

## MARKET SUMMARY

In July, stock markets continued their rally, and all but the Russell 2000 index reached new all-time highs. In our view, this is invariably due to the central bank's action of supplying an unlimited amount of liquidity. If we look at the valuations' of equities, we see that they are relatively higher than they were when the Nasdaq bubble burst in 2000 and the housing bubble burst in 2007. If you compare it to the previous quarter, stocks have also continued to appreciate relative to that quarter. At the end of March, the BF P/E was 22, also considered extremely high, but that number had risen to 23 by the end of July. What is noticeable, however, is that investors are not so confident that at these levels stock market values are pegged at realistic prices. Amid a minor scare in the middle of the month, there were almost no buyers and the indices fell more than 1.5% in 1 day. As we have pointed out many times before, this investment environment is solely due to the central bank's supply of unlimited liquidity. The problem will arise if inflation, contrary to the central bank's expectations, becomes permanent rather than temporary. The financial authorities will also have no choice but to raise interest rates, which in turn will hit equity investments very hard. Europe's economy has continued to improve over the past month, and this is likely to have been helped by the fact that recovery aid set up during the epidemic has started to be distributed to the member countries. The preliminary reading is that activity in the Eurozone's services sector showed a third month of growth, strengthening to 58 from 55.2 in May. At the same time, manufacturing was also strong, with a reading of 63.1 reflecting 12 months of expansion. Of course, these macroeconomic numbers could quickly turn negative if the virus starts to spread again. In addition, the ECB raised its inflation target from less than 2 percent to above 2 percent, while accepting a temporary overshoot. The move, while not new, could help the industrial sectors.

China's economy is contracting again after rising in recent months. China's manufacturing PMI was 50.9 in June after 51 in May. Caixin's China manufacturing index fell to 51.3 in June from 52 in May. The Caixin China Services Sector Purchasing Managers' Index fell sharply in June to 50.3 from 55.1 the previous month, a 14-month low. China's GDP grew by 7.9% on a year-on-year basis in the second quarter, slightly below expectations. As we can see China is slowing down and the question is what impact this will have on the world economy.

Hungary continues on the path it started in mid-May. The economy continues to open up, but the problem is the rise of inflation. In June, the central bank raised the base rate by 30 basis points, and in July raised it again by another 30 basis points. So now the base rate is 1.20 percent. The inflation figures caused the forint to weaken against the euro from 352 to 362 during the month, but it strengthened back to 358 after the announcement of the rate hike. The fund achieved a positive return in July. During the month, the commodity sector helped the fund to generate positive returns and we have further increased the weight of this sector. CEE exposure also contributed positively to the fund's performance, while core bond short exposure detracted from the fund's return, but emerging market bond positions helped the fund. The selloff in the Chinese stock market did not help the fund, although we did not have any individual Chinese stocks in the fund, we did have emerging market technology exposure and these prices fell on the Chinese news. We are overweight European equities in developed markets as we believe European equities will outperform in the near term. We closed the month with an unhedged currency exposure and under 40% equity weight in the fund.

## INVESTMENT POLICY OF THE FUND

The objective of the Fund is to provide capital return for the investors within the appropriate risk limits. The aim of the Fund is to achieve the highest possible return for a given risk level by buying undervalued stocks and fixed income assets and selling overvalued instruments.

The Fund is allowed to buy shares, bonds and other instruments, to open short positions on the spot market, to take long and short forward and future positions. Moreover, the Fund can trade on the option market.

The portfolio of the Fund is separated into three classes according to their investment objective: Instruments of the first class consist of long positions of long term, fundamentally undervalued, and short positions of overvalued equities. The method of stock picking is identical with the applied methods of Aegon equity related funds and mainly concentrate to the CEE regional markets, although the Fund is allowed to invest in other emerging and developed market instruments. The second class of the Fund's instruments implement the top-down equity strategy of Aegon Asset Management Co., mainly with long and short positions on the futures markets. These positions are based on the scores of the so-called "quadrant model", which is the internal asset allocation model of the Asset Management Company. Instruments of the third class involve the fixed income part of the Fund. The aim of the third class is to reach or exceed the performance of the RMAX Index.

The target weight of the first and second classes altogether is 45%.

## GENERAL INFORMATION

|                                    |                                 |
|------------------------------------|---------------------------------|
| Fund Manager:                      | AEGON Hungary Fund Manager Ltd. |
| Custodian:                         | Raiffeisen Bank Zrt.            |
| Main distributor:                  | AEGON Hungary Fund Manager Ltd. |
| Benchmark composition:             | 100% RMAX Index                 |
| ISIN code:                         | HU0000714886                    |
| Start:                             | 07/17/2015                      |
| Currency:                          | HUF                             |
| Net Asset Value of the whole Fund: | 21,805,422,909 HUF              |
| Net Asset Value of HUF series:     | 3,359,363,225 HUF               |
| Net Asset Value per unit:          | 1.195657 HUF                    |

## NET YIELD PERFORMANCE OF THE SERIES

| Interval   | Yield of note | Benchmark yield |
|------------|---------------|-----------------|
| From start | 3.00 %        | 0.50 %          |
| 2020       | 0.71 %        | 0.41 %          |
| 2019       | 8.26 %        | 0.23 %          |
| 2018       | -4.82 %       | 0.31 %          |
| 2017       | 3.94 %        | 0.20 %          |
| 2016       | 6.27 %        | 1.22 %          |

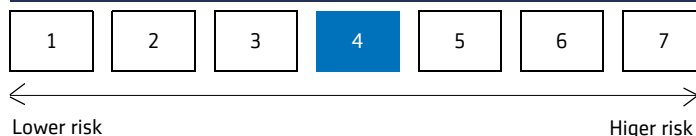
## DISTRIBUTORS

Aegon Magyarország Befektetési Alapkezelő Zrt., Budapest Hitel-és Fejlesztési Bank Zrt., CIB Bank Zrt., CONCORDE Értékpapír Zrt., Equilor Befektetési Zrt, Erste Befektetési Zrt., MKB Bank Nyrt., OTP Bank Nyrt., Raiffeisen Bank Zrt., SPB Befektetési Zrt., Unicredit Bank Hungary Zrt.

## SUGGESTED MINIMUM INVESTMENT PERIOD

|        |        |      |      |      |      |      |
|--------|--------|------|------|------|------|------|
| 3 mths | 6 mths | 1 yr | 2 yr | 3 yr | 4 yr | 5 yr |
|--------|--------|------|------|------|------|------|

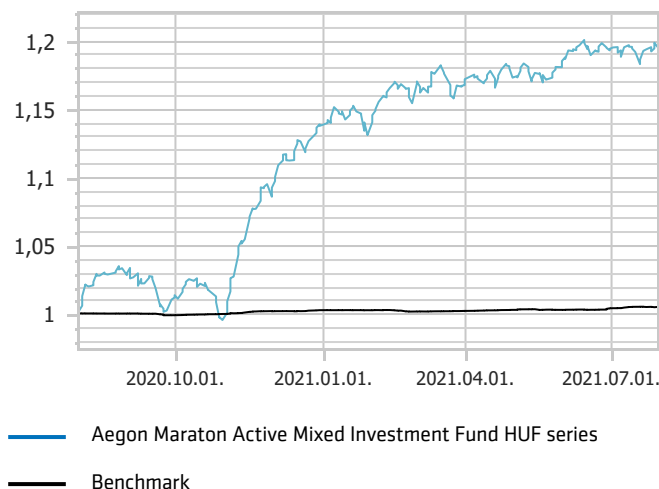
## RISK PROFILE



| ASSET ALLOCATION OF THE FUND              |                 |
|---|-----------------|
| Asset                                     | Weight          |
| Collective securities                     | 40.58 %         |
| Government bonds                          | 23.21 %         |
| Corporate bonds                           | 17.86 %         |
| Hungarian equities                        | 6.64 %          |
| International equities                    | 3.73 %          |
| T-bills                                   | 3.62 %          |
| Current account                           | 6.79 %          |
| Liabilities                               | -1.57 %         |
| Receivables                               | 0.02 %          |
| Market value of open derivative positions | -0.88 %         |
| <b>total</b>                              | <b>100,00 %</b> |
| Derivative products                       | 80.16 %         |
| Net corrected leverage                    | 102.45 %        |
| <b>Assets with over 10% weight</b>        |                 |

## NET PERFORMANCE OF THE SERIES

net asset value per share, 08/01/2020 - 07/31/2021



## RISK INDICATORS FOR THE LAST 12 MONTHS

|  |            |
|--|------------|
| Annualized standard deviation of the fund's weekly yields      | 7.44 %     |
| Annualized standard deviation of the benchmark's weekly yields | 0.23 %     |
| WAM (Weighted Average Maturity)                                | 2.56 years |
| WAL (Weighted Average Life)                                    | 3.19 years |

## TOP 5 POSITIONS

| Asset                                 | Type            | Counterparty / issuer                 | Maturity      |
|---------------------------------------|-----------------|---------------------------------------|---------------|
| ISHARES DJ STOXX 600 DE SXXPIEX GY    | investment note | ISHARES DJ STOXX 600 DE               |               |
| iShares MSCI World ETF USD            | investment note | iShares MSCI World ETF                |               |
| Invesco Bloomberg Commodity UCITS ETF | investment note | Invesco Bloomberg Commodity UCITS ETF |               |
| US 10YR NOTE (CBT)Sep21 Sell          | derivatív       | Raiffeisen Hun                        | 2021. 09. 21. |
| EURO-BUND FUTURE Sep21 Sell           | derivatív       | Raiffeisen Hun                        | 2021. 09. 08. |

## 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