

## INVESTMENT POLICY OF THE FUND

The aim of the Fund is to create an investment portfolio through asset allocation between and within asset classes that achieves annualised capital growth for investors higher than the benchmark over a 3-year time horizon. The Fund seeks investment opportunities primarily in emerging markets. In order to realise the investment objectives, the asset groups in the Fund's portfolio may be freely varied without having to adhere to any predetermined risk profile.

The Fund is a "total return" fund, which can invest in several asset classes, i.e. instead of focusing on just one sub-sector of the money or capital market, it concentrates its investments within a combination of assets that promises the highest possible return at any given time. The Fund does not aim to track a fixed benchmark, nor does it adhere to a fixed equity-to-bond portfolio ratio, but seeks to vary this ratio within broad boundaries, with the composition of the portfolio changing dynamically in order to achieve the Fund's return target. The Fund's investments focus on emerging markets. The Fund primarily allocates its assets between emerging-market local currency government securities, hard currency government and corporate bonds, and equity markets, in accordance with the latest market expectations. The Fund may thus assume interest rate risk, currency risk, credit risk, as well as equity market risk. The Fund may take positions in other regions and markets (e.g. commodity markets) besides the emerging markets. The Fund hedges most of its currency positions, but it may also take open currency positions. In the interest of efficient portfolio design, the Fund may also assume forward and futures positions.

## MARKET SUMMARY

The protracted conflict between Russia and Ukraine is likely to mean that the consequences of war will haunt the world's economies for a long time to come. If we analyze just the economic effects, we see that many things have happened that were previously unthinkable to happen to a nuclear superpower. The Russian central bank's reserves held in foreign banks has been frozen and seven Russian banks have been cut off from the SWIFT system. It is too early to analyze the long-term effects of these decisions, but it is likely to fundamentally reshape the financial world.

The war could also affect the US Federal Reserve's interest rate policy. The Fed has recently communicated that it will focus on inflation and raise interest rates. Never before has the US Federal Reserve raised interest rates when nuclear power initiated a war. The problem is that the war has exacerbated inflationary trends, so the Fed has to respond in some way. At its March policy meeting, it raised its benchmark rate by 25 basis points, which seems ridiculous in the face of inflation of nearly 7%. Of course, US investment banks are also not willing to miss the predictions, and Goldman Sachs expects not 4 but 5 more US rate hikes next year, in addition to the 6 for this year.

The MNB continued to raise interest rates in March in response to the high inflation figures. In March, the MNB raised the base rate by 100 basis points to 4.40% and the one-week deposit rate from 4.60 to 6.15. The EURHUF exchange rate was highly volatile in March due to the Russian-Ukrainian conflict. It reached a new all-time high of 400 forints against the euro at the beginning of the month, but as the National Bank raised interest rates the forint strengthened and returned to 370 by the end of the month.

The fund posted a negative return in March. We are still holding our Ukrainian government bonds exposure, but we reduced the fund's Russian corporate bonds position during the month. We sold all of our Romanian bonds and instead we added Hungarian government hard currency bonds to the portfolio. We also reduced our exposure to the developed market bonds. On the equity side, the fund's Russian futures position expired at 0, and we also reduced the European bank index weighting and bought OTP and Erste shares instead. Due to changing geopolitical events, we also currently hold 5% gold in the fund. On the currency side, we actively traded the forint against the euro. We bought HUF against EUR at 385 and closed at 370. At the end of the month we bought dollars against the forint.

## GENERAL INFORMATION

|                                    |                                 |
|------------------------------------|---------------------------------|
| Fund Manager:                      | AEGON Hungary Fund Manager Ltd. |
| Custodian:                         | Unicredit Bank Hungary Zrt.     |
| Main distributor:                  | AEGON Hungary Fund Manager Ltd. |
| Benchmark composition:             | Hurdle rate, annual 3%          |
| ISIN code:                         | HU0000712278                    |
| Start:                             | 07/16/2013                      |
| Currency:                          | HUF                             |
| Net Asset Value of the whole Fund: | 17,582,363,469 HUF              |
| Net Asset Value of R series:       | 1,650,350,754 HUF               |
| Net Asset Value per unit:          | 1.042327 HUF                    |

## DISTRIBUTORS

Aegon Magyarország Befektetési Alapkezelő Zrt., Raiffeisen Bank Zrt.

## ASSET ALLOCATION OF THE FUND

| Asset                                     | Weight          |
|---|-----------------|
| Government bonds                          | 33.16 %         |
| Corporate bonds                           | 31.68 %         |
| Collective securities                     | 11.11 %         |
| Hungarian equities                        | 6.58 %          |
| International equities                    | 6.10 %          |
| T-bills                                   | 4.27 %          |
| Current account                           | 15.75 %         |
| Liabilities                               | -10.17 %        |
| Receivables                               | 3.02 %          |
| Market value of open derivative positions | -1.50 %         |
| <b>Total</b>                              | <b>100,00 %</b> |
| Derivative products                       | 78.45 %         |
| Net corrected leverage                    | 111.42 %        |

### 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

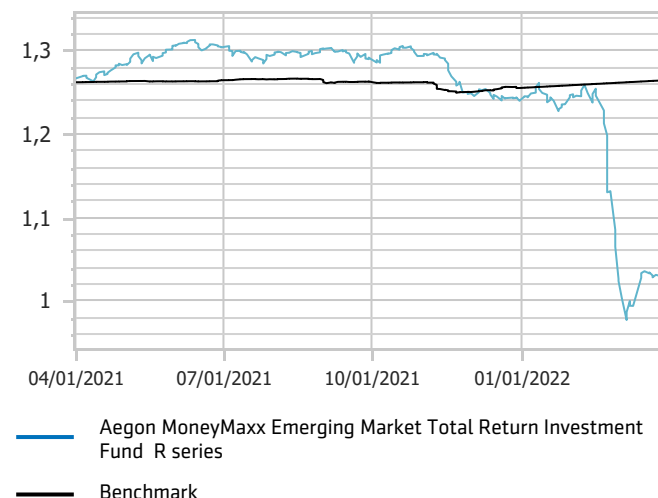
|   |   |   |   |   |   |   |
|---|---|---|---|---|---|---|
| 1 | 2 | 3 | 4 | 5 | 6 | 7 |
|---|---|---|---|---|---|---|

← Lower risk Higher risk →

| NET YIELD PERFORMANCE OF THE SERIES |               |                 |
|-------------------------------------|---------------|-----------------|
| Interval                            | Yield of note | Benchmark yield |
| From start                          | 0.48 %        | 1.10 %          |
| 2021                                | -3.32 %       | -0.60 %         |
| 2020                                | 4.93 %        | 0.41 %          |
| 2019                                | 4.02 %        | 0.23 %          |
| 2018                                | -3.30 %       | 0.31 %          |
| 2017                                | 3.08 %        | 0.20 %          |
| 2016                                | 3.70 %        | 1.22 %          |
| 2015                                | 3.25 %        | 1.50 %          |
| 2014                                | 5.32 %        | 3.31 %          |

## NET PERFORMANCE OF THE SERIES

net asset value per share, 04/01/2021 - 03/31/2022



## RISK INDICATORS FOR THE LAST 12 MONTHS

|  |            |
|--|------------|
| Annualized standard deviation of the fund's weekly yields      | 16.54 %    |
| Annualized standard deviation of the benchmark's weekly yields | 0.89 %     |
| WAM (Weighted Average Maturity)                                | 2.74 years |
| WAL (Weighted Average Life)                                    | 4.20 years |

## TOP 3 POSITIONS

| Asset                         | Type             | Counterparty / issuer            | Maturity   |
|-------------------------------|------------------|----------------------------------|------------|
| EUR/HUF 22.05.31 Forward Sell | derivatív        | Erste Bank Hun                   | 05/31/2022 |
| Magyar Államkötvény 2029/A    | interest-bearing | Államadósság Kezelő Központ Zrt. | 05/23/2029 |
| MSCI EmgMkt Jun22 Buy         | derivatív        | Raiffeisen Hun                   | 06/17/2022 |

## 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.aegonalapkezel.hu