

INVESTMENT POLICY OF THE FUND

The Fund's aim is to assemble an investment portfolio for its investors that is comprised of both Hungarian and international money and capital market instruments, which the Fund can optimize through ongoing dynamic asset allocation in order to attain the highest possible yield. The fund is a "total-return fund", which means that instead of concentrating on just one sub-sector of the money or capital market, at any given moment it focuses its investments on the area that holds the promise of the highest possible return. Accordingly, the fund may hold government securities and discount treasury bills issued by the State Debt Management Centre (ÁKK) on behalf of the State of Hungary, as well as bonds issued by the National Bank of Hungary, and also bank and corporate bonds that are low risk but are nevertheless likely to earn a higher return than government securities. Besides these, the Fund may also buy shares listed in the domestic or foreign share markets, and it may also hold foreign treasury instruments, bank and corporate bonds in its portfolio. The Fund does not follow a fixed benchmark, and does not adhere to a permanent ratio of shares to bonds, but aims at constantly changing this ratio within broad range, indeed, it is also prepared to take on currency risk through the purchase of international government securities and equities. At the same time, the fund maintains the option to hedge currency risks. Keeping in mind the efficient establishment of the portfolio, the Fund may also open futures positions.

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. On the bond side we sold the Turkish and Polish exposures as the rise in local currency interest rates was higher than we expected. On the FX side, we kept our 10% long HUF position against the euro unchanged. On the equity side, we closed the Turkish equity index position as the movement of the lira made the Turkish market very volatile. The SP 500 index short position in the US equity market was also stopped out when the index reached a new all-time high. On the commodity side, the oil position was stopped out when oil went below \$65.

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:	HU0000716014
Start:	03/08/2016
Currency:	HUF
Net Asset Value of the whole Fund:	24,906,645,273 HUF
Net Asset Value of institutional series:	13,388,063,483 HUF
Net Asset Value per unit:	1.073157 HUF

DISTRIBUTORS

Aegon Magyarország Befektetési Alapkezelő Zrt., Equilor Befektetési Zrt, Raiffeisen Bank Zrt., Unicredit Bank Hungary Zrt.

ASSET ALLOCATION OF THE FUND

Asset	Weight
Government bonds	31.19 %
Corporate bonds	29.06 %
Collective securities	9.18 %
T-bills	6.44 %
Hungarian equities	4.68 %
International equities	3.57 %
Current account	16.15 %
Liabilities	-0.11 %
Receivables	0.01 %
Market value of open derivative positions	-0.15 %
Total	100,00 %
Derivative products	99.46 %
Net corrected leverage	116.23 %

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
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RISK PROFILE

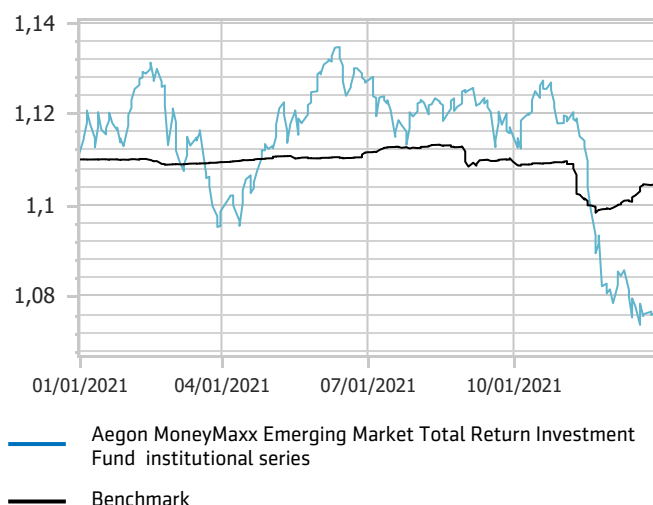
1	2	3	4	5	6	7
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← Lower risk Higher risk →

NET YIELD PERFORMANCE OF THE SERIES		
Interval	Yield of note	Benchmark yield
From start	1.22 %	0.29 %
2021	-3.31 %	-0.60 %
2020	4.59 %	0.41 %
2019	3.73 %	0.23 %
2018	-3.63 %	0.31 %
2017	3.28 %	0.20 %

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	4.19 %
Annualized standard deviation of the benchmark's weekly yields	0.87 %
WAM (Weighted Average Maturity)	3.16 years
WAL (Weighted Average Life)	4.41 years

TOP 3 POSITIONS

Asset	Type	Counterparty / issuer	Maturity
US 10YR NOTE (CBT)Mar22 Sell	derivatív	Raiffeisen Hun	03/22/2022
EUR/HUF 22.02.23 Forward Sell	derivatív	ING Bank Hun	02/23/2022
Magyar Államkötvény 2029/A	interest-bearing	Államadósság Kezelő Központ Zrt.	05/23/2029

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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