

## 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

In November, it seemed that the Covid pandemic became a non-factor because of the vaccination and would be just a bad memory, but unfortunately, a potentially more infectious strain had developed in South Africa by the end of the month. Within a short period of time, the new strain has appeared around the world and the question now is how governments will respond to this new challenge. Very little is known about the new variant, communication will mostly consist of encouraging the public to take the 3rd jab. If we are lucky, the current vaccines will provide enough protection against the new variant, if not then the corona virus will continue to cause problems for a long time. We do not think that there will be the repeat of the level of closures that we saw in the first or second wave.

In the US, speculation continues as to when the Fed will raise interest rates. Current pricing suggests the first hike will be next June, followed by two more. At the November Fed meeting, it was also announced that they would start the tapering by \$15 billion per month.

In Europe, the ECB President again rejected the possibility of any monetary tightening, in contrast to the Fed, stating that rising energy prices have already pushed household spending incomes into negative territory.

In Hungary, the central bank raised the benchmark interest rate by a further 30 basis points in November to 2,10%. In addition, the Hungarian National Bank reintroduced the 2-tier interest rate regime in order to stabilize the forint exchange rate. The result is that the official interest rate is 2.10% while the weekly deposit rate is 3.10%. 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 around the EUR/USD 360 level.

The fund posted a negative return in November. We suffered losses on both the equity and bond portfolios during the month due to the general market fall and a rising interest rate environment. In November, we tried to hedge our equity exposure with DAX and SP500 futures, but this was not enough to compensate for the fall in the equity markets. We intend to reduce the level of hedging by the end of the year to have a higher risk level in the fund. During the month, we opened a 15-20% forint position, taking advantage of favorable swap points around the EURHUF 370 level. Due to profit realization, we sold our position in a Covid vaccines manufacturer during last month. The stock was very volatile, we took advantage a sell-off to buy and sold the position on a rally. We kept our positions in European bank shares unchanged. If there is a major correction in the markets during the month, we will increase our risk exposure. We reduced the equity exposure in the fund to below 10% 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:                         | HU0000715982                    |
| Start:                             | 03/17/2016                      |
| Currency:                          | EUR                             |
| Net Asset Value of the whole Fund: | 40,877,549,591 HUF              |
| Net Asset Value of EUR series:     | 8,138,487 EUR                   |
| Net Asset Value per unit:          | 1.090027 EUR                    |

## DISTRIBUTORS

Aegon Magyarország Befektetési Alapkezelő Zrt., Budapest Hitel-és Fejlesztési Bank Zrt., CIB Bank Zrt., CONCORDE Értékpapír Zrt., Equilor Befektetési Zrt, Erste Befektetési Zrt., ERSTE Group Bank AG Austria, MKB Bank Nyrt., OTP Bank Nyrt., Raiffeisen Bank Zrt., Takarékbank Zrt, Unicredit Bank Hungary Zrt.

## ASSET ALLOCATION OF THE FUND

| Asset                                     | Weight          |
|---|-----------------|
| Government bonds                          | 30.91 %         |
| T-bills                                   | 12.34 %         |
| Hungarian equities                        | 12.33 %         |
| Corporate bonds                           | 10.86 %         |
| International equities                    | 9.80 %          |
| Collective securities                     | 9.67 %          |
| Current account                           | 16.90 %         |
| Liabilities                               | -2.21 %         |
| Receivables                               | 0.23 %          |
| Market value of open derivative positions | -0.80 %         |
| <b>Total</b>                              | <b>100,00 %</b> |
| Derivative products                       | 89.17 %         |
| Net corrected leverage                    | 121.75 %        |

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

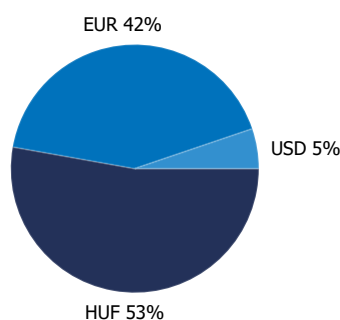
## RISK PROFILE

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

← Lower risk → Higher risk

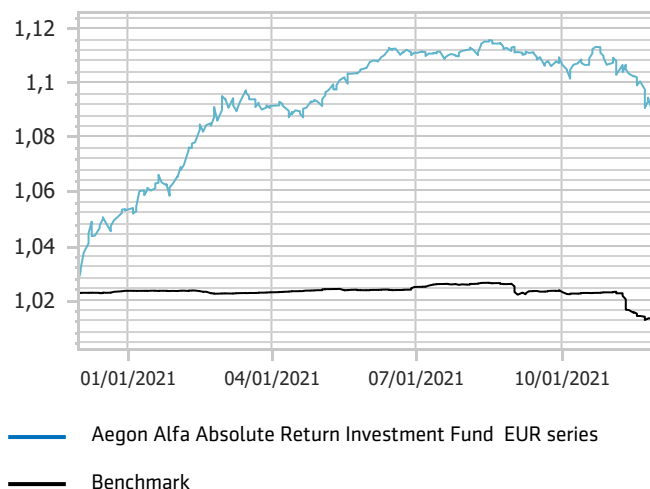
| NET YIELD PERFORMANCE OF THE SERIES |               |                 |
|-------------------------------------|---------------|-----------------|
| Interval                            | Yield of note | Benchmark yield |
| From start                          | 1.52 %        | 0.23 %          |
| 2020                                | -0.01 %       | 0.41 %          |
| 2019                                | 6.92 %        | 0.23 %          |
| 2018                                | -4.08 %       | 0.31 %          |
| 2017                                | 2.70 %        | 0.20 %          |

**Currency exposure:**



**NET PERFORMANCE OF THE SERIES**

net asset value per share, 12/01/2020 - 11/30/2021



**RISK INDICATORS FOR THE LAST 12 MONTHS**

|  |            |
|--|------------|
| Annualized standard deviation of the fund's weekly yields      | 3.09 %     |
| Annualized standard deviation of the benchmark's weekly yields | 0.82 %     |
| WAM (Weighted Average Maturity)                                | 1.65 years |
| WAL (Weighted Average Life)                                    | 1.83 years |

**TOP 3 POSITIONS**

| Asset                         | Type      | Counterparty / issuer | Maturity   |
|-------------------------------|-----------|-----------------------|------------|
| S&P500 EMINI FUT Dec21 Sell   | derivatív | Erste Bef. Hun        | 12/17/2021 |
| US 10YR NOTE (CBT)Mar22 Sell  | derivatív | Raiffeisen Hun        | 03/22/2022 |
| EUR/HUF 22.01.18 Forward Sell | derivatív | Raiffeisen Hun        | 01/18/2022 |

**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@aeon.hu | www.aegonalapkezel.hu