

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

In July, the focus for investors remained on inflation and whether central banks can and will do anything about it. Although the US and European central banks have raised interest rates, these levels are still a long way from being able to make a meaningful impact on inflation. This situation is likely to persist for the rest of the year until investors are convinced that inflation has indeed peaked.

The US Federal Reserve raised interest rates again in July by 75 basis points, so the Fed fund's rate is now 2.50%, which is very low compared to inflation of 9%. Perhaps the biggest challenge facing the Fed is to maintain its creditworthiness. If the markets perceive that the Fed does not want to keep interest rates above a certain level, even though inflation is not yet under control, it will cause very serious structural problems.

Europe faces even bigger problems, which the Russian-Ukrainian war escalates even further. Inflation here is also very high, but the biggest problem is the energy supply. Russian gas is not coming in as much as in the past and this is having a negative impact on economic performance. If this continues into the winter period, some forecasts suggest that European economic performance could fall by 20-30%.

Hungary is no exception to the effects of inflation and the central bank is aggressively raising interest rates to curb consumption. The base rate is already 10.75% and another 100 basis point hike is priced in by the market for August. Unfortunately, Hungarian inflation is being impacted by a steadily weakening forint, but perhaps the region's highest interest rate environment will stop the Hungarian currency from weakening further.

The fund posted a negative return in July, which was mainly due to the bond exposure. Bond yields were still rising at the beginning of July but started to fall towards the end of the month. In July, we continued to buy long-term Hungarian bonds, further increasing interest rate risk. Although the MNB raised interest rates by 100 basis points in July, our view is that this is a very good entry level for buying long-dated bonds. We continue to believe that economies are heading into a prolonged recession, some are already in it, and in this environment bonds will perform well. On the FX side, we remain long 30% forint against the euro, as we believe the forint has weakened too much and in a short period of time. We continue to hold a 15% long equity weighting in the fund, we have not taken any new positions, but our strategic view is that markets are still trending down, so in the event of a rally we will cut the equity position back to as low as 0%. We do not currently hold any positions in commodities as this asset class does not perform well in a recessionary environment.

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 0.9% |
| ISIN code: | HU0000715990 |
| Start: | 03/17/2016 |
| Currency: | USD |
| Net Asset Value of the whole Fund: | 32,984,296,736 HUF |
| Net Asset Value of U series: | 3,433,658 USD |
| Net Asset Value per unit: | 1.056613 USD |

DISTRIBUTORS

Aegon Magyarország Befektetési Alapkezelő Zrt., Budapest Hitel-és Fejlesztési Bank Zrt., CIB Bank Zrt., CONCORDE Értékpapír Zrt., Conseq Investment Management, a.s., Equilor Befektetési Zrt., Erste Befektetési Zrt., ERSTE Group Bank AG Austria, 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 | 63.92 % |
| Hungarian equities | 11.25 % |
| Collective securities | 9.94 % |
| Corporate bonds | 8.73 % |
| International equities | 3.76 % |
| Current account | 9.37 % |
| Liabilities | -0.63 % |
| Receivables | 0.13 % |
| Market value of open derivative positions | -6.47 % |
| Total | 100,00 % |
| Derivative products | 75.19 % |
| Net corrected leverage | 108.64 % |

Assets with over 10% weight

2031A (Államadósság Kezelő Központ Zrt.)

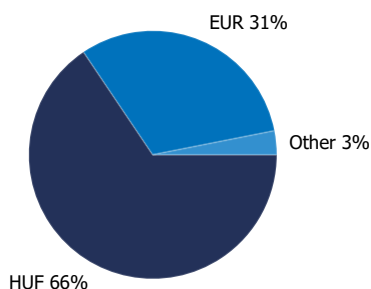
RISK PROFILE

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

← Lower risk → Higher risk

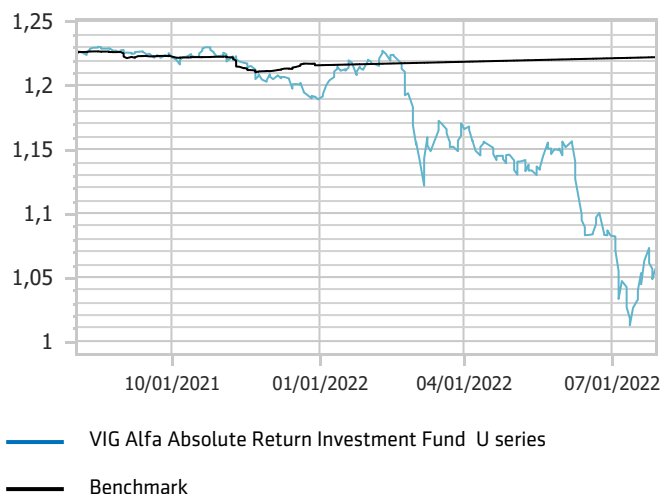
| NET YIELD PERFORMANCE OF THE SERIES | | |
|-------------------------------------|---------------|-----------------|
| Interval | Yield of note | Benchmark yield |
| From start | 0.87 % | 0.35 % |
| 2021 | 2.99 % | -0.60 % |
| 2020 | 1.65 % | 0.41 % |
| 2019 | 9.74 % | 0.23 % |
| 2018 | -1.66 % | 0.31 % |
| 2017 | 3.93 % | 0.20 % |

Currency exposure:



NET PERFORMANCE OF THE SERIES

net asset value per share, 08/01/2021 - 07/31/2022



RISK INDICATORS FOR THE LAST 12 MONTHS

| | |
|--|------------|
| Annualized standard deviation of the fund's weekly yields | 10.96 % |
| Annualized standard deviation of the benchmark's weekly yields | 0.86 % |
| WAM (Weighted Average Maturity) | 5.19 years |
| WAL (Weighted Average Life) | 6.12 years |

TOP 3 POSITIONS

| Asset | Type | Counterparty / issuer | Maturity |
|-------------------------------|------------------|----------------------------------|------------|
| Magyar Államkötvény 2031/A | interest-bearing | Államadósság Kezelő Központ Zrt. | 10/22/2031 |
| EUR/HUF 23.05.30 Forward Sell | derivatív | ING Bank Hun | 05/30/2023 |
| EUR/HUF 23.05.31 Forward Sell | derivatív | Raiffeisen Hun | 05/31/2023 |

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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