

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 slight positive return in June. During the month, we slightly increased local currency interest rate risk with purchases of Polish and Romanian bonds, while credit risk was rather reduced in the portfolio, especially in the corporate segment. On the equity side, we reduced our positions in OTP, MOL and the CEE region, while increased our global emerging equity weighting. At the individual equity level, we bought shares in a nuclear energy-related company. We kept our bund short position unchanged. On the FX side, we closed the Brazilian real and Russian ruble positions. During the month we opened forint longs positions against the euro and the dollar.

INVESTMENT POLICY OF THE FUND

The fund's aim is to assemble an investment portfolio for its investors that is comprised of both Hungarian and international money and capital-market instruments, which the fund can optimise through ongoing dynamic asset allocation in order to attain the highest possible yield. The fund is a 'total-return fund', which means that instead of concentrating on just one subsector of the money or capital market, at any given moment it focuses its investments on the area that holds the promise of the highest possible return.

Accordingly, the fund may hold government securities and discount treasury bills issued by the State Debt Management Centre (ÁKK) on behalf of the State of Hungary, as well as bonds issued by the National Bank of Hungary, and also bank and corporate bonds that are low risk but are nevertheless likely to earn a higher return than government securities. Besides these the fund's portfolio may also contain shares listed on the domestic stock exchange and the bourses of OECD countries, as well as the government securities, bank and corporate bonds of OECD countries. The fund does not follow a fixed benchmark, and does not adhere to a permanent ratio of shares to bonds, but aims to constantly change this ratio within a broad range; indeed, it is also prepared to take on currency risk (just as international bond/equity funds tend to) through the purchase of international government securities and equities. At the same time, the fund maintains the option to hedge currency risks.

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 |
| ISIN code: | HU0000703145 |
| Start: | 12/11/2003 |
| Currency: | HUF |
| Net Asset Value of the whole Fund: | 26,768,739,111 HUF |
| Net Asset Value of HUF series: | 9,863,638,946 HUF |
| Net Asset Value per unit: | 2.820077 HUF |

DISTRIBUTORS

Aegon Magyarország Befektetési Alapkezelő Zrt., Budapest Hitel-és Fejlesztési Bank Zrt., CIB Bank Zrt., Commerzbank Zrt., CONCORDE Értékpapír Zrt., Equilor Befektetési Zrt., Erste Befektetési Zrt., KBC Securities Magyarország Fióktelepe, MKB Bank Nyrt., OTP Bank Nyrt., Raiffeisen Bank Zrt., Sopron 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 |
|--------|--------|------|------|------|------|------|

NET YIELD PERFORMANCE OF THE SERIES

| Interval | Yield of note | Benchmark yield |
|------------|---------------|-----------------|
| From start | 6.09 % | 4.88 % |
| 2020 | 3.82 % | 0.41 % |
| 2019 | 2.89 % | 0.23 % |
| 2018 | -4.58 % | 0.31 % |
| 2017 | 2.46 % | 0.20 % |
| 2016 | 3.08 % | 1.22 % |
| 2015 | 2.63 % | 1.50 % |
| 2014 | 4.43 % | 3.31 % |
| 2013 | 6.71 % | 5.71 % |
| 2012 | 18.27 % | 8.52 % |
| 2011 | 0.05 % | 5.17 % |

RISK PROFILE

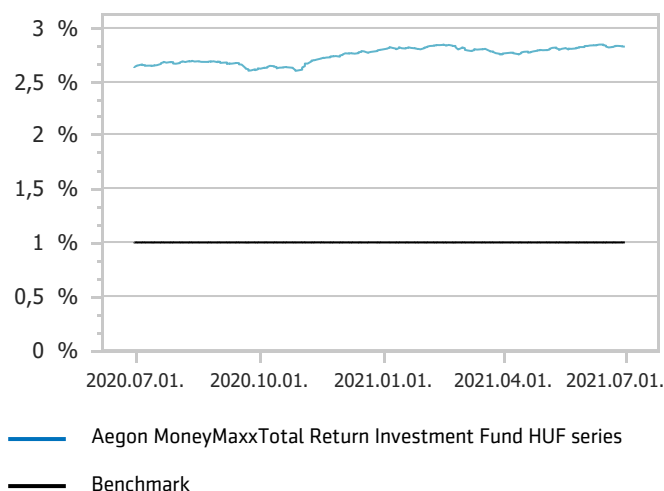
| | | | | | | |
|---|---|---|---|---|---|---|
| 1 | 2 | 3 | 4 | 5 | 6 | 7 |
|---|---|---|---|---|---|---|

← Lower risk Higher risk →

| ASSET ALLOCATION OF THE FUND | |
|---|-----------------|
| Asset | Weight |
| Government bonds | 36.14 % |
| Corporate bonds | 26.19 % |
| Collective securities | 8.31 % |
| Hungarian equities | 5.38 % |
| T-bills | 5.28 % |
| International equities | 1.11 % |
| Current account | 16.01 % |
| Receivables | 3.76 % |
| Liabilities | -2.95 % |
| Market value of open derivative positions | 0.77 % |
| total | 100,00 % |
| Derivative products | 98.90 % |
| Net corrected leverage | 122.79 % |
| Assets with over 10% weight | |

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 | 5.09 % |
| Annualized standard deviation of the benchmark's weekly yields | 0.20 % |
| WAM (Weighted Average Maturity) | 3.15 years |
| WAL (Weighted Average Life) | 4.52 years |

TOP 3 POSITIONS

| Asset | Type | Counterparty / issuer | Maturity |
|-------------------------------|-----------|-----------------------|---------------|
| EURO-BUND FUTURE Sep21 Sell | derivatív | Raiffeisen Hun | 2021. 09. 08. |
| EUR/HUF 21.07.06 Forward Sell | derivatív | ING Bank Hun | 2021. 07. 06. |
| COPPER FUTURE Sep21 Buy | derivatív | Raiffeisen Hun | 2021. 09. 28. |

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@egon.hu | www.aegonalapkezelo.hu