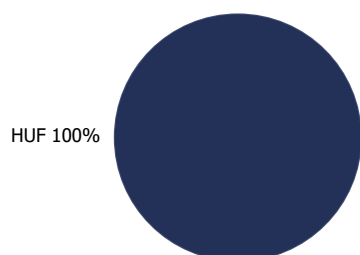
ASSET ALLOCATION OF THE FUND

Asset	Weight
T-bills	78.95 %
Government bonds	26.02 %
Hungarian equities	2.97 %
Liabilities	-31.94 %
Current account	24.00 %
total	100,00 %
Derivative products	0.00 %
Net corrected leverage	100.03 %

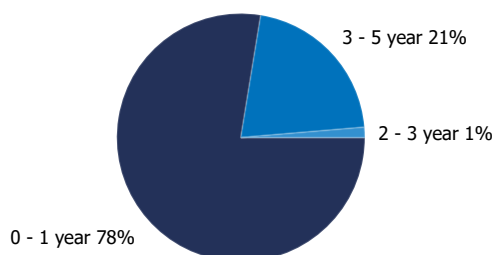
Assets with over 10% weight

D210901 (Államadósság Kezelő Központ Zrt.)
2024C (Államadósság Kezelő Központ Zrt.)
D210811 (Államadósság Kezelő Központ Zrt.)
D210602 (Államadósság Kezelő Központ Zrt.)

Currency exposure:

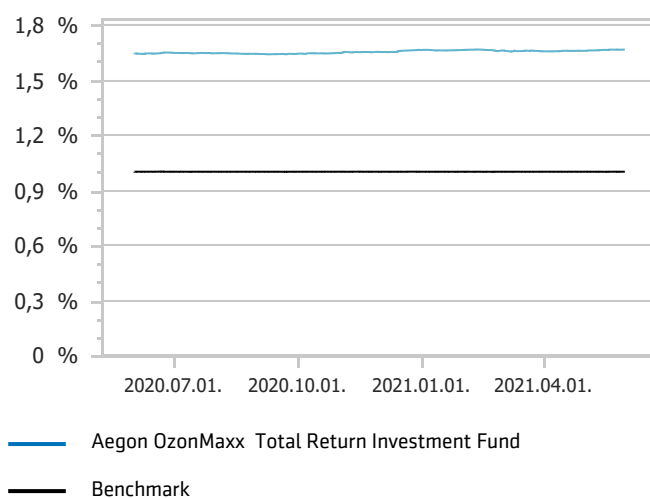


Bonds by tenor:



NET PERFORMANCE OF THE SERIES

net asset value per share, 06/01/2020 - 05/31/2021



RISK INDICATORS FOR THE LAST 12 MONTHS

Annualized standard deviation of the fund's weekly yields	0.95 %
Annualized standard deviation of the benchmark's weekly yields	0.27 %
WAM (Weighted Average Maturity)	0.90 years
WAL (Weighted Average Life)	0.93 years

TOP 5 POSITIONS

Asset	Type	Counterparty / issuer	Maturity
D210901	zero coupon	Államadósság Kezelő Központ Zrt.	2021. 09. 01.
Magyar Államkötvény 2024/C	interest-bearing	Államadósság Kezelő Központ Zrt.	2024. 10. 24.
D210811	zero coupon	Államadósság Kezelő Központ Zrt.	2021. 08. 11.

Legal declaration

The recent document qualifies as Portfolio Report according to the Kbtv. requirements. It contains the following elements based on the last net asset value of the reporting month: presentation of the assets of the fund regarding asset type of portfolio investment and regarding other categories detailed in its investment policy; list of assets (issuers) representing more than 10% of the portfolio; net asset value of the fund, including the cumulated and the calculated value per unit share. Investors are kindly advised, that past performance of the fund does not guarantee future performance. The returns presented are to be considered without applicable taxes, distribution fees and commissions, fees related to account keeping and other costs in relation with holding an investment fund unit. Information presented in the Portfolio Report are for information purposes only, not intended to serve as investment advice, or any other offer. Investors are kindly advised to carefully read the Key Investors Document and Prospectus of the fund, in order to understand the risks of investing into the fund, and to be able to make an informed investor decision. The referred documents are available at the distribution locations and on the official website of Aegon Alapkezelő Zrt.

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D210602	zero coupon	Államadósság Kezelő Központ Zrt.	2021. 06. 02.
D210707	zero coupon	Államadósság Kezelő Központ Zrt.	2021. 07. 07.

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