

## INVESTMENT POLICY OF THE FUND

The Fund's aim is to assemble an investment portfolio for its investors that is comprised of both Hungarian and international money and capital market instruments, which the Fund can optimize through ongoing dynamic asset allocation in order to attain the highest possible yield. The fund is a "total-return fund", which means that instead of concentrating on just one sub-sector of the money or capital market, at any given moment it focuses its investments on the area that holds the promise of the highest possible return. Accordingly, the fund may hold government securities and discount treasury bills issued by the State Debt Management Centre (ÁKK) on behalf of the State of Hungary, as well as bonds issued by the National Bank of Hungary, and also bank and corporate bonds that are low risk but are nevertheless likely to earn a higher return than government securities. Besides these, the Fund may also buy shares listed in the domestic or foreign share markets, and it may also hold foreign treasury instruments, bank and corporate bonds in its portfolio. The Fund does not follow a fixed benchmark, and does not adhere to a permanent ratio of shares to bonds, but aims at constantly changing this ratio within broad range, indeed, it is also prepared to take on currency risk through the purchase of international government securities and equities. At the same time, the fund maintains the option to hedge currency risks. Keeping in mind the efficient establishment of the portfolio, the Fund may also open futures positions.

## 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 did not increase its return in October. On the bond side, we reduced exposure to the hard currency bonds in the high risk segment by selling Ghanaian and Ukrainian bonds. In local currency bonds, we increased the duration in Romanian and Polish exposure. On the equity side, we realized a partial profit on the MOL exposure, increased the European bank index weight and swapped emerging market exposure for developed market exposure.

## 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:                         | HU0000712278                    |
| Start:                             | 07/16/2013                      |
| Currency:                          | HUF                             |
| Net Asset Value of the whole Fund: | 26,197,475,849 HUF              |
| Net Asset Value of R series:       | 2,054,158,563 HUF               |
| Net Asset Value per unit:          | 1.293447 HUF                    |

## DISTRIBUTORS

Aegon Magyarország Befektetési Alapkezelő Zrt., Raiffeisen Bank Zrt.

## ASSET ALLOCATION OF THE FUND

| Asset                                     | Weight          |
|---|-----------------|
| Government bonds                          | 40.46 %         |
| Corporate bonds                           | 25.45 %         |
| Collective securities                     | 9.62 %          |
| T-bills                                   | 4.56 %          |
| Hungarian equities                        | 4.53 %          |
| International equities                    | 3.40 %          |
| Current account                           | 16.28 %         |
| Liabilities                               | -9.10 %         |
| Receivables                               | 5.66 %          |
| Market value of open derivative positions | -0.85 %         |
| <b>Total</b>                              | <b>100,00 %</b> |
| Derivative products                       | 108.03 %        |
| Net corrected leverage                    | 117.71 %        |

### 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 |
|--------|--------|------|------|------|------|------|

## RISK PROFILE

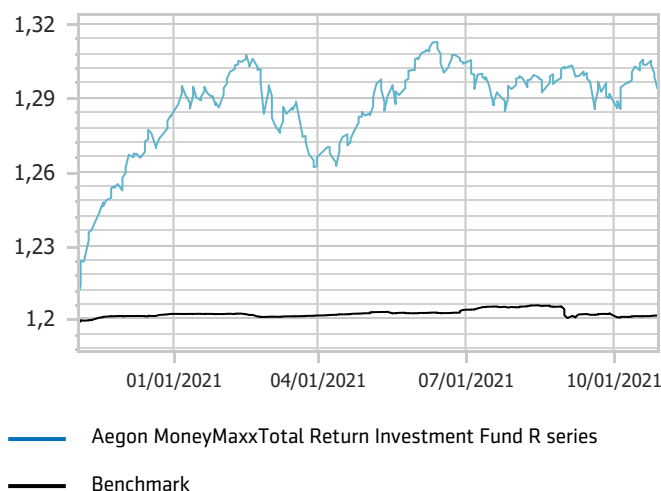
|   |   |   |   |   |   |   |
|---|---|---|---|---|---|---|
| 1 | 2 | 3 | 4 | 5 | 6 | 7 |
|---|---|---|---|---|---|---|

← Lower risk → Higher risk

| NET YIELD PERFORMANCE OF THE SERIES |               |                 |
|-------------------------------------|---------------|-----------------|
| Interval                            | Yield of note | Benchmark yield |
| From start                          | 3.15 %        | 1.13 %          |
| 2020                                | 4.93 %        | 0.41 %          |
| 2019                                | 4.02 %        | 0.23 %          |
| 2018                                | -3.30 %       | 0.31 %          |
| 2017                                | 3.08 %        | 0.20 %          |
| 2016                                | 3.70 %        | 1.22 %          |
| 2015                                | 3.25 %        | 1.50 %          |
| 2014                                | 5.32 %        | 3.31 %          |

## NET PERFORMANCE OF THE SERIES

net asset value per share, 11/01/2020 - 10/31/2021



## RISK INDICATORS FOR THE LAST 12 MONTHS

|  |            |
|--|------------|
| Annualized standard deviation of the fund's weekly yields      | 5.10 %     |
| Annualized standard deviation of the benchmark's weekly yields | 0.42 %     |
| WAM (Weighted Average Maturity)                                | 3.68 years |
| WAL (Weighted Average Life)                                    | 4.99 years |

## TOP 3 POSITIONS

| Asset                         | Type      | Counterparty / issuer | Maturity   |
|-------------------------------|-----------|-----------------------|------------|
| US 10YR NOTE (CBT)Dec21 Sell  | derivatív | Raiffeisen Hun        | 12/21/2021 |
| EUR/HUF 21.11.08 Forward Sell | derivatív | ING Bank Hun          | 11/08/2021 |
| EURO-BUND FUTURE Dec21 Sell   | derivatív | Raiffeisen Hun        | 12/08/2021 |

## 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.  
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