

INVESTMENT POLICY OF THE FUND

The objective of the fund is to get a share of the yields of the Turkish equity market, and to benefit on the Turkish economy growth through equity rates and dividends incomes. In accordance with the risk features of the equity investments, the fund is considered as a high-risk investment. According to the intentions of the Fund Manager, the portfolio of the Fund is predominantly formed by equities publicly issued by foreign companies, so the ratio of equities in the fund may reach the legal maximum at the time. Primary targets of investment are the equities of companies listed on the stock that operate in Turkey or make most of their revenues in those countries. The fund registers its assets in Hungarian Forint, the Fund Manager is entitled to cover part of all the currency risks with forward currency positions, while complying with the effective legal provisions.

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 4% 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 and underperformed the benchmark index. In December, the Turkish lira continued its volatile movement, which weighed on the fund's performance. After 5 days of continued weakness, the lira strengthened by nearly 40% against the dollar and other currencies after the Turkish president implemented a stealth interest rate hike. Our view is that this strengthening of the lira is temporary and it is only a symptomatic cure of the problem. The fund continues to hold positions in export-oriented and cash-rich companies as we believe these are the companies that will weather this turbulent period the best. The composition of the banking sector in the fund has changed, with over weighting private banks and a under weighting public banks. The oil refining sector overweight has been closed down but the petrochemical sector remains overweight. At the end of the month, the fund was 100% against the index.

GENERAL INFORMATION

Fund Manager:	AEGON Hungary Fund Manager Ltd.
Custodian:	Citibank Europe plc Magyarországi Fióktelepe
Main distributor:	AEGON Hungary Fund Manager Ltd.
Benchmark composition:	100% MSCI Turkey 10/40 Net Total Return USD Index
ISIN code:	HU0000709522
Start:	01/03/2011
Currency:	HUF
Net Asset Value of the whole Fund:	2,187,443,324 HUF
Net Asset Value of institutional series:	1,269,327 HUF
Net Asset Value per unit:	1.256356 HUF

DISTRIBUTORS

Aegon Magyarország Befektetési Alapkezelő Zrt., Equilor 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
International equities	89.71 %
Current account	11.01 %
Liabilities	-0.84 %
Receivables	0.14 %
Total	100,00 %
Derivative products	17.44 %
Net corrected leverage	114.05 %

Assets with over 10% weight

There is no such instrument in the portfolio

RISK PROFILE

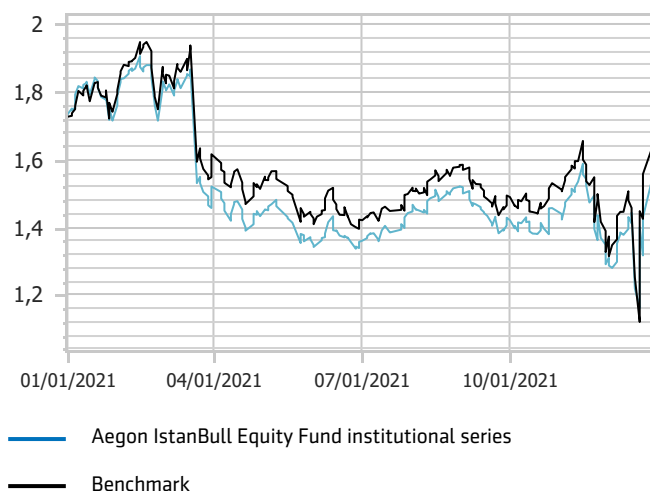
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← Lower risk → Higher risk

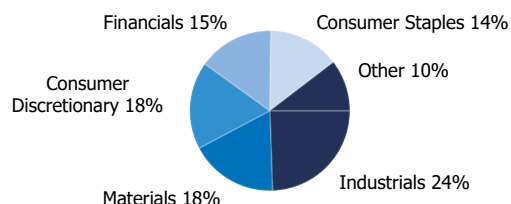
NET YIELD PERFORMANCE OF THE SERIES		
Interval	Yield of note	Benchmark yield
From start	-5.88 %	-5.50 %
2021	-27.19 %	-21.17 %
2020	-6.38 %	4.39 %
2019	22.09 %	16.70 %
2018	-36.31 %	-37.86 %
2017	19.55 %	18.55 %
2016	-6.27 %	-4.78 %
2015	-22.42 %	-25.86 %
2014	41.08 %	38.57 %
2013	-29.11 %	-28.22 %
2012	52.45 %	48.47 %

NET PERFORMANCE OF THE SERIES

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



Stocks by sectors



RISK INDICATORS FOR THE LAST 12 MONTHS

Annualized standard deviation of the fund's weekly yields	49.92 %
Annualized standard deviation of the benchmark's weekly yields	62.60 %
WAM (Weighted Average Maturity)	0.00 years
WAL (Weighted Average Life)	0.00 years

TOP 5 POSITIONS

Asset	Type	Counterparty / issuer	Maturity
BIST 30 FUTURES Feb22 Buy	derivatív	Raiffeisen Hun	02/28/2022
BIRLESIK MAGAZALAR	share	BIM BIRLESIK MAGAZALAR	
SISE	share	Sise Ti	
AKBANK T.S.A.	share	AKBANK T.A.	
EREGLI DEMIR VE CELIK FABRIK	share	EREGLI DEMIR VE CELIK FABRIK	

Legal declaration

The recent document qualifies as Portfolio Report according to the Kbfv. 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