Aegon Emerging Market ESG Equity Investment Fund



USD series

MONTHLY report - 2021 JUNE (made on: 06/30/2021)

MARKET SUMMARY

The equity markets continued to rally in June, but as we have written before, volatility is also on the rise. Last month, the SP 500 index fell more than 2% in 3 days, while the Russell 2000 index fell more than 5% during this period. Although both indices recovered their sell-offs, with the SP 500 even managing to reach a new all -time high by the end of the month, one can sense that investor confidence in the markets are waning. This is understandable after the US interest rate decision in June. Up until then, the US Federal Reserve has communicated that they believe inflation is transitory, and that they are sticking to their plan to raise interest rates in 2024-25. This has changed radically in June, when Fed President Jay Powell said that they now see inflation as not transitory, but they do not think it is persistent. As a result, 2- and 5-year bond yields started to rise, while long-term yields went lower. The equity markets were unsure for a couple of days how to interpret the Fed chairman's statements, but in the end the consensus was that inflation may be higher, the coming economic environment may not be as favorable for equities as it has been, but what will not change is that the Fed will do everything it can, to ensure that equity markets will not fall significantly. In Europe, the situation varies from country to country. Although the UK is one of the most vaccinated nation, they have extended the lock down over the past month because of spreading of the delta variant. Other countries are trying to open up their economies, the question is how widespread the new strain of the virus will spread and how much the death rate will increase. European macroeconomic data also shows a steadily improving trend, so politicians will face a difficult choice. If the new strain of the virus becomes too widespread, will they impose austerity again, or will they keep the easing for the sake of the economy. Hungary will continue on the path it has started since mid-May. The economy is opening up, with fewer restrictions for residents to endure. The problem is that the higher-than-expected rise in inflation. Last month the MNB has already indicated that if they see higher and persistent inflation, they will take countermeasures. In June, they made good on their promise by raising the base rate from 60 bp to 90 bp and the one-week depo rate from 75 bp to 90 bp. The forint strengthened back to 350 against the euro as a result. The fund achieved a positive return in June and also outperformed the benchmark index. The outperformance was largely due to the fact that China exposure remains underweight in the fund, while the ex-Asia region is overweight. The ex-Asia region is in a much better position to benefit in this part of the economic cycle as their sector composition is better able to perform in the current environment. The largest overweight exposure in the fund are the CEE, Russia, Brazil, and Mexico. The South African overweight has been sold as the local currency has weakened significantly against the dollar. In June, we reduced our exposure to Russia in individual equities and sold our exposure to Greek Eurobank.

INVESTMENT POLICY OF THE FUND

The objective of the fund is to benefit on the economical growth of emerging countries. The fund accomplishes this goal basically via individual equity investments, however it may also hold collective investment instruments, if it is necessary for the efficient management of the portfolio. These can primarily be ETFs listed on the stock exchange, bank deposit, account money, repo transactions, and open-end public investment funds. In the course of selecting the equities the Fund dedicates special attention to the compliance of individual companies with ESG (environmental, social, governance) criteria, so in addition to analyzing the financial factors, portfolio managers also take into consideration environmental, social and governance factors during the investment decision making process. The goal of the Fund Manager is to establish a portfolio, in which the average of indicators measuring ESG compliance of the individual companies is more favorable than the aggregated indicator of the benchmark index, i.e. their operation is characterized by more advanced environmental, social and governance responsibility.

Environmental criteria include elements in the course of which the company comes into contact with the environment. Besides these, no additional special goals are set by the Fund.

These include for example the energy utilization, waste management, pollutant emission and/or the preservation of natural resources. Social criteria include all relations maintained by the company with its external partners, customers and internal employees. Corporate governance criteria are legal factors impacting reliable operation of a company.

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 Emerging Net Total Return USD Index

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ISIN code: HU0000723705

Start: 05/26/2020

Currency: USD

Net Asset Value of the whole Fund: 13,660,858,840 HUF

Net Asset Value of USD series: 728,986 USD

Net Asset Value per unit: 1.488946 USD

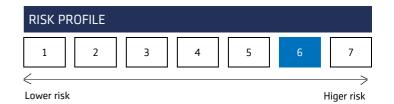
DISTRIBUTORS

Aegon Magyarország Befektetési Alapkezelő 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 43.81 % 46.47 %



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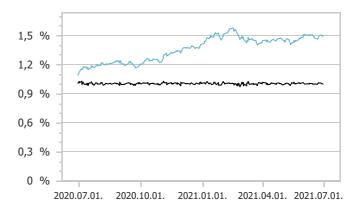
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ASSET ALLOCATION OF THE FUND	
Asset	Weight
Collective securities	65.73 %
International equities	26.86 %
Hungarian equities	3.23 %
Current account	4.13 %
Receivables	2.30 %
Liabilities	-2.24 %
total	100,00 %
Derivative products	9.25 %
Net corrected leverage	109.34 %
Assets with over 10% weight	

NET PERFORMANCE OF THE SERIES

net asset value per share, 07/01/2020 - 06/30/2021



Aegon Emerging Market ESG Equity Investment Fund USD series

Benchmark

RISK INDICATORS FOR THE LAST 12 MONTHS	
Annualized standard deviation of the fund's weekly yields	17.02 %
Annualized standard deviation of the benchmark's weekly yields	17.17 %
WAM (Weighted Average Maturity)	0.00 years
WAL (Weighted Average Life)	0.00 years

TOP 5 POSITIONS				
Asset	Туре	Counterparty / issuer	Maturity	
Lyxor MSCI Taiwan UCITS ETF	investment note	Lyxor MSCI Taiwan UCITS ETF		
Xtrackers ESG MSCI EM UCITS ETF	investment note	Xtrackers ESG MSCI EM UCITS ETF		
Lyxor MSCI India UCITS ETF	investment note	Lyxor MSCI India UCITS ETF		
Lyxor MSCI Korea UCITS ETF	investment note	Lyxor MSCI Korea UCITS ETF		
Xtrackers MSCI EM ESG Leaders	investment note	Xtrackers MSCI Emerging Market		

Legal declaration