

## MARKET SUMMARY

The equity markets continued to rally in June, but as we have written before, volatility is also on the rise. Last month, the SP 500 index fell more than 2% in 3 days, while the Russell 2000 index fell more than 5% during this period. Although both indices recovered their sell-offs, with the SP 500 even managing to reach a new all-time high by the end of the month, one can sense that investor confidence in the markets are waning. This is understandable after the US interest rate decision in June. Up until then, the US Federal Reserve has communicated that they believe inflation is transitory, and that they are sticking to their plan to raise interest rates in 2024-25. This has changed radically in June, when Fed President Jay Powell said that they now see inflation as not transitory, but they do not think it is persistent. As a result, 2- and 5-year bond yields started to rise, while long-term yields went lower. The equity markets were unsure for a couple of days how to interpret the Fed chairman's statements, but in the end the consensus was that inflation may be higher, the coming economic environment may not be as favorable for equities as it has been, but what will not change is that the Fed will do everything it can, to ensure that equity markets will not fall significantly. In Europe, the situation varies from country to country. Although the UK is one of the most vaccinated nation, they have extended the lock down over the past month because of spreading of the delta variant. Other countries are trying to open up their economies, the question is how widespread the new strain of the virus will spread and how much the death rate will increase. European macroeconomic data also shows a steadily improving trend, so politicians will face a difficult choice. If the new strain of the virus becomes too widespread, will they impose austerity again, or will they keep the easing for the sake of the economy. Hungary will continue on the path it has started since mid-May. The economy is opening up, with fewer restrictions for residents to endure. The problem is that the higher-than-expected rise in inflation. Last month the MNB has already indicated that if they see higher and persistent inflation, they will take countermeasures. In June, they made good on their promise by raising the base rate from 60 bp to 90 bp and the one-week depo rate from 75 bp to 90 bp. The forint strengthened back to 350 against the euro as a result. The fund achieved a positive return in June. By the end of the month, we had reduced the equity weighting to below 10% as we remain of the opinion that equity markets are extremely overpriced and expect a sell-off in the near future. The fund's equity investments are largely concentrated in the CEE region, but we have substantially reduced this exposure over the past month. We are concerned about the new virus variant and would like to see more clarity on its impact on the economy. We were successful in trading the euro forint cross during the month. When the forint strengthened to 346 we decreased our hedging, which we put back around the 355 level. By the end of the month, we had the usual hedging level in the fund. Our view is that the EURHUF exchange rate will trade between the 340-360 levels in the coming period.

## 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 is decidedly high-risk, particularly due to the derivative positions it takes. The fund is willing to buy or sell all available investment instruments - domestic and foreign bonds, equities and other securities, indexes and currencies - provided it sees the opportunity to make substantial gains. In this respect the fund belongs in the category of opportunistic funds that pursue a multi-strategy investment

approach. Within the multi-strategy approach pursued by the fund, 'global macro', 'long-short equity', 'convertible bond arbitrage' and 'managed futures'-type transactions dominate. In terms of asset class, the fund's investments can be divided into three main groups: it takes on extra risk in the bond, currency and equity markets, and in these markets it is prepared to take up both long and short positions within the maximum limits permitted by law, which currently allow double leverage for funds of this type. In its investment decision-making mechanism the fund assesses fundamental, pricing, technical and behavioural/psychological factors. The fund management company, exercising all due care, based on its own judgement and decisions, and while observing the relevant legal provisions and the limitations stipulated in the Fund Documentation, determines the means of utilising the fund's resources, and the weights of the various investments within the portfolio, with a view to ensuring that the fund - in line with our expectations with regard to future risks and returns - achieves its objective in the long term. 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.

## 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
ISIN code:	HU0000703970
Start:	02/10/2006
Currency:	HUF
Net Asset Value of the whole Fund:	41,833,898,351 HUF
Net Asset Value of HUF series:	22,850,989,735 HUF
Net Asset Value per unit:	2.983205 HUF

## DISTRIBUTORS

Aegon Magyarország Befektetési Alapkezelő Zrt., Budapest Hitel-és Fejlesztési Bank Zrt., CIB Bank Zrt., Commerzbank Zrt., CONCORDE Értékpapír Zrt., Equilor Befektetési Zrt., Erste Befektetési Zrt., KBC Securities Magyarországi Fióktelepe, MKB Bank Nyrt., OTP Bank Nyrt., 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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## NET YIELD PERFORMANCE OF THE SERIES

Interval	Yield of note	Benchmark yield
From start	7.36 %	4.16 %
2020	0.96 %	0.41 %
2019	7.38 %	0.23 %
2018	-3.58 %	0.31 %
2017	3.08 %	0.20 %
2016	4.08 %	1.22 %
2015	4.27 %	1.50 %
2014	6.81 %	3.31 %
2013	9.57 %	5.71 %
2012	15.05 %	8.52 %
2011	-2.73 %	5.17 %

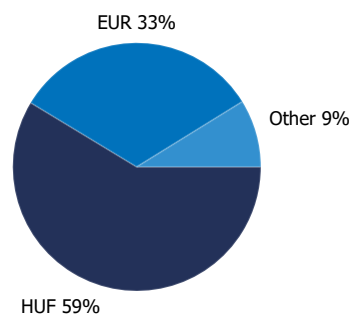
## RISK PROFILE

1	2	3	4	5	6	7
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← Lower risk Higher risk →

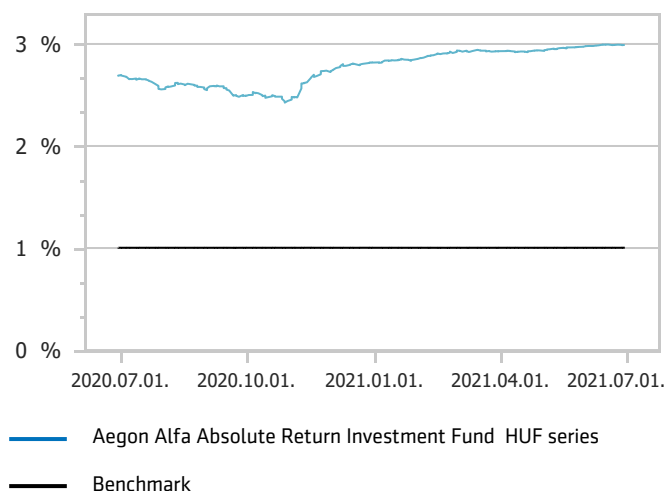
ASSET ALLOCATION OF THE FUND	
Asset	Weight
Government bonds	34.75 %
T-bills	17.83 %
Hungarian equities	9.63 %
Corporate bonds	9.33 %
Collective securities	8.36 %
International equities	1.72 %
Current account	17.31 %
Receivables	1.27 %
Liabilities	-0.33 %
Market value of open derivative positions	0.12 %
<b>total</b>	<b>100,00 %</b>
Derivative products	52.64 %
Net corrected leverage	109.78 %
<b>Assets with over 10% weight</b>	

**Currency exposure:**



**NET PERFORMANCE OF THE SERIES**

net asset value per share, 07/01/2020 - 06/30/2021



**RISK INDICATORS FOR THE LAST 12 MONTHS**

Annualized standard deviation of the fund's weekly yields	8.47 %
Annualized standard deviation of the benchmark's weekly yields	0.20 %
WAM (Weighted Average Maturity)	1.75 years
WAL (Weighted Average Life)	1.96 years

**TOP 3 POSITIONS**

Asset	Type	Counterparty / issuer	Maturity
EURO-BUND FUTURE Sep21 Sell	derivatív	Raiffeisen Hun	2021. 09. 08.
EUR/HUF 21.11.17 Forward Sell	derivatív	Raiffeisen Hun	2021. 11. 17.
Magyar Államkötvény 2023C	interest-bearing	Államadósság Kezelő Központ Zrt.	2023. 08. 23.

**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