

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 outperformed its benchmark index. The outperformance was mainly due to the banking sector allocation, with the Hungarian banking sector overweighed and the Polish underweight. The Fund remains overweight in Austria, Hungary and Poland, meanwhile the Czech and Romanian exposures underweight. Within the energy sector, the fund remains overweight in Austria and underweight in the Czech Republic. Overall, the fund is overweight relative to the benchmark index at 110% due to long-term positions.

INVESTMENT POLICY OF THE FUND

The objective of the fund is to invest in Central and Eastern European equities. The fund is offered for investors who would like to benefit from the long term performance of regional listed companies. The average equity exposure of the fund is 95%. A primary consideration when compiling the fund's portfolio is the need to optimize the aggregate risk of the securities to be included in the fund. In the interest of reducing the risk, the utmost care is taken when selecting the securities to include in the fund's portfolio. The fund buys shares issued by corporations from countries in the Central European region (primarily Hungary, the Czech Republic, Poland, Austria and Romania, Slovenia and Croatia, and secondarily Slovenia Croatia, Russia and Turkey), but it may also invest in the shares of companies in other emerging and developed countries, as well as in other collective investment securities.

Derivative transactions in equities and indices are allowed for the purpose of ensuring an efficient portfolio structure while shaping the fund's portfolio. To ensure liquidity the fund aims to hold in its portfolio the government securities on behalf of the State of Hungary and bonds issued by the National Bank of Hungary,

GENERAL INFORMATION

| | |
|------------------------------------|--|
| Fund Manager: | AEGON Hungary Fund Manager Ltd. |
| Custodian: | Citibank Europe plc Magyarországi Fióktelepe |
| Main distributor: | AEGON Hungary Fund Manager Ltd. |
| Benchmark composition: | 45% MSCI Emerging Markets Poland Net Total Return Local Index + 15% MSCI Austria Net Total Return + 15% MSCI Emerging Markets Czech Republic Net Total Return Local Index + 15% MSCI Emerging Markets Hungary Net Total Return Local Index + 10% MSCI Romania Net Total Return |
| ISIN code: | HU0000705926 |
| Start: | 10/29/2007 |
| Currency: | EUR |
| Net Asset Value of the whole Fund: | 19,879,790,946 HUF |
| Net Asset Value of EUR series: | 2,374,301 EUR |
| Net Asset Value per unit: | 4.898436 EUR |

NET YIELD PERFORMANCE OF THE SERIES

| Interval | Yield of note | Benchmark yield |
|------------|---------------|-----------------|
| From start | -0.01 % | -1.67 % |
| 2020 | -14.89 % | -14.70 % |
| 2019 | 7.88 % | 8.98 % |
| 2018 | -11.48 % | -11.17 % |
| 2017 | 26.40 % | 25.36 % |
| 2016 | 8.01 % | 6.67 % |
| 2015 | -0.97 % | -2.27 % |
| 2014 | -3.18 % | -5.06 % |
| 2013 | -3.93 % | -6.47 % |
| 2012 | 25.63 % | 22.42 % |
| 2011 | -19.88 % | -27.34 % |

DISTRIBUTORS

Aegon Magyarország Befektetési Alapkezelő Zrt., Aegon Towarzystwo Ubezpieczen na Zycie Spolka, Aegon Životná poisťovňa, a.s., CONCORDE Értékpapír Zrt., OTP Bank Nyrt., Raiffeisen Bank Zrt., SC Aegon ASIGURARI DE VIATA SA, SPB Befektetési Zrt.

SUGGESTED MINIMUM INVESTMENT PERIOD

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

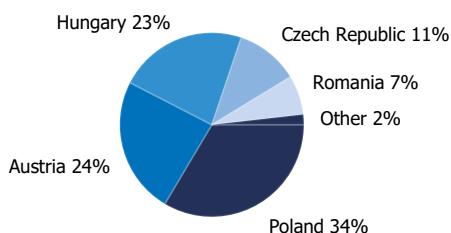
RISK PROFILE

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

← Lower risk Higher risk →

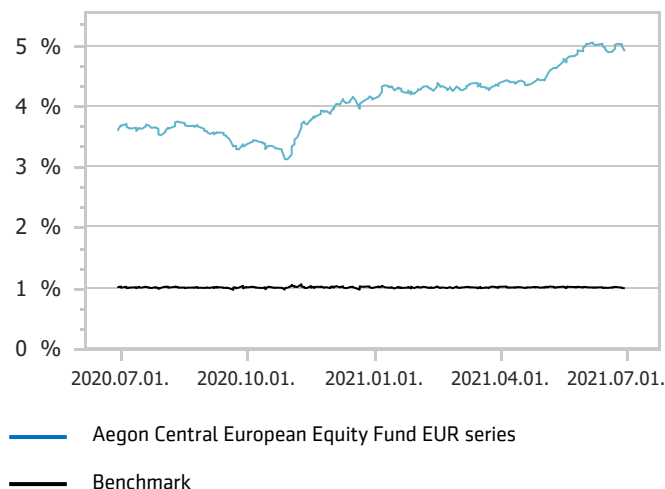
| ASSET ALLOCATION OF THE FUND | |
|------------------------------------|-----------------|
| Asset | Weight |
| International equities | 70.08 % |
| Hungarian equities | 20.77 % |
| Collective securities | 1.17 % |
| Current account | 8.09 % |
| Liabilities | -0.16 % |
| Receivables | 0.05 % |
| total | 100,00 % |
| Derivative products | 18.30 % |
| Net corrected leverage | 118.51 % |
| Assets with over 10% weight | |

Stocks by countries



NET PERFORMANCE OF THE SERIES

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



RISK INDICATORS FOR THE LAST 12 MONTHS

| | |
|--|------------|
| Annualized standard deviation of the fund's weekly yields | 20.48 % |
| Annualized standard deviation of the benchmark's weekly yields | 20.69 % |
| WAM (Weighted Average Maturity) | 0.00 years |
| WAL (Weighted Average Life) | 0.00 years |

TOP 5 POSITIONS

| Asset | Type | Counterparty / issuer | Maturity |
|----------------------------|-----------|--|---------------|
| WIG20 INDEX FUT Sep21 Buy | derivatív | Erste Bef. Hun | 2021. 09. 17. |
| OTP Bank törzsrészvény | share | Országos Takarékpénztár és Kereskedelmi Bank Nyrt. | |
| Erste Bank | share | ERSTE BANK AG | |
| OMV | share | OMV AV | |
| Richter Nyrt. Részv. Demat | share | Richter Gedeon Vegyészeti Gyár Nyrt. (Budapest) | |

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. Aegon Magyarország Befektetési Alapkezelő Zrt. | 1085 Budapest, Kálvin tér 12-13. | +36 1 477 4814 | alapkezel@aeon.hu | www.aegonalapkezel.hu