Aegon Panorama Derivative Investment Fund

Alapkezelő

PLN series

MONTHLY report - 2021 JULY (made on: 07/31/2021)

MARKET SUMMARY

In July, stock markets continued their rally, and all but the Russell 2000 index reached new all-time highs. In our view, this is invariably due to the central bank's action of supplying an unlimited amount of liquidity. If we look at the valuations' of equities, we see that they are relatively higher than they were when the Nasdaq bubble burst in 2000 and the housing bubble burst in 2007. If you compare it to the previous quarter, stocks have also continued to appreciate relative to that quarter. At the end of March, the BF P/E was 22, also considered extremely high, but that number had risen to 23 by the end of July. What is noticeable, however, is that investors are not so confident that at these levels stock market values are pegged at realistic prices. Amid a minor scare in the middle of the month, there were almost no buyers and the indices fell more than 1.5% in 1 day. As we have pointed out many times before, this investment environment is solely due to the central bank's supply of unlimited liquidity. The problem will arise if inflation, contrary to the central bank's expectations, becomes permanent rather than temporary. The financial authorities will also have no choice but to raise interest rates, which in turn will hit equity investments very hard. Europe's economy has continued to improve over the past month, and this is likely to have been helped by the fact that recovery aid set up during the epidemic has started to be distributed to the member countries. The preliminary reading is that activity in the Eurozone's services sector showed a third month of growth, strengthening to 58 from 55.2 in May. At the same time, manufacturing was also strong, with a reading of 63.1 reflecting 12 months of expansion. Of course, these macroeconomic numbers could quickly turn negative if the virus starts to spread again. In addition, the ECB raised its inflation target from less than 2 percent to above 2 percent, while accepting a temporary overshoot. The move, while not new, could help the industrial sectors.

China's economy is contracting again after rising in recent months. China's manufacturing PMI was 50.9 in June after 51 in May. Caixin's China manufacturing index fell to 51.3 in June from 52 in May. The Caixin China Services Sector Purchasing Managers' Index fell sharply in June to 50.3 from 55.1 the previous month, a 14-month low. China's GDP grew by 7.9% on a year-on-year basis in the second quarter, slightly below expectations. As we can see China is slowing down and the question is what impact this will have on the world economy.

Hungary continues on the path it started in mid-May. The economy continues to open up, but the problem is the rise of inflation. In June, the central bank raised the base rate by 30 basis points, and in July raised it again by another 30 basis points. So now the base rate is 1.20 percent. The inflation figures caused the forint to weaken against the euro from 352 to 362 during the month, but it strengthened back to 358 after the announcement of the rate hike. The fund posted a slight negative return in July. On the bond side, core country bond yields fell quite sharply, so we looked for shorting opportunities. We opened a new short in the US 10-year, while we also swapped the German 10-year short for US as the ECB continued to be very supportive, with further moves towards very loose monetary policy. On the equity side, we have taken profits in commodity oriented companies and we are waiting for better entry points. Commodity exposure was slightly increased by buying gold and platinum, of which gold was sold at the end of the month. We also reduced exposure to coffee and cotton after both rose significantly.

INVESTMENT POLICY OF THE FUND

The fund's aim is to earn capital gains by taking positions in a wide range of assets while keeping risk under pre-defined limits. The assets are selected based on fundamental and technical criteria from the widest range of industry and country exposures possible.

Based on medium and long-term trends, the fund can buy or sell equities, bonds and other securities, and take various exposures using exchange (futures, options) and OTC derivatives (IRS and currency forwards). Naked shorts on securities are not allowed. The manager selects and builds positions based on fundamental and technical analysis in such a way, that the fund's return can exceed that of bank deposits over a medium-term horizon. Equally important focus is given to risk management which targets Level 5 risk bracket. The fund is not targeting any specific sectors, countries or asset classes, but most of its exposures will be taken on US and European exchanges, or markets regulates by the capital market authorities of the United States of America and the countries of the European Union.

The fund's net corrected risk exposure may go up to 200 percent of the portfolio, in accordance with the Hungarian capital market acts and regulations. The fund can also run a net short exposure, also in accordance with the above mentioned regulatory limits.

GENERAL INFORMATION

Fund Manager: AEGON Hungary Fund Manager Ltd.

Custodian: Citibank Europe plc Magyarországi

Fióktelepe

Main distributor: AEGON Hungary Fund Manager Ltd.

Benchmark composition: 100% RMAX Index

ISIN code: HU0000714290

Start: 01/21/2015

Currency: PLN

Net Asset Value of the whole Fund: 7,134,856,958 HUF

Net Asset Value of PLN series: 2,172,415 PLN

Net Asset Value per unit: 0.956041 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	-0.69 %	0.62 %				
2020	2.39 %	0.41 %				
2019	10.45 %	0.23 %				
2018	-6.42 %	0.31 %				
2017	0.48 %	0.20 %				
2016	7.08 %	1.22 %				



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ASSET ALLOCATION OF THE FUND	
Asset	Weight
T-bills	25.73 %
Collective securities	14.81 %
Corporate bonds	5.81 %
Government bonds	1.50 %
Hungarian equities	1.47 %
International equities	0.56 %
Current account	53.43 %
Liabilities	-4.62 %
Receivables	1.07 %
Market value of open derivative positions	0.26 %
total	100,00 %
Derivative products	81.72 %
Net corrected leverage	132.99 %

NET PERFORMANCE OF THE SERIES

net asset value per share, 08/01/2020 - 07/31/2021



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RISK INDICATORS FOR THE LAST 12 MONTHS	
Annualized standard deviation of the fund's weekly yields	8.40 %
Annualized standard deviation of the benchmark's weekly yields	0.23 %
WAM (Weighted Average Maturity)	0.34 years
WAL (Weighted Average Life)	0.59 years

TOP 3 POSITIONS						
Asset	Туре	Counterparty / issuer	Maturity			
EURO-BUND FUTURE Sep21 Sell	derivatív	Raiffeisen Hun	2021. 09. 08.			
US 10YR NOTE (CBT)Sep21 Sell	derivatív	Raiffeisen Hun	2021. 09. 21.			
US 10YR NOTE (CBT)Sep21 Sell	derivatív	Raiffeisen Hun	2021. 09. 21.			

Legal declaration

The recent document qualifies as Portfolio Report according to the Kbftv. 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 | alapkezelo@aegon.hu | www.aegonalapkezelo.hu