

## 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%

## MARKET SUMMARY

September had similar movements in the stock markets just like the previous months. Indices rose to new highs, but unlike in the previous period, stock markets got over valued I'll after the first week and ended the month in negative territory. The US legislature failed to agree on the budget for next year and the US is in danger of another government shutting down. This already has happened in the early 2010s, when a credit rating firm downgraded the US government's debt in response. In the middle of the month, the US Federal Reserve also met and gave the strongest signal yet that it would start reducing liquidity as early as this year, and aim to complete the process by next summer, which would mean a \$15 billion a month reduction in bond buying. Nine of the 13 voting FOMC members expect an interest rate hike as early as next year. That would put the Fed funds rate to 1% by the end of 2023 which would also be higher than expected. Investors have grown accustomed to the abundance of money provided by the central banks in recent years, and this withdrawal could cause serious problems. In Europe, the ECB took a similar decision with slowing asset purchases but in a cautious way. In Hungary, the central bank raised the benchmark interest rate by a further 15 basis points in September to 165 basis points. The MNB's communication shows that QE has been reduced from 50 billion to 40 billion, bond purchases are mainly targeting the long side and forint swap liquidity is being reduced to achieve higher interest rates. The central bank's clear aim is to contain inflation without torpedoing economic growth. At the same time, they also want to stabilize the forint exchange rate, preferably in the EUR/USD 350-360 range.

During the month, we streamlined the Fund's risk exposures. Based on our market outlook, we moved towards the barbell position followed by many: we moved partly on the panically oversold Chinese assets, which are much improved in pricing and where market sentiment is sufficiently negative. Evergrande's problems, and fears surrounding the slowdown in Chinese economic growth, are real and genuine, and the regulator's continued interference in the market economy is quite negative, but these have been priced in to a significant extent. If a hard landing can be avoided, this could be a good investment point, the big question is when and to what extent the Chinese leadership can ease, which could support asset prices and at least partially offset the growth toll from the property market downturn. In our part, we are invested in Tencent, which is technically trading at key levels, and the measures announced so far should not leave such a big mark on the share price. In the meantime, we have closed out the fund's USDHUF short exposure, and finally we have bought an ETF which is tracking the Bloomberg Commodity Index, which we think will continue to perform well in this business cycle.

## 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:	425,308,847 HUF
Net Asset Value of HUF series:	425,308,847 HUF
Net Asset Value per unit:	1.663307 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	<b>6 mths</b>	1 yr	2 yr	3 yr	4 yr	5 yr
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## ASSET ALLOCATION OF THE FUND

Asset	Weight
T-bills	24.33 %
Government bonds	24.23 %
International equities	2.19 %
Collective securities	1.05 %
Deposit	44.69 %
Current account	3.65 %
Liabilities	-0.02 %
Market value of open derivative positions	-0.10 %
<b>Total</b>	<b>100,00 %</b>
Derivative products	4.52 %
Net corrected leverage	100.29 %

## Assets with over 10% weight

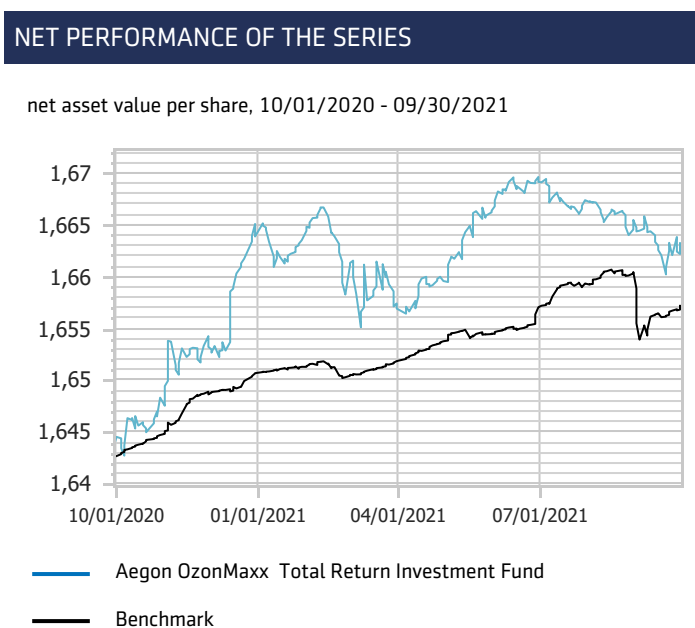
2024C (Államadósság Kezelő Központ Zrt.)
D211201 (Államadósság Kezelő Központ Zrt.)
D211110 (Államadósság Kezelő Központ Zrt.)

## RISK PROFILE

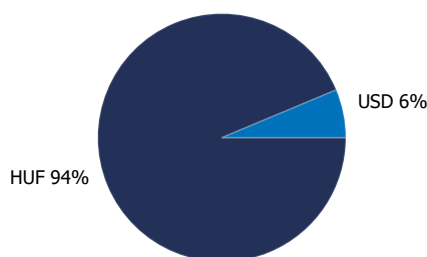
1	<b>2</b>	3	4	5	6	7
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← Lower risk Higher risk →

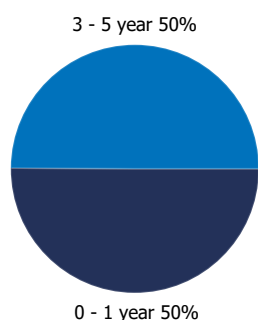
NET YIELD PERFORMANCE OF THE SERIES		
Interval	Yield of note	Benchmark yield
From start	3.56 %	4.01 %
2020	0.89 %	0.92 %
2019	0.50 %	0.74 %
2018	0.08 %	0.81 %
2017	0.30 %	0.22 %
2016	1.14 %	1.22 %
2015	1.74 %	1.50 %
2014	3.75 %	3.31 %
2013	5.80 %	5.71 %
2012	7.87 %	8.52 %
2011	4.77 %	5.17 %



**Currency exposure:**



**Bonds by tenor:**



RISK INDICATORS FOR THE LAST 12 MONTHS

Annualized standard deviation of the fund's weekly yields	0.93 %
Annualized standard deviation of the benchmark's weekly yields	0.40 %
WAM (Weighted Average Maturity)	0.75 years
WAL (Weighted Average Life)	0.79 years

TOP 5 POSITIONS

Asset	Type	Counterparty / issuer	Maturity
HUF Betét	Betét	OTP Bank	10/07/2021
Magyar Államkötvény 2024/C	interest-bearing	Államadósság Kezelő Központ Zrt.	10/24/2024
D211201	zero coupon	Államadósság Kezelő Központ Zrt.	12/01/2021
D211110	zero coupon	Államadósság Kezelő Központ Zrt.	11/10/2021
USD/HUF 21.10.28 Forward Sell	derivatív	ING Bank Hun	10/28/2021

**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 | alapkezelo@aegon.hu | www.aegonalapkezelo.hu