

INVESTMENT POLICY OF THE FUND

The Fund aims to achieve a higher return than that of short-term bonds by investing in bonds of low volatility and limited-risk profile issued or guaranteed by certain specified states, quasi-sovereign corporations, national banks or supranational institutions. The Fund invests most of its available assets in low-risk instruments, i.e. bonds issued or guaranteed by the Hungarian state or states with a credit rating at least equal to or better than the latter's latest rating (or by their debt management agencies), quasi-sovereign companies, national banks or supranational institutions. The Fund may hold bank deposits, or cash, and enter into repo and reverse repo transactions. The maximum interest rate risk with respect to the Fund as a whole (i.e. its duration) is 3 years, while the weighted average maturity of the individual securities is a maximum of 10 years. For bonds denominated in currencies other than Hungarian forint, the asset manager seeks to fully hedge the foreign exchange risk, and may only deviate from this at the expense of risky assets (i.e. in the case of foreign exchange under/over-hedging). The Fund uses a small portion of its available assets to purchase risky instruments – domestic and foreign equities, equity indexes, higher risk bonds, foreign exchange, commodity market products and collective investment securities on the spot and futures markets. The Fund may enter into both long and short trades. Based on the approach followed when purchasing risky assets, the Fund is an absolute return fund: it selects investment options with the best possible expected return/risk ratio from the options available to it on the domestic and international money and capital markets. There is no possibility for making individual investor decisions in respect of the Fund.

MARKET SUMMARY

In January, investors almost completely forgot about what has been weighing on their investment decisions over the past two years. It seems that the Omicron variant of the Covid virus, although spreading much faster, has a much weaker impact on humans than previous variants. The strain on the health infrastructure is not as great and the mortality rate is significantly lower.

It was a cold shower for the markets that after the rate decision meeting in January, Fed Chairman Jay Powell stated in the strongest possible terms that now the Fed's leaders could see that their inflation expectations of last year had not been met, that inflation was significantly higher than they had expected and that they would therefore do everything possible to bring inflation down to the Fed's preferred level in 2022. The chairman outlined a plan that caused panic in the markets. According to these plans, the tapering would be drastically accelerated and interest rates would be raised as early as March. This was not well received by the markets and investors suffered the worst January sell-off ever. In Europe, labour market is less stretched, but ECB can't rule out a rate hike in 2022 anymore.

The Hungarian National Bank continued to raise interest rates in January in response to the high inflation figures. The base rate was increased by 50 basis points to 2.90% while the one-week deposit rate was raised by 30 basis points to 4.30%. The EURHUF exchange rate finally reacted to the continuous rate hikes, falling from 370 to 352.

We bought a small amount of 2025/B government bonds in the first half of the month, but the fund's interest rate exposure remains low. The market is speculating on the end of the rate hike cycle and the expected terminal rate, but with core inflation rising (another surprise to the upside) this may take some time, so we are basically holding a significant part of the fund's capital in short HTB and one-week deposits. However, at the beginning of the year, short yields corrected significantly from the very low levels, so it could be a good choice to move a little higher on the curve for this period, but caution is warranted, so we plan to actively rotate instruments here. In risk assets, we opened RUB long against USD: on fundamentals, macro, hawkish central bank, carry and other indicators, the ruble is the standout emerging currency, so with the events in Kazakhstan and the developments in Ukraine and the NATO/Russia squabble having significantly reduced the positioning in Russian assets, and a sizeable geopolitical risk premium built into prices, we felt it was time to enter as long as the portfolio limits allowed. We expect that sooner or later this geopolitical conflict will quiet down without a war: the typical Russian negotiating strategy is to deploy troops on the border, and if Putin really wanted to attack, we think he would have done so months ago, by surprise, and not given Ukraine several months to prepare.

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 + 0.5%
ISIN code:	HU0000705157
Start:	03/19/2007
Currency:	HUF
Net Asset Value of the whole Fund:	411,526,754 HUF
Net Asset Value of HUF series:	411,526,754 HUF
Net Asset Value per unit:	1.644031 HUF

DISTRIBUTORS

Aegon Magyarország Befektetési Alapkezelő Zrt., Commerzbank Zrt., CONCORDE Értékpapír Zrt., Equilor Befektetési Zrt., Erste Befektetési Zrt., Raiffeisen Bank Zrt., SPB Befektetési Zrt., Takarékbank 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
T-bills	35.22 %
Government bonds	22.02 %
International equities	0.38 %
Deposit	40.11 %
Current account	2.36 %
Liabilities	-0.03 %
Market value of open derivative positions	-0.07 %
Total	100,00 %
Derivative products	4.02 %
Net corrected leverage	102.03 %

Assets with over 10% weight

D220209 (Államadósság Kezelő Központ Zrt.)

2024C (Államadósság Kezelő Központ Zrt.)

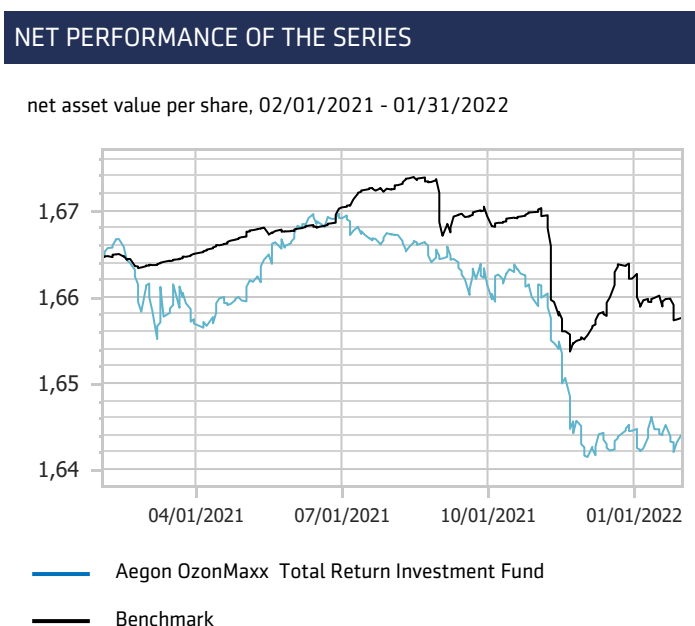
2025B (Államadósság Kezelő Központ Zrt.)

RISK PROFILE

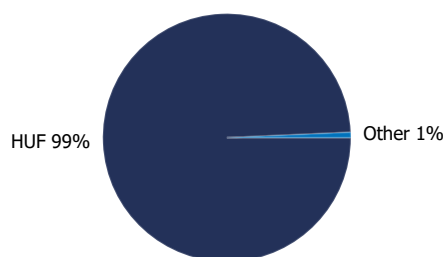
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← Lower risk Higher risk →

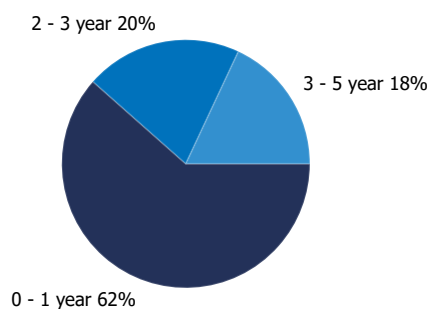
NET YIELD PERFORMANCE OF THE SERIES		
Interval	Yield of note	Benchmark yield
From start	3.40 %	3.87 %
2021	-1.17 %	-0.10 %
2020	0.89 %	0.92 %
2019	0.50 %	0.74 %
2018	0.08 %	0.81 %
2017	0.30 %	0.22 %
2016	1.14 %	1.22 %
2015	1.74 %	1.50 %
2014	3.75 %	3.31 %
2013	5.80 %	5.71 %
2012	7.87 %	8.52 %



Currency exposure:



Bonds by tenor:



RISK INDICATORS FOR THE LAST 12 MONTHS

Annualized standard deviation of the fund's weekly yields	0.98 %
Annualized standard deviation of the benchmark's weekly yields	0.88 %
WAM (Weighted Average Maturity)	0.67 years
WAL (Weighted Average Life)	0.70 years

TOP 5 POSITIONS			
Asset	Type	Counterparty / issuer	Maturity
HUF Betét	Betét	OTP Bank	02/03/2022
D220209	zero coupon	Államadósság Kezelő Központ Zrt.	02/09/2022
Magyar Államkötvény 2024/C	interest-bearing	Államadósság Kezelő Központ Zrt.	10/24/2024
Magyar Államkötvény 2025/B	interest-bearing	Államadósság Kezelő Központ Zrt.	06/24/2025
D220413	zero coupon	Államadósság Kezelő Központ Zrt.	04/13/2022

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@egon.hu | www.aegonalapkezelo.hu