

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

At the beginning of December, it seemed that the Covid epidemic was no longer a concern, but unfortunately the Omicron variant started to spread very quickly. According to a recent study it was spreading four times as fast as Delta, and by the end of the month there was hardly a country without a case. So far, all we know is that it is more infectious than the earlier mutations, and we can only hope that it is not as deadly as the Delta variant was. Political leaders want to avoid widespread closures, but restrictions have been imposed in almost every country. Unless the death toll starts to rise sharply, we can be sure that widespread economic closures are nowhere to be expected, but problems could re-emerge in the supply chain which was just beginning to recover from the shock of the past year and a half.

The US Federal Reserve in its December meeting also made a decision that suggests that the cheap money policy may soon be over. The current liquidity program of 120 billion per month will be reduced by 30 billion per month over the next four months, and 2 or 3 interest rate hikes are planned for 2022.

The ECB is facing similar problems as the US Federal Reserve. Inflation is already significantly higher in Europe, but the central bank does not want to raise interest rates. Rising energy prices have been an impactful economic issue for the past month. This is having an impact on the performance of the economy, but the spike in inflation has been the biggest issue.

Hungary has been no exception to the rising inflation environment. Inflation in Hungary is also hitting record highs, in November it was at a 14-year high of 7.4%, and we are not expecting it to improve for 2022. The MNB has been trying to curb inflation with little success so far. It has continued to raise interest rates, with the 1-week depo rate at 3.8% and the base rate at 2.4%. Contrary to the central bank's expectations, the forint has not strengthened in response to the rate hikes, but sank to a new low against the euro at the end of the year.

The fund posted a negative return in December. The negative performance was mainly due to the weakening forint, rising regional yields and divergence within the equity markets. In December, the fund had an equity weight of under 10%, due to the sale of additional SP 500 futures contracts against the equities. We believe value stocks are extremely underpriced and will perform well in the future relative to the overall market. In HUF, we have further increased our long position around the EURHUF 370 level. We also bought European bank shares and Hungarian government bonds with a 5-year maturity yielding above 4%.

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: | HU0000708318 |
| Start: | 11/17/2009 |
| Currency: | PLN |
| Net Asset Value of the whole Fund: | 40,126,888,534 HUF |
| Net Asset Value of PLN series: | 68,614,052 PLN |
| Net Asset Value per unit: | 2.734654 PLN |

DISTRIBUTORS

Aegon Towarzystwo Ubezpieczen na Zycie Spolka, ERSTE Group Bank AG Austria

ASSET ALLOCATION OF THE FUND

| Asset | Weight |
|---|-----------------|
| Government bonds | 35.05 % |
| International equities | 13.10 % |
| Hungarian equities | 12.98 % |
| T-bills | 10.40 % |
| Corporate bonds | 10.28 % |
| Collective securities | 9.36 % |
| Current account | 9.43 % |
| Liabilities | -0.20 % |
| Receivables | 0.10 % |
| Market value of open derivative positions | -0.49 % |
| Total | 100,00 % |
| Derivative products | 93.83 % |
| Net corrected leverage | 126.89 % |

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

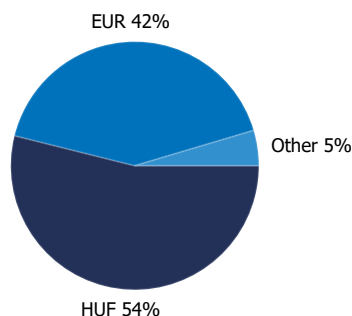
| | | | | | | |
|---|---|---|---|---|---|---|
| 1 | 2 | 3 | 4 | 5 | 6 | 7 |
|---|---|---|---|---|---|---|

← Lower risk Higher risk →

NET YIELD PERFORMANCE OF THE SERIES

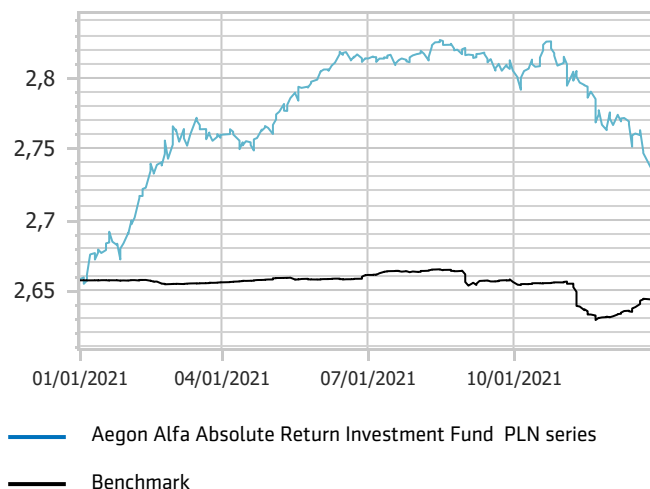
| Interval | Yield of note | Benchmark yield |
|------------|---------------|-----------------|
| From start | 3.88 % | 1.88 % |
| 2021 | 2.93 % | -0.60 % |
| 2020 | 0.72 % | 0.41 % |
| 2019 | 8.56 % | 0.23 % |
| 2018 | -2.13 % | 0.31 % |
| 2017 | 4.29 % | 0.20 % |
| 2016 | 4.03 % | 1.22 % |
| 2015 | 4.63 % | 1.50 % |
| 2014 | 7.32 % | 3.31 % |
| 2013 | 9.75 % | 6.54 % |
| 2012 | 13.54 % | 7.01 % |
| 2011 | -2.88 % | 5.00 % |

Currency exposure:



NET PERFORMANCE OF THE SERIES

net asset value per share, 01/01/2021 - 12/31/2021



RISK INDICATORS FOR THE LAST 12 MONTHS

| | |
|--|------------|
| Annualized standard deviation of the fund's weekly yields | 2.63 % |
| Annualized standard deviation of the benchmark's weekly yields | 0.87 % |
| WAM (Weighted Average Maturity) | 1.72 years |
| WAL (Weighted Average Life) | 1.88 years |

TOP 3 POSITIONS

| Asset | Type | Counterparty / issuer | Maturity |
|-------------------------------------|------------------|----------------------------------|------------|
| S&P500 EMINI FUT Mar22 (Erste) Sell | derivatív | Erste Bef. Hun | 03/18/2022 |
| EUR/HUF 22.01.18 Forward Sell | derivatív | Raiffeisen Hun | 01/18/2022 |
| 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 | alapkezelo@aegon.hu | www.aegonalapkezelo.hu