

## INVESTMENT POLICY OF THE FUND

The fund aims to share in the yields of the Polish equity market, and to profit from Poland's economic growth through share price gains and dividend income. Given the risk profiles of the equity investments, the fund is classified as a high-risk investment.

The fund manager's intentions are that the fund's portfolio should consist predominantly of the publicly traded shares of foreign-domiciled companies. The fund's primary investment targets are the exchange-traded securities of companies that are active in Poland or that generate the bulk of their revenues there, or whose shares are listed on the Warsaw Stock Exchange. The fund may also invest in the shares of other Central and Eastern European corporations. These are listed as Austria, the Czech Republic, Hungary, Russia, Romania and Turkey; although the portfolio will always chiefly consist of the shares of companies listed on the Warsaw Stock Exchange.

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, only publicly issued securities listed or in the process of being listed on the stock exchange will be purchased as equity investments.

The fund management company, exercising all due care, determines the means of utilising the fund's resources on the basis of its own judgement and decisions, while observing the relevant legal provisions and the limitations stipulated in the Fund Documentation and by taking into account the macroeconomic environment of the investment markets, relying primarily on fundamental analysis. When compiling the portfolio, it is shares that determine the nature of the fund, and thus the proportion of shares that may be held in the fund at any given moment may reach the prevailing statutory maximum. The weights of the shares within the portfolio are determined so as to ensure that the fund - in line with our expectations with regard to future risks and yields - achieves its objective, which is to outperform the benchmark advertised by the fund, over the longer term.

The fund holds more than 30% of its assets in a currency other than the domestic currency (HUF). In accordance with the current legislation, the proportion of shares in the portfolio may be up to 100%.

## 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 achieved a positive return in December and outperformed the benchmark index. At the end of the month, Polish banks were overweight again. We kept our exposure to a video game maker and an online retailer unchanged. The retail sector remains overweight, while the gaming, telecom, utilities and information sectors are underweight. In November, the mid-cap sector remained overweight against the large-cap exposure. The fund remains overweight against the benchmark index at 105%.

## GENERAL INFORMATION

Fund Manager:	AEGON Hungary Fund Manager Ltd.
Custodian:	Unicredit Bank Hungary Zrt.
Main distributor:	AEGON Hungary Fund Manager Ltd.
Benchmark composition:	100% MSCI Poland IMI Loc Net
ISIN code:	HU0000710835
Start:	01/22/2019
Currency:	PLN
Net Asset Value of the whole Fund:	71,099,540 PLN
Net Asset Value of PLN series:	13,906,852 PLN
Net Asset Value per unit:	1.009688 PLN

## DISTRIBUTORS

Aegon Towarzystwo Ubezpieczen na Zycie Spolka

## 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	95.57 %
Hungarian equities	1.09 %
Current account	4.52 %
Liabilities	-1.47 %
Receivables	0.31 %
<b>Total</b>	<b>100,00 %</b>
Derivative products	8.21 %
Net corrected leverage	108.51 %

## Assets with over 10% weight

PKO Bank

## RISK PROFILE

1	2	3	4	5	6	7
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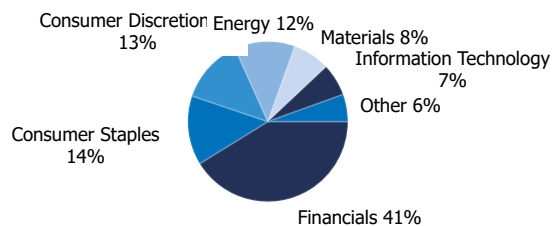
← Lower risk

Higher risk →

## NET YIELD PERFORMANCE OF THE SERIES

Interval	Yield of note	Benchmark yield
From start	0.33 %	0.50 %
2021	20.14 %	21.27 %
2020	-9.19 %	-9.83 %

## Stocks by sectors



## 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	15.61 %
Annualized standard deviation of the benchmark's weekly yields	15.61 %
WAM (Weighted Average Maturity)	0.00 years
WAL (Weighted Average Life)	0.00 years

## TOP 5 POSITIONS

Asset	Type	Counterparty / issuer	Maturity
PKO Bank	share	PKO Bank	
Bank Pekao SA	share	Bank Pekao SA	
MIDWIG INDEX FUT Mar22 Buy	derivatív	Erste Bef. Hun	03/18/2022
POWSZECHNY ZAKŁAD UBEZPIECZEŃ	share	POWSZECHNY ZAKŁAD UBEZPIECZEŃ	
LPP	share	LPP	

## 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.

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