

INVESTMENT POLICY OF THE FUND

The Fund's objective is to establish a portfolio for its Investors that generates positive yields – higher than the yields available in the domestic money market – under all circumstances, in other words the Fund pursues a so-called absolute yield strategy. It intends to accomplish this goal primarily by investing in the bond and equity market of the emerging European region. The Fund's asset allocation is aligned with the given capital market conditions.

The Fund applies special investment strategies used by hedge funds to establish its strategy. The fund is willing to buy or sell all available investment instruments – domestic and foreign bonds (treasury bonds, discounted treasury bills, bonds issued by the National Bank of Hungary, as well as low-risk bank and corporate bonds expected to bring higher yields than the state securities) Equities and other securities, indices and currencies – provided it sees the opportunity to make substantial gains – up to the maximum limit allowed by the law, which allows double leverage for the Fund. To the extent set out in the investment strategy, the Fund may also invest in so-called non-investment grade securities, which represent additional risk compared to assets that are classed as investment-grade in terms of creditworthiness. In its investment decision-making mechanism, the Fund considers and weighs fundamental, pricing, technical and behavioural/psychological factors. To ensure liquidity the Fund aims to hold government securities issued by the State Debt Management Centre (ÁKK) on behalf of the State of Hungary.

MARKET SUMMARY

The main concern for the investment world remains when and how much the US Federal Reserve will raise interest rates. It is now widely accepted that tapering will start soon, but opinions are still divided on the timing of the rate hikes. The Fed chairman has repeatedly stressed that the ending of monetary easing does not equate to an interest rate rise, the question is how the equity markets will interpret the Fed's action. The bigger issue is inflation. At the beginning of the year, the Fed chairman was emphatic that inflation would only be temporary and that he did not think it would cause serious problems for the economy. Later, when asked for his definition of "temporary", he gave an interesting answer that risked losing the rest of his credit. More recently, not once did the Fed's communiqué use the word 'transitory', they seem to have accepted the fact that inflation will be here for a longer period of time.

In Europe, the ECB is communicating exactly the same as the US Federal Reserve, and facing the same problems. High frequency indicators show that Eurozone residential activity is back to pre-pandemic levels, with the use of many services, while job vacancies are rising steadily. As in the United States, with inflation soaring, more and more German employees are demanding higher wages from their employers, and a wave of strikes could be on the way. This is of course generating inflation, which is reflected in the monthly economic figures.

In Hungary, the central bank raised the benchmark interest rate by a further 15 basis points in September to 180 basis points. The central bank's clear aim is to keep inflation in check 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. With inflation on the rise around the world, it is possible that the central bank will be forced to raise interest rates further in order to keep Hungarian inflation manageable.

The fund's return was unchanged in October. During the month, SP500 futures which we previously shorted to hedge the equity exposure were repurchased in several steps. During the month, we sold the entire MOL exposure and increased the equity weighting of some regional and European banks. In sectors where there is significant over-positioning we expect a correction, but there are sectors where pricing is attractive and where we expect some kind of a rally. We therefore remain optimistic on value-based investments. If there is a major correction in the markets this month we will increase our risk exposure. The foreign exchange exposure is largely hedged in the fund. The 5% hedged gold position is still in the fund. The equity exposure in the fund increased to 25% by the end of the month.

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:	HU0000727383
Start:	09/07/2021
Currency:	PLN
Net Asset Value of the whole Fund:	41,692,011,967 HUF
Net Asset Value of PI series:	12,994 PLN
Net Asset Value per unit:	0.991914 PLN

DISTRIBUTORS

ASSET ALLOCATION OF THE FUND

Asset	Weight
Government bonds	36.89 %
International equities	13.18 %
T-bills	13.04 %
Hungarian equities	11.03 %
Collective securities	9.73 %
Corporate bonds	8.04 %
Current account	9.17 %
Liabilities	-0.60 %
Receivables	0.19 %
Market value of open derivative positions	-0.65 %
Total	100,00 %
Derivative products	59.17 %
Net corrected leverage	109.36 %

Assets with over 10% weight

There is no such instrument in the portfolio

SUGGESTED MINIMUM INVESTMENT PERIOD

3 mths	6 mths	1 yr	2 yr	3 yr	4 yr	5 yr
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RISK PROFILE

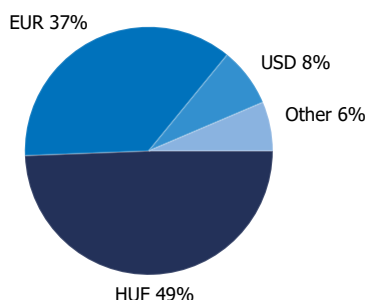
1	2	3	4	5	6	7
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← Lower risk Higher risk →

NET YIELD PERFORMANCE OF THE SERIES

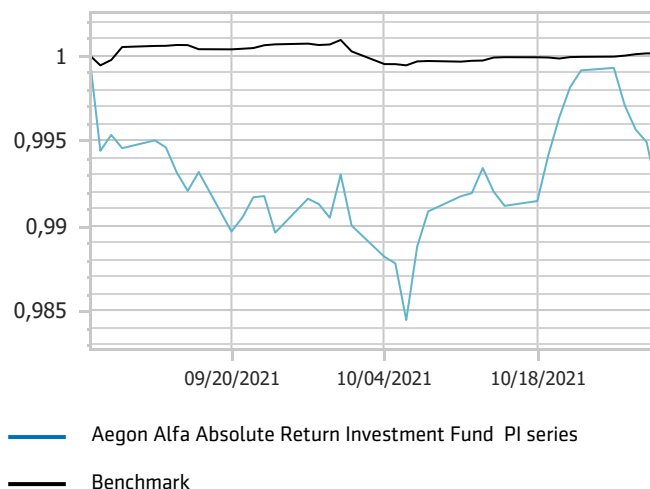
Interval	Yield of note	Benchmark yield
From start	-0.81 %	0.01 %
1 month	-0.11 %	-0.08 %

Currency exposure:



NET PERFORMANCE OF THE SERIES

net asset value per share, 09/07/2021 - 10/31/2021



RISK INDICATORS FOR THE LAST 12 MONTHS

Annualized standard deviation of the fund's weekly yields	1.42 %
Annualized standard deviation of the benchmark's weekly yields	0.14 %
WAM (Weighted Average Maturity)	1.83 years
WAL (Weighted Average Life)	2.08 years

TOP 3 POSITIONS

Asset	Type	Counterparty / issuer	Maturity
EUR/HUF 21.11.17 Forward Sell	derivatív	Raiffeisen Hun	11/17/2021
2026F	interest-bearing	Államadósság Kezelő Központ Zrt.	08/26/2026
Magyar Államkötvény 2023C	interest-bearing	Államadósság Kezelő Központ Zrt.	08/23/2023

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.aegonalapkezel.hu