

MARKET SUMMARY

The equity markets continued to rally in June, but 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 after Fed President Jay Powell's speech market participants assumed, FED is a bit more worried about more persistent inflation. 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.

During June we sold our remaining MOL and OTP shares as both were starting to show signs of being overbought, especially the latter. We replaced the portfolio with USDHUF shorts from around the 298 level: the dollar started to strengthen after a slightly hawkish FOMC, while the forint also retreated after the start of the rate hike cycle. We think that around the 1.18 EURUSD level, it may be worth trying to go against the strong dollar. On one hand, the positioning has cleared up a lot, and on the other hand, we believe that the US Fed will not be as tight as some fear. In Hungary, the tightening mood of the MNB and continuing interest rate hikes could add strength to the domestic currency, while fundamentals are now pointing towards a strengthening forint and a weakening dollar.

INVESTMENT POLICY OF THE FUND

The Fund invests most of its available funds in assets with a lower risk profile, which means bonds issued or guaranteed by states (including their debt management agencies) that have a credit rating, which is equal or higher than the rating of Hungary, quasi sovereign companies[1], national banks, supranational entities. It is allowed for the Fund to hold deposits, cash or invest in REPO and reverse REPO agreements. Allowed duration limit is 3 years for the whole Fund, while the duration limit for individual bonds is 10 years. In case of bonds denominated in other currencies than HUF, the portfolio manager is aiming for a full FX hedge, deviation from this is only allowed as a part of the riskier asset category.

The Fund is permitted to invest in riskier assets to a limited extent: domestic and foreign equities, equity indices, bonds with a higher risk profile, currencies, commodities and collective investment vehicles on spot and futures markets. Long and short trades are both permitted. In case of pair trades[2] the gross extent of the risky assets may reach 10 % of the NAV of the Fund.

Given its approach to the purchase of risky instruments, the fund falls into the category of absolute-return funds: it selects, from among the opportunities available in the domestic and international money and capital markets, the investments with the best expected yield/risk ratio.

The fund management company, exercising all due diligence, based on its own judgement and decisions while observing the relevant legal provisions and the limitations stipulated in the Fund Documentation, determines the means of utilising the Fund's resources, and the weights of the various investments within the portfolio, with a view to ensure that the Fund - in line with our expectations regarding future risks and returns - achieves its objective in the long term.

Reference index of the Fund: 100% RMAX index (Bloomberg ticker: MAX RMAX Index) + 0,5%

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 + 0.5%
ISIN code:	HU0000705157
Start:	03/19/2007
Currency:	HUF
Net Asset Value of the whole Fund:	459,902,920 HUF
Net Asset Value of HUF series:	459,902,920 HUF
Net Asset Value per unit:	1.669608 HUF

DISTRIBUTORS

Aegon Magyarország Befektetési Alapkezelő Zrt., Commerzbank Zrt., CONCORDE Értékpapír Zrt., Equilor Befektetési Zrt, Erste Befektetési Zrt., Raiffeisen 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
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NET YIELD PERFORMANCE OF THE SERIES

Interval	Yield of note	Benchmark yield
From start	3.65 %	4.09 %
2020	0.89 %	0.92 %
2019	0.50 %	0.74 %
2018	0.08 %	0.81 %
2017	0.30 %	0.22 %
2016	1.14 %	1.22 %
2015	1.74 %	1.50 %
2014	3.75 %	3.31 %
2013	5.80 %	5.71 %
2012	7.87 %	8.52 %
2011	4.77 %	5.17 %

RISK PROFILE

1	2	3	4	5	6	7
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← Lower risk → Higher risk

ASSET ALLOCATION OF THE FUND

Asset	Weight
T-bills	63.62 %
Government bonds	26.57 %
Current account	9.83 %
Liabilities	-0.04 %
Market value of open derivative positions	0.03 %
total	100,00 %
Derivative products	3.99 %
Net corrected leverage	100.99 %

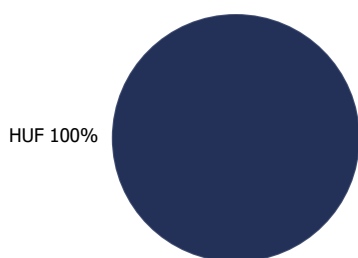
Assets with over 10% weight

D210901 (Államadósság Kezelő Központ Zrt.)

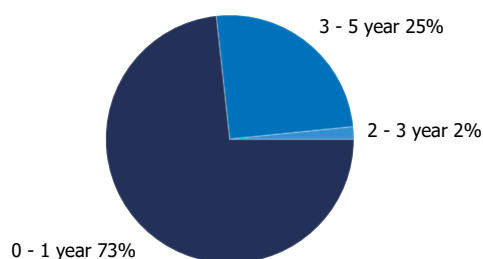
2024C (Államadósság Kezelő Központ Zrt.)

D210811 (Államadósság Kezelő Központ Zrt.)

Currency exposure:

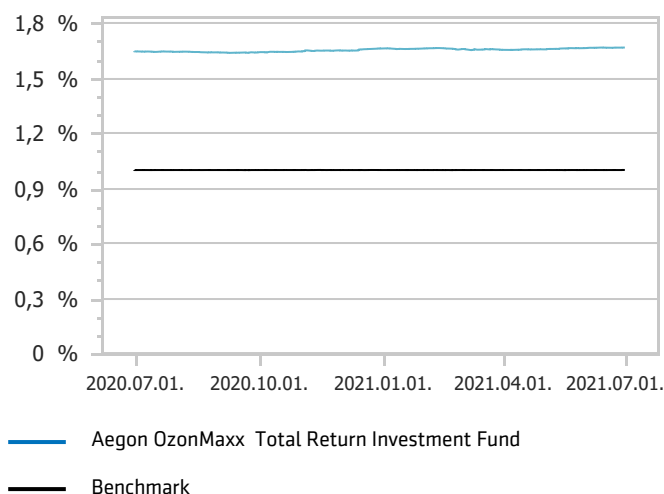


Bonds by tenor:



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	0.89 %
Annualized standard deviation of the benchmark's weekly yields	0.20 %
WAM (Weighted Average Maturity)	0.85 years
WAL (Weighted Average Life)	0.88 years

TOP 5 POSITIONS

Asset	Type	Counterparty / issuer	Maturity
D210901	zero coupon	Államadósság Kezelő Központ Zrt.	2021. 09. 01.
Magyar Államkötvény 2024/C	interest-bearing	Államadósság Kezelő Központ Zrt.	2024. 10. 24.
D210811	zero coupon	Államadósság Kezelő Központ Zrt.	2021. 08. 11.
D210707	zero coupon	Államadósság Kezelő Központ Zrt.	2021. 07. 07.

Legal declaration

The recent document qualifies as Portfolio Report according to the Kbfv. 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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