

## INVESTMENT POLICY OF THE FUND

The aim of the fund is to achieve a substantial yield for investors by taking high risks and making active use of derivative positions. The Fund applies special investment strategies used by hedge funds to establish its strategy. The fund is willing to buy or sell all available investment instruments - domestic and foreign bonds (treasury bonds, discounted treasury bills, bonds issued by the National Bank of Hungary, as well as low-risk bank and corporate bonds expected to bring higher yields than the state securities) Equities and other securities, indices and currencies - provided it sees the opportunity to make substantial gains – up to the maximum limit allowed by the law, which allows double leverage for the Fund. In its investment decisionmaking mechanism, the Fund considers fundamental pricing, technical and behavioral psychological factors To ensure liquidity the Fund aims to hold government securities issued by the State Debt Management Centre (ÁKK) on behalf of the State of Hungary.

## MARKET SUMMARY

Although the war between Russia and Ukraine is still ongoing, the investment world is much more concerned about inflation and how central banks will respond to it. Inflation around the world is at multi-decade highs. In the Eurozone it is at levels that is similar the early 2000s, in the US it is at a 40-year high, while Hungary has also not seen such high inflation for more than 20 years. The question on everyone's mind is what central banks will do to curb inflation, and whether they can do anything at all.

In March, the US Federal Reserve raised the Fed Funds rate by 25 basis points, which seems ridiculous in the face of inflation of almost 9%. The Fed is not in an easy position. If it raises rates too high, it could very easily create a recession, but if it raises them by only 25-50 basis points, it could be too slow and inflation could rise further. Let's not forget that over the past decade, the US national debt has more than doubled and a sustained rise in interest rates would be disastrous for the US economy. Europe is not better off. Since the 2008-2009 crisis, the ECB's main task has been to support the bond markets of the South-European countries by continuously buying them.

The MNB continued to raise interest rates in April in response to high inflation figures. In April, the MNB raised the base rate by 100 basis points to 5.40% and the one-week deposit rate to 6.45%. The EURHUF exchange rate was highly volatile in April due to the Russian-Ukrainian conflict. During the month, the forint weakened from 367 to 377 against the euro. Currently, higher interest rates are unable to strengthen the Hungarian currency.

The fund posted a negative return in April. The negative return was mainly due to rising bond yields. In Q1, we started to build a Hungarian bond position in the fund with monthly purchases, which we intend to continue, and we have suffered losses on these positions due to the rise in yields. On the equity side, individual investments ended the month neutral despite the regional market sell-off. Hungarian equities accounted for 2/3 of the equities, of which the fund holds only Richter among the large capitalization Hungarian equities, the rest are regional investments. Overall, the fund has a 15% equity weight, but during the month we actively hedged this exposure by selling DAX, SP500, Eurostoxx and Nasdaq futures. This, on several occasions, resulted in a net equity weight of -10% in the fund. At oversold levels we closed these index positions, but when we saw further risks pointing downward we reopened them again. We intend to continue with this strategy in the future as we do not expect outstanding performance from equities in this current stagflationary period. The currency exposure is fully hedged. The 5% gold position is kept unchanged for diversification reasons until it goes below certain technical levels.

## 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 0.2%        |
| ISIN code:                         | HU0000715982                    |
| Start:                             | 03/17/2016                      |
| Currency:                          | EUR                             |
| Net Asset Value of the whole Fund: | 36,185,505,315 HUF              |
| Net Asset Value of E series:       | 7,483,156 EUR                   |
| Net Asset Value per unit:          | 1.031398 EUR                    |

## DISTRIBUTORS

Aegon Magyarország Befektetési Alapkezelő Zrt., Budapest Hitel-és Fejlesztési Bank Zrt., CIB Bank Zrt., CONCORDE Értékpapír Zrt., Equilor Befektetési Zrt, Erste Befektetési Zrt., ERSTE Group Bank AG Austria, MKB Bank Nyrt., OTP Bank Nyrt., Raiffeisen Bank 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 |
|--------|--------|------|------|------|------|------|

## ASSET ALLOCATION OF THE FUND

| Asset                                     | Weight          |
|---|-----------------|
| Government bonds                          | 51.06 %         |
| Hungarian equities                        | 13.87 %         |
| Corporate bonds                           | 9.67 %          |
| Collective securities                     | 9.26 %          |
| T-bills                                   | 4.52 %          |
| International equities                    | 3.27 %          |
| Current account                           | 9.23 %          |
| Liabilities                               | -1.20 %         |
| Receivables                               | 0.65 %          |
| Market value of open derivative positions | -0.31 %         |
| <b>Total</b>                              | <b>100,00 %</b> |
| Derivative products                       | 62.23 %         |
| Net corrected leverage                    | 136.71 %        |

## Assets with over 10% weight

2031A (Államadósság Kezelő Központ Zrt.)

## RISK PROFILE

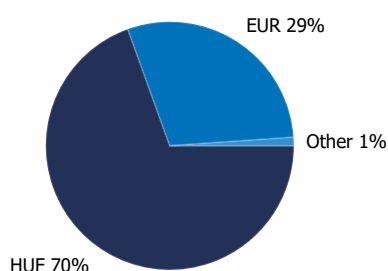
|   |   |   |   |   |   |   |
|---|---|---|---|---|---|---|
| 1 | 2 | 3 | 4 | 5 | 6 | 7 |
|---|---|---|---|---|---|---|

← Lower risk Higher risk →

## NET YIELD PERFORMANCE OF THE SERIES

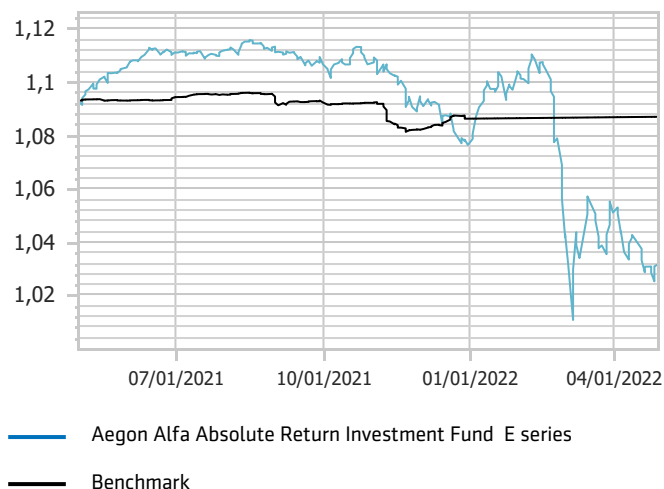
| Interval   | Yield of note | Benchmark yield |
|------------|---------------|-----------------|
| From start | 0.51 %        | 0.29 %          |
| 2021       | 2.23 %        | -0.60 %         |
| 2020       | -0.01 %       | 0.41 %          |
| 2019       | 6.92 %        | 0.23 %          |
| 2018       | -4.08 %       | 0.31 %          |
| 2017       | 2.70 %        | 0.20 %          |

### Currency exposure:



## NET PERFORMANCE OF THE SERIES

net asset value per share, 05/01/2021 - 04/30/2022



## RISK INDICATORS FOR THE LAST 12 MONTHS

|  |            |
|--|------------|
| Annualized standard deviation of the fund's weekly yields      | 8.06 %     |
| Annualized standard deviation of the benchmark's weekly yields | 0.86 %     |
| WAM (Weighted Average Maturity)                                | 3.46 years |
| WAL (Weighted Average Life)                                    | 3.90 years |

## TOP 3 POSITIONS

| Asset                        | Type             | Counterparty / issuer            | Maturity   |
|------------------------------|------------------|----------------------------------|------------|
| Magyar Államkötvény 2031/A   | interest-bearing | Államadósság Kezelő Központ Zrt. | 10/22/2031 |
| NASDAQ 100 E-MINI Jun22 Sell | derivatív        | Erste Bef. Hun                   | 06/17/2022 |
| Magyar Államkötvény 2026/D   | interest-bearing | Államadósság Kezelő Központ Zrt. | 12/22/2026 |

### 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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