

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 posted a negative return in June and slightly underperformed the benchmark index. PEPCO, which went public last month, performed very well and the fund was fortunate to have exposure to it. We reduced the defensive exposure during the month, selling shares in utilities and telephone companies. In June, the mid-cap sector continued to outweigh large-cap exposure. The fund is slightly overweight against the benchmark index at 101%.

INVESTMENT POLICY OF THE FUND

The fund aims to share in the yields of the Polish equity market, and to profit from Poland'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 manager's intentions are that the fund's portfolio should consist predominantly of the publicly traded shares of foreign-domiciled companies. The fund's primary investment targets are the exchange-traded securities of companies that are active in Poland or that generate the bulk of their revenues there, or whose shares are listed on the Warsaw Stock Exchange. The fund may also invest in the shares of other Central and Eastern European corporations. These are listed as Austria, the Czech Republic, Hungary, Russia, Romania and Turkey; although the portfolio will always chiefly consist of the shares of companies listed on the Warsaw Stock Exchange.

When building the fund's portfolio, beyond the minimum statutory requirements, the principles of safety and maximum diversification (the spreading of risk) are observed. Accordingly, only publicly issued securities listed or in the process of being listed on the stock exchange will be purchased as equity investments.

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 of the shares within the portfolio are determined so as to ensure 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 holds more than 30% of its assets in a currency other than the domestic currency (HUF). In accordance with 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 Poland IMI Loc Net |
| ISIN code: | HU0000710850 |
| Start: | 11/18/2011 |
| Currency: | PLN |
| Net Asset Value of the whole Fund: | 86,903,933 PLN |
| Net Asset Value of institutional series: | 45,567,982 PLN |
| Net Asset Value per unit: | 1.337387 PLN |

DISTRIBUTORS

Aegon Towarzystwo Ubezpieczen na Zycie Spolka

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 | 3.07 % | 1.53 % |
| 2020 | -8.26 % | -9.83 % |
| 2019 | -3.36 % | -3.85 % |
| 2018 | -10.44 % | -11.48 % |
| 2017 | 21.83 % | 21.15 % |
| 2016 | 11.88 % | 9.38 % |
| 2015 | -10.34 % | -11.98 % |
| 2014 | -0.78 % | -2.02 % |
| 2013 | 0.69 % | -1.47 % |
| 2012 | 24.40 % | 16.71 % |

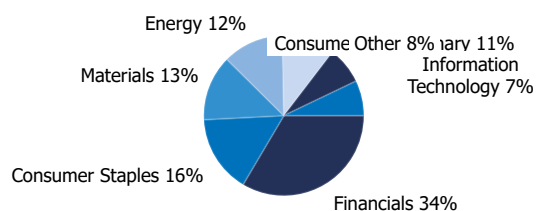
RISK PROFILE

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

← Lower risk Higher risk →

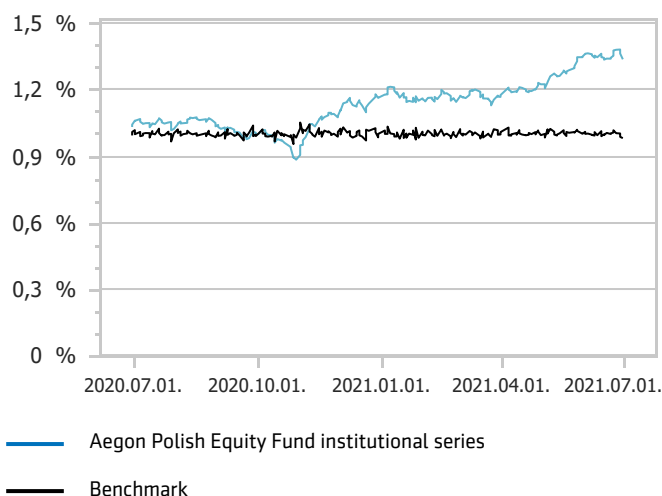
| ASSET ALLOCATION OF THE FUND | |
|------------------------------|-----------------|
| Asset | Weight |
| International equities | 92.54 % |
| Hungarian equities | 1.92 % |
| Current account | 5.52 % |
| Receivables | 0.08 % |
| Liabilities | -0.06 % |
| total | 100,00 % |
| Derivative products | 6.06 % |
| Net corrected leverage | 106.08 % |
| Assets with over 10% weight | |
| KGHM Polska SA | |
| PKO Bank | |

Stocks by sectors



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 | 21.77 % |
| Annualized standard deviation of the benchmark's weekly yields | 22.05 % |
| WAM (Weighted Average Maturity) | 0.00 years |
| WAL (Weighted Average Life) | 0.00 years |

TOP 5 POSITIONS

| Asset | Type | Counterparty / issuer | Maturity |
|-------------------------------|-------|-------------------------------|----------|
| KGHM Polska SA | share | KGHM Ploska SA | |
| PKO Bank | share | PKO Bank | |
| POWSZECHNY ZAKŁAD UBEZPIECZEŃ | share | POWSZECHNY ZAKŁAD UBEZPIECZEŃ | |
| Dino Polska SA | share | DINO POLSKA SA | |
| Allegro.eu SA | share | Allegro.eu SA | |

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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