

## INVESTMENT POLICY OF THE FUND

The fund's aim is to earn capital gains by taking positions in a wide range of assets while keeping risk under pre-defined limits. The assets are selected based on fundamental and technical criteria from the widest range of industry and country exposures possible.

Based on medium and long-term trends, the fund can buy or sell equities, bonds and other securities, and take various exposures using exchange (futures, options) and OTC derivatives (IRS and currency forwards). Naked shorts on securities are not allowed. The manager selects and builds positions based on fundamental and technical analysis in such a way, that the fund's return can exceed that of bank deposits over a medium-term horizon. Equally important focus is given to risk management which targets Level 5 risk bracket. The fund is not targeting any specific sectors, countries or asset classes, but most of its exposures will be taken on US and European exchanges, or markets regulated by the capital market authorities of the United States of America and the countries of the European Union.

The fund's net corrected risk exposure may go up to 200 percent of the portfolio, in accordance with the Hungarian capital market acts and regulations. The fund can also run a net short exposure, also in accordance with the above mentioned regulatory limits.

## 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 may 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 achieved a positive return in July. On the equity side, we further reduced exposure. During the month, the European Energy ETF was stopped out when it fell below certain technical levels. On the FX side, we kept our HUF short positions unchanged, but opened a 5% CZKHUF short position against the 10% EURHUF short, leaving the fund with a HUF short position of around 5%. We are also keeping the commodity weight low at the moment as we are not sure if the stagflationary environment will persist. If it does, we will buy it back, but until then we will only take tactical positions in them. In July, we traded actively in oil, copper, gold and silver, but held each position for a short period of time.

## GENERAL INFORMATION

Fund Manager:	AEGON Hungary Fund Manager Ltd.
Custodian:	Citibank Europe plc Magyarországi Fióktelepe
Main distributor:	AEGON Hungary Fund Manager Ltd.
Benchmark composition:	Hurdle rate, annual 3.5%
ISIN code:	HU0000714266
Start:	11/27/2014
Currency:	HUF
Net Asset Value of the whole Fund:	16,170,552,672 HUF
Net Asset Value of A series:	4,086,107,063 HUF
Net Asset Value per unit:	0.975058 HUF

## DISTRIBUTORS

Aegon Magyarország Befektetési Alapkezelő Zrt., Budapest Hitel-és Fejlesztési Bank Zrt., CIB Bank Zrt., CONCORDE Értékpapír Zrt., Equilor Befektetési Zrt, Erste Befektetési Zrt., 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
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## ASSET ALLOCATION OF THE FUND

Asset	Weight
T-bills	38.17 %
Collective securities	15.22 %
Government bonds	3.94 %
Corporate bonds	1.60 %
Current account	51.40 %
Liabilities	-9.09 %
Receivables	0.23 %
Market value of open derivative positions	-1.47 %
<b>Total</b>	<b>100,00 %</b>
Derivative products	41.89 %
Net corrected leverage	108.43 %

## Assets with over 10% weight

There is no such instrument in the portfolio

## RISK PROFILE

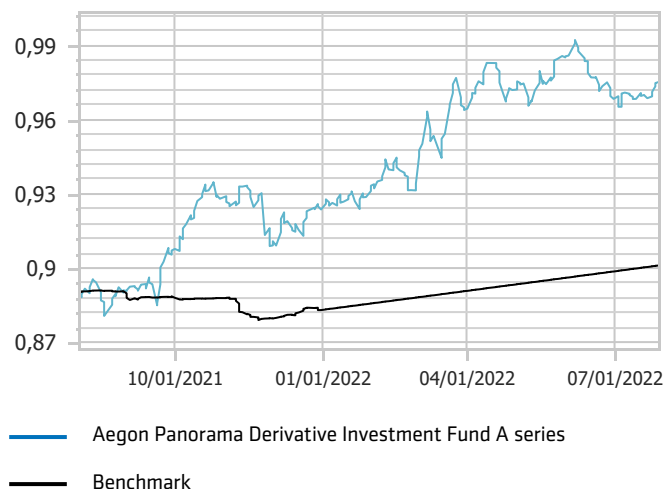
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← Lower risk Higher risk →

NET YIELD PERFORMANCE OF THE SERIES		
Interval	Yield of note	Benchmark yield
From start	-0.33 %	0.72 %
2021	10.80 %	-0.60 %
2020	2.33 %	0.41 %
2019	9.03 %	0.23 %
2018	-7.66 %	0.31 %
2017	-0.90 %	0.20 %
2016	-7.38 %	1.22 %
2015	-11.89 %	1.50 %

## 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	6.09 %
Annualized standard deviation of the benchmark's weekly yields	0.92 %
WAM (Weighted Average Maturity)	0.14 years
WAL (Weighted Average Life)	0.23 years

## TOP 3 POSITIONS

Asset	Type	Counterparty / issuer	Maturity
US 10YR NOTE (CBT)Sep22 Sell	derivatív	Raiffeisen Hun	09/21/2022
D221102	zero coupon	Államadósság Kezelő Központ Zrt.	11/02/2022
D220824	zero coupon	Államadósság Kezelő Központ Zrt.	08/24/2022

## 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.  
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