

## INVESTMENT POLICY OF THE FUND

The fund aims to create an explicitly defensive investment portfolio for its investors, and typically invests in developed-market government bonds, and related exchange-traded derivative transactions, in the interest of achieving the highest possible return with the assumption of currency risk. The fund primarily aims for a portfolio consisting of the publicly issued bonds of foreign governments and foreign-domiciled companies. 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, when purchasing international securities the fund only selects publicly issued securities that are listed on foreign stock exchanges. The proportion of non-investment-grade securities is maintained at a low level, and if the planned ratio is overstepped due to the downgrading of a given issuer the fund restores it under the conditions stipulated by the relevant legal provisions. The fund management company, exercising all due care, based on its own judgement and decisions, and 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 ensuring that the fund - in line with our expectations with regard to future risks and returns - achieves its objective in the long term. In the course of its operation, however, the fund is managed on the premise that when compiling the portfolio, it is bonds that determine the nature of the fund. Accordingly, the proportion of bonds that may be kept in the fund at any given moment may reach the prevailing statutory maximum. When compiling the bond portfolio, taking into account the macroeconomic environment of the investment markets, the aim is to build up a long-term investment portfolio primarily on the basis of fundamental analyses. To ensure liquidity, the fund may purchase Hungarian government securities (primarily discount treasury bills) and MNB bonds; however, in accordance with the current statutory regulations the proportion of foreign bonds in the portfolio may be up to 100%. The fund management company is permitted, at its own discretion, to hedge all or a part of its currency risks with forward currency positions, in compliance with the statutory conditions.

## MARKET SUMMARY

Concerns regarding China and central bank meetings set a tone on the markets last month. Exigency provoked by developer Evergrande intensified, raising uncertainty about the consequences in China and globally. Core central banks turned more hawkish. The Fed revealed a plan to start tapering its QE in November and to finish by around the middle of 2022, while the dot plot of interest-rate projections shifted upwards. Eurozone inflation accelerated further to 3.4% YoY in September, its highest level since 2008. US Congress passed a stopgap funding bill that covers the period until Dec 3rd to avert a government shutdown, but the bill does not contain a provision to raise or suspend the debt ceiling. Bond markets suffered further, with the 10Y UST yield up 20bp, the 10Y Bund rising 17bp. Rising yields contributed to volatility in equity markets, where both US and European stocks ended the month on the back foot. The negative mood weighed on high-yield bonds, whose spreads widened moderately, while investment grade credit spreads remained more or less stable. The greenback firmed on uncertainty related to China as well as following the FOMC meeting, which sent EUR-USD slightly below 1.16. Turkish assets came under pressure after the central bank's unexpected rate cut. We sold short-term Italian government bonds while switched from short-term US Treasuries to the papers with longer term, closed long positions in Italian long-term bonds and medium- and long-term US government bonds along with opening shorts in British papers and cutting exposure to the German Bunds.

## GENERAL INFORMATION

|  |  |
|--|--|
| Fund Manager:                            | AEGON Hungary Fund Manager Ltd.  |
| Custodian:                               | Citibank Europe plc Magyarországi Fióktelepe   |
| Main distributor:                        | AEGON Hungary Fund Manager Ltd.  |
| Benchmark composition:                   | 80% Merrill Lynch Global Government Bond Index II ex-Japan USD (total return) + 20% ZMAX Index |
| ISIN code:                               | HU0000724224   |
| Start:                                   | 03/19/2021   |
| Currency:                                | HUF  |
| Net Asset Value of the whole Fund:       | 3,424,750,395 HUF  |
| Net Asset Value of institutional series: | 3,284,659 HUF  |
| Net Asset Value per unit:                | 1.001208 HUF   |

## DISTRIBUTORS

## SUGGESTED MINIMUM INVESTMENT PERIOD

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

## ASSET ALLOCATION OF THE FUND

| Asset   | Weight          |
|---|-----------------|
| Government bonds                                | 79.63 %         |
| T-bills   | 1.68 %          |
| Receivables                                     | 17.90 %         |
| Current account                                 | 15.16 %         |
| Liabilities                                     | -14.35 %        |
| <b>Total</b>                                    | <b>100,00 %</b> |
| Derivative products                             | 29.36 %         |
| Net corrected leverage                          | 109.96 %        |
| <b>Assets with over 10% weight</b>              |                 |
| USGB 2042/02 3,125% (Amerikai Egyesült Államok) |                 |
| USGB 2026/04 0,75% (Amerikai Egyesült Államok)  |                 |

## RISK PROFILE

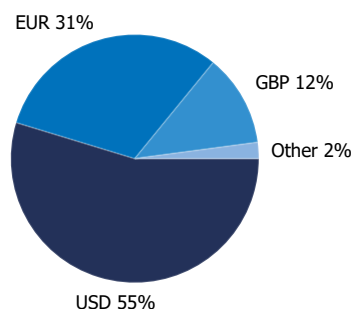
|   |   |   |   |   |   |   |
|---|---|---|---|---|---|---|
| 1 | 2 | 3 | 4 | 5 | 6 | 7 |
|---|---|---|---|---|---|---|

← Lower risk → Higher risk

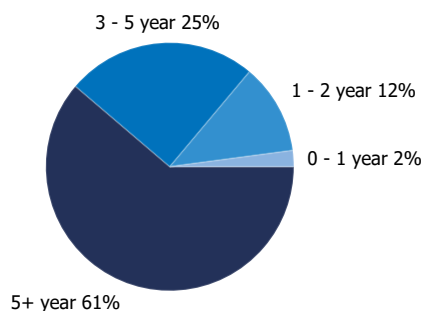
## NET YIELD PERFORMANCE OF THE SERIES

| Interval   | Yield of note | Benchmark yield |
|------------|---------------|-----------------|
| From start | 0.12 %        | -0.05 %         |
| 1 month    | 3.12 %        | 2.39 %          |
| 3 months   | 3.27 %        | 2.88 %          |
| 6 months   | 0.57 %        | 0.36 %          |

### Currency exposure:



### Bonds by tenor:



## NET PERFORMANCE OF THE SERIES

net asset value per share, 03/19/2021 - 09/30/2021



## RISK INDICATORS FOR THE LAST 12 MONTHS

|  |            |
|--|------------|
| Annualized standard deviation of the fund's weekly yields      | 5.98 %     |
| Annualized standard deviation of the benchmark's weekly yields | 5.43 %     |
| WAM (Weighted Average Maturity)                                | 7.28 years |
| WAL (Weighted Average Life)                                    | 8.66 years |

## TOP 5 POSITIONS

| Asset                          | Type             | Counterparty / issuer     | Maturity   |
|--------------------------------|------------------|---------------------------|------------|
| US 10YR NOTE (CBT)Dec21 Sell   | derivatív        | Raiffeisen Hun            | 12/21/2021 |
| USGB 2042/02 3,125%            | interest-bearing | Amerikai Egyesült Államok | 02/15/2042 |
| USGB 2026/04 0,75%             | interest-bearing | Amerikai Egyesült Államok | 04/30/2026 |
| BTPS 0.95 03/15/23             | interest-bearing | Olasz Állam               | 03/15/2023 |
| US Államkötvény 2031/02 5,375% | interest-bearing | Amerikai Egyesült Államok | 02/15/2031 |

### 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