

## INVESTMENT POLICY OF THE FUND

The fund's investment objective is to provide investors with capital appreciation by investing in the sovereign- and quasi-sovereign bond market of Emerging European countries. The fund has no rating constraints, the fund has a permission to invest in any kind of issuer without limitation on its long-term foreign currency debt rating. The fund aims to reach the highest capital gain with rational risk taking. The fund primarily invests on the sovereign- and quasi-sovereign bond market of Emerging European countries denominated in foreign currency, but holds Hungarian local currency, long- and short-term bonds with diversification and liquidity management purposes. The fund may also invest in mortgage backed securities, and short- and long-term, fixed or floating securities of other financial institutions, municipalities or other business corporations, structured and convertible bonds. The fund's general risk level and the measure of the deviation from the target weights are determined on the basis of a regular market analysis and situational analysis relating to four main aspects (fundamentals, valuation levels, market sentiment, technical factors). The core part of the fund consists of the foreign currency denominated, sovereign and quasi-sovereign bonds of Central and Eastern Europe (Hungary, Croatia, Poland, Romania, Slovakia, Ukraine), Southeast Europe (Serbia, Turkey), Baltic states (Lithuania, Latvia) and the countries of the Commonwealth of Independent States (Azerbaijan, Belarus, Kazakhstan, Russia, Georgia, Armenia) and also holds Hungarian local currency bonds with diversification and liquidity management purposes. In case of attractive market conditions (e.g. possible upgrade of an issuer's long-term foreign currency debt rating, change of the yield curve, market mispricing, etc.) the fund may invest in bonds of issuers not listed above. The fund does not intend to invest more than 25% of its assets in a single country. The target weight for the fund's fixed income investments in the above listed countries (target countries) is 95%. The aimed risk profile of the fund is intermediate. We do not use constraints on foreign currency debt ratings. The fund may only conclude derivative transactions for the purpose of hedging or ensuring an efficient portfolio structure. The fund may also hold unleveraged debt-type collective investments linked to derivative indexes. The fund also has the option of taking on a substantial currency exposure, which will ordinarily be fully hedged to the target currency (USD), although depending on market circumstances the fund may even have an open currency position.

The investment policy of the fund changed on the 30th of December, 2016. Since then the fund has no benchmark, and fund performance before the change is not applicable.

## MARKET SUMMARY

Comments from Bank of England officials indicated that the central bank might raise the policy rate soon, while at the time of writing it has been known already that interest rates are kept on hold. ECB Christine Lagarde said that market expectations for rate hikes by the end of the next year were not in line with the central bank's inflation view and rate guidance, but her pushback wasn't fully accepted by the market. GDP growth for Q3 '21 slowed to 0.5% QoQ in the US and accelerated to 2.2% QoQ in the Eurozone. Inflation jumped to 4.1% in the Euro-area, mostly due to the spike in energy prices. Chinese GDP growth for Q3 '21 declined more than expected, to 4.9% YoY, as several headwinds put pressure on activity, real estate developer Evergrande narrowly avoided default. Eurozone PMIs signalled slower growth, severe supply woes and rising prices. Following Ms. Lagarde's statements, the entire Bund curve moved higher with the front end underperforming longer maturities, UST lagged the move. Global equity markets continued to advance to record levels, supported by a robust corporate earnings season so far. Downbeat US GDP growth data and rising Bund yields helped EUR-USD to surpass the critical 1.1650 threshold. During the month, we closed positions in Ghana and Serbia, slightly cut exposure to Croatia, Poland and Kazakhstan (including quasi-sovereign positions), switched from the Ukrainian sovereign risk to MHP (one of the largest poultry producers in Ukraine) on improved fundamentals and attractive valuation, while moved Turkey closer to neutral levels, we kept all other positions unchanged.

## GENERAL INFORMATION

Fund Manager:	AEGON Hungary Fund Manager Ltd.
Custodian:	Unicredit Bank Hungary Zrt.
Main distributor:	AEGON Hungary Fund Manager Ltd.
Benchmark composition:	The fund has no benchmark
ISIN code:	HU0000724265
Start:	12/29/2020
Currency:	PLN
Net Asset Value of the whole Fund:	21,431,941 EUR
Net Asset Value of PLN series:	12,377 PLN
Net Asset Value per unit:	0.990139 PLN

## DISTRIBUTORS

Aegon Magyarország Befektetési Alapkezelő Zrt.

## SUGGESTED MINIMUM INVESTMENT PERIOD

3 mths	6 mths	1 yr	2 yr	3 yr	4 yr	5 yr
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## ASSET ALLOCATION OF THE FUND

Asset	Weight
Government bonds	79.24 %
Corporate bonds	16.52 %
Liabilities	-7.72 %
Receivables	6.53 %
Current account	5.65 %
Market value of open derivative positions	-0.20 %
<b>Total</b>	<b>100,00 %</b>
Derivative products	11.78 %
Net corrected leverage	102.05 %

## Assets with over 10% weight

There is no such instrument in the portfolio

## RISK PROFILE

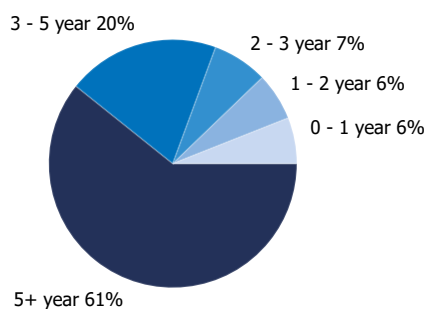
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← Lower risk → Higher risk

## NET YIELD PERFORMANCE OF THE SERIES

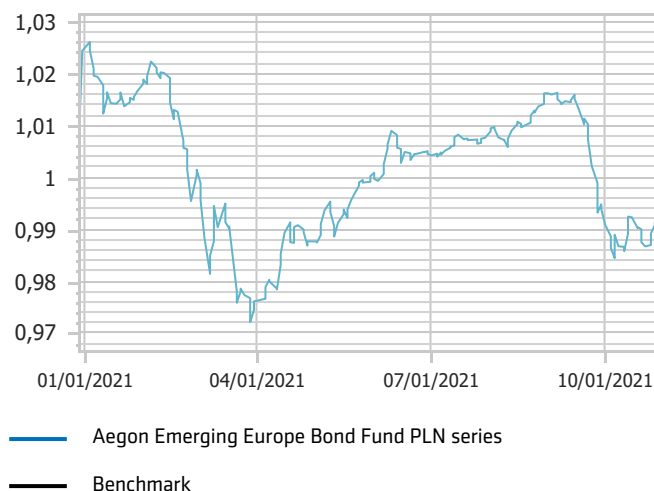
Interval	Yield of note	Benchmark yield
From start	-0.99 %	
1 month	-0.38 %	
3 months	-1.73 %	
6 months	0.25 %	

### Bonds by tenor:



## NET PERFORMANCE OF THE SERIES

net asset value per share, 12/29/2020 - 10/31/2021



## RISK INDICATORS FOR THE LAST 12 MONTHS

Annualized standard deviation of the fund's weekly yields	3.96 %
WAM (Weighted Average Maturity)	7.21 years
WAL (Weighted Average Life)	9.42 years

### 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