

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 bank believes that this is a temporary rise, but if it is not, they are prepared to raise interest rates. On hearing this news, the forint strengthened to below 350 against the euro.

The fund achieved a positive return in May, but underperformed its benchmark index. One of the main reasons for the underperformance is that two banks were up a lot in May but we underweighted them in the fund because of their fundamental valuations. We further reduced the risk in the fund because of the perceived rise in global yields. The oil and steel sectors remain overweight, reflecting the fact that economies are continuing to open up, which is good for these two sectors. The agricultural sector is also overweight, including fertilizer producers. The fund was equally weighted against the benchmark index at the end of the month.

INVESTMENT POLICY OF THE FUND

The fund aims to share in the yields of the Russian equity market, and to profit from Russia's economic growth through share price gains and dividend income. Given the risk profiles of the equity investments, the fund is classified as a high-risk investment.

The fund's portfolio primarily consists of the publicly issued shares of foreign companies. The main investment targets are the stock exchange-traded shares of companies that maintain an active presence in Russia or the former CIS states, or which generate the bulk of their revenues in these countries. When building the fund's portfolio, beyond the minimum statutory requirements, the principles of safety and maximum diversification (the spreading of risk) are observed.

The fund management company, exercising all due care, determines the means of utilising the fund's resources on the basis of its own judgement and decisions, while observing the relevant legal provisions and the limitations stipulated in the Fund Documentation and by taking into account the macroeconomic environment of the investment markets, relying primarily on fundamental analysis. When compiling the portfolio, it is shares that determine the nature of the fund, and thus the proportion of shares that may be held in the fund at any given moment may reach the prevailing statutory maximum. The weights, within the portfolio, of shares traded in the Russian market are determined with a view to ensuring that the fund - in line with our expectations with regard to future risks and yields - achieves its objective, which is to outperform the benchmark advertised by the fund, over the longer term.

The fund records its assets in forint; the fund management company may, at its own discretion, choose to hedge all or a part of its currency risks with forward currency positions, in compliance with the applicable statutory requirements. Under the current legislation the proportion of shares in the portfolio may be up to 100%.

GENERAL INFORMATION

| | |
|--|-----------------------------------|
| Fund Manager: | AEGON Hungary Fund Manager Ltd. |
| Custodian: | Unicredit Bank Hungary Zrt. |
| Main distributor: | AEGON Hungary Fund Manager Ltd. |
| Benchmark composition: | 100% Msci Russia 10-40 Net TR USD |
| ISIN code: | HU0000709514 |
| Start: | 12/10/2010 |
| Currency: | HUF |
| Net Asset Value of the whole Fund: | 5,851,541,059 HUF |
| Net Asset Value of institutional series: | 1,593,497,293 HUF |
| Net Asset Value per unit: | 3.756447 HUF |

DISTRIBUTORS

Aegon Magyarország Befektetési Alapkezelő Zrt., Raiffeisen Bank Zrt., Unicredit Bank Hungary Zrt.

SUGGESTED MINIMUM INVESTMENT PERIOD

| | | | | | | |
|--------|--------|------|------|------|------|------|
| 3 mths | 6 mths | 1 yr | 2 yr | 3 yr | 4 yr | 5 yr |
|--------|--------|------|------|------|------|------|

NET YIELD PERFORMANCE OF THE SERIES

| Interval | Yield of note | Benchmark yield |
|------------|---------------|-----------------|
| From start | 5.02 % | 4.20 % |
| 2020 | -5.99 % | -0.73 % |
| 2019 | 48.72 % | 51.89 % |
| 2018 | 7.12 % | 1.31 % |
| 2017 | -11.09 % | -13.91 % |
| 2016 | 52.01 % | 48.83 % |
| 2015 | 12.51 % | 9.86 % |
| 2014 | -31.20 % | -31.22 % |
| 2013 | -0.40 % | -1.19 % |
| 2012 | 6.45 % | 7.91 % |
| 2011 | -10.94 % | -12.34 % |

RISK PROFILE

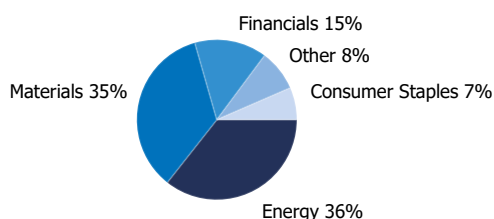
| | | | | | | |
|---|---|---|---|---|---|---|
| 1 | 2 | 3 | 4 | 5 | 6 | 7 |
|---|---|---|---|---|---|---|

← Lower risk Higher risk →

ASSET ALLOCATION OF THE FUND

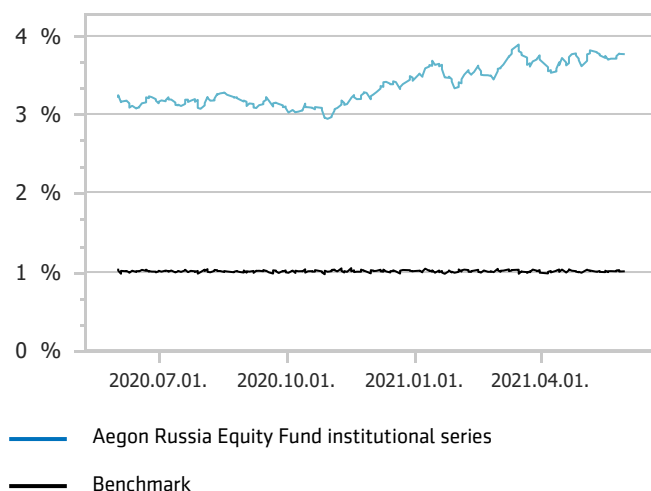
| Asset | Weight |
|-----------------------------|-----------------|
| International equities | 97.62 % |
| Receivables | 2.98 % |
| Liabilities | -1.95 % |
| Current account | 1.36 % |
| total | 100,00 % |
| Derivative products | 0.00 % |
| Net corrected leverage | 100.46 % |
| Assets with over 10% weight | |

Stocks by sectors



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 | 19.66 % |
| Annualized standard deviation of the benchmark's weekly yields | 21.52 % |
| WAM (Weighted Average Maturity) | 0.00 years |
| WAL (Weighted Average Life) | 0.00 years |

TOP 5 POSITIONS

| Asset | Type | Counterparty / issuer | Maturity |
|-------------------------|-------|-----------------------|----------|
| Gazprom PJSC | share | Gazprom | |
| MMC Norilsk Nickel PJSC | share | NORILSK NICKEL | |
| LUKOIL PJSC | share | LUKOIL | |
| SBERBANK-CLS | share | SBERBANK | |
| NOVATEK OAO GDR | share | NOVATEK | |

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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