

## 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

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. We sold medium-term US government bonds, decreased exposure to the French government bonds along with increased exposure the German Bunds, opened long positions in medium-term US government bonds as well as short positions in the papers with the long tenors.

## 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:	HU0000702477
Start:	04/21/1999
Currency:	HUF
Net Asset Value of the whole Fund:	3,201,440,300 HUF
Net Asset Value of HUF series:	3,198,162,481 HUF
Net Asset Value per unit:	2.192288 HUF

## DISTRIBUTORS

Aegon Magyarország Befektetési Alapkezelő Zrt., Budapest Hitel-és Fejlesztési Bank Zrt., CIB Bank Zrt., CONCORDE Értékpapír Zrt., Equilor Befektetési Zrt, Erste Befektetési Zrt., Raiffeisen Bank Zrt., Unicredit Bank Hungary 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	80.02 %
T-bills	0.93 %
Current account	14.35 %
Receivables	5.50 %
Liabilities	-0.79 %
<b>Total</b>	<b>100,00 %</b>
Derivative products	34.14 %
Net corrected leverage	110.89 %
<b>Assets with over 10% weight</b>	
USGB 2042/02 3,125% (Amerikai Egyesült Államok)	

## RISK PROFILE

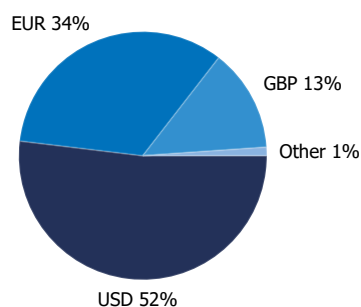
1	2	3	4	5	6	7
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← Lower risk Higher risk →

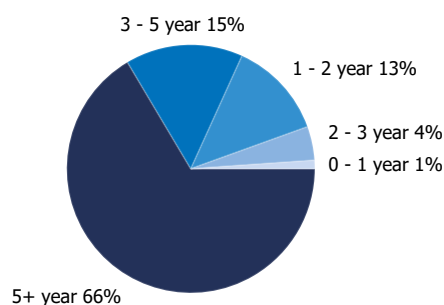
## NET YIELD PERFORMANCE OF THE SERIES

Interval	Yield of note	Benchmark yield
From start	3.55 %	4.49 %
2020	8.04 %	9.76 %
2019	5.82 %	9.57 %
2018	3.34 %	5.25 %
2017	-5.90 %	-4.07 %
2016	1.07 %	2.24 %
2015	3.72 %	4.09 %
2014	21.94 %	22.76 %
2013	-3.51 %	-4.21 %
2012	-2.48 %	-3.23 %
2011	19.06 %	17.60 %

## Currency exposure:

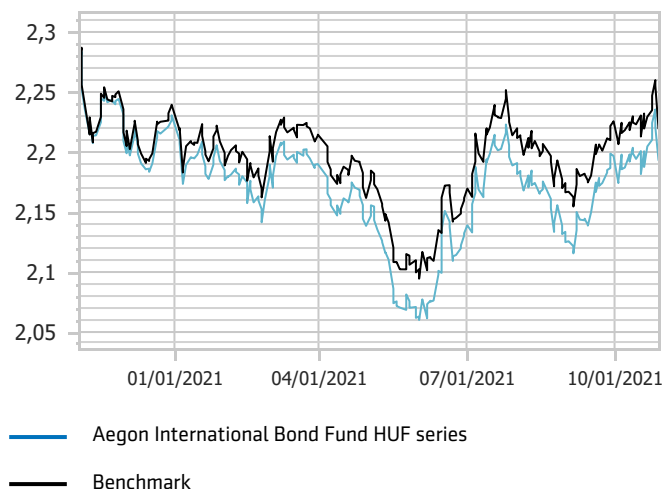


## Bonds by tenor:



## 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	7.81 %
Annualized standard deviation of the benchmark's weekly yields	7.34 %
WAM (Weighted Average Maturity)	7.50 years
WAL (Weighted Average Life)	8.98 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.

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