

## 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 US inflation rate came in better than expected in August, it is still historically very high, with the second quarter GDP coming in at -0.9%, meaning that the US economy is in a stagflationary environment which is the worst of all economic environments. There was precedent for this in the US in the 1970s, when a declining economic environment was combined with high inflation. Paul Volcker, the Federal Reserve Chairman, solved this by raising short interest rates to over 20% in a coup de grace, which pushed the US economy into a severe recession in 1981. We think that in the current political environment, it is unlikely that the Fed chairman will be willing to do the same.

Europe continues to groan from the effects of the Russian-Ukrainian war. The biggest problem, of course, is that the Russians are using gas supplies as a weapon against Europe, and as a result, energy prices have spiraled out of control on the continent. High energy prices are fueling fears of a hard recession in Europe, and the German producer price index suggests that inflationary pressures in Europe are more likely to accelerate if energy prices do not correct.

Inflation is also a major concern in Hungary. The official inflation rate published by the HNB is also above 13%, but real inflation is closer to 20%. The MNB is trying to curb inflation with its own tools, and has raised the base rate further by 100 basis points to 11.75%, and has indicated that it will raise it even higher in the coming period. The forint reacted favorably to the rate hike, with the EUR/USD exchange rate falling below 400.

The fund achieved a positive return in August. Yields in the bond market continued to rise, which had a negative impact on the fund's performance, but we continued to increase our bond exposure by buying 30-year Hungarian government bonds. We reduced the fund's equity exposure to 10% by selling equities, but also sold 10% Dax and 10% SP500 futures when the indices reached the appropriate technical target, bringing the fund's net equity exposure to -10%. Our view is that the rally since mid-June is only temporary and that the markets will reach a new low in the near future. Equity markets are currently showing asymmetric risk. The impact of inflation and the slowing economy is not yet visible in pricing, so the fund will be rather net short in terms of equity exposure in the coming period, which will be closed if equity indices go above a certain technical level. On the currency side, the fund remains 30% long forint against the euro, as we believe the forint has weakened unrealistically much and quickly. 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 3%          |
| ISIN code:                         | HU0000703970                    |
| Start:                             | 02/10/2006                      |
| Currency:                          | HUF                             |
| Net Asset Value of the whole Fund: | 32,794,732,745 HUF              |
| Net Asset Value of A series:       | 15,143,776,161 HUF              |
| Net Asset Value per unit:          | 2.618893 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., ERSTE Group Bank AG Austria, 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 |
|--------|--------|------|------|------|------|------|

## ASSET ALLOCATION OF THE FUND

| Asset                                     | Weight          |
|---|-----------------|
| Government bonds                          | 62.62 %         |
| Hungarian equities                        | 11.30 %         |
| Collective securities                     | 9.97 %          |
| Corporate bonds                           | 8.74 %          |
| International equities                    | 0.45 %          |
| Current account                           | 13.97 %         |
| Liabilities                               | -0.44 %         |
| Receivables                               | 0.24 %          |
| Market value of open derivative positions | -6.84 %         |
| <b>Total</b>                              | <b>100,00 %</b> |
| Derivative products                       | 94.84 %         |
| Net corrected leverage                    | 129.34 %        |

## Assets with over 10% weight

2031A (Államadósság Kezelő Központ Zrt.)

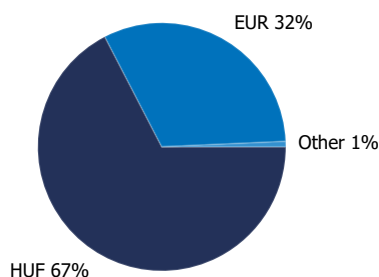
## RISK PROFILE

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

← Lower risk → Higher risk

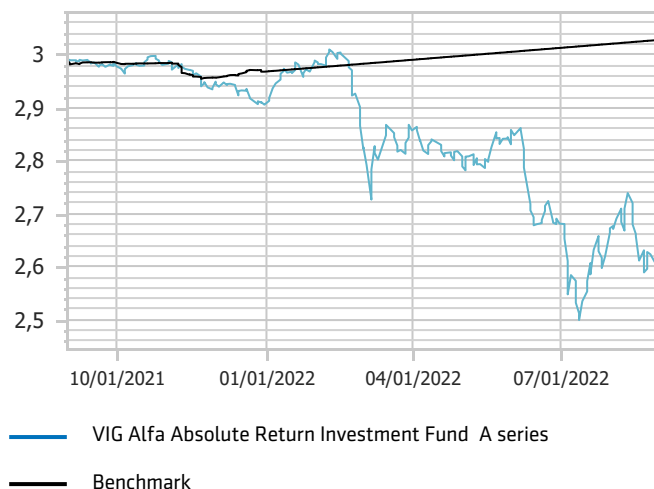
| NET YIELD PERFORMANCE OF THE SERIES |               |                 |
|-------------------------------------|---------------|-----------------|
| Interval                            | Yield of note | Benchmark yield |
| From start                          | 5.99 %        | 3.94 %          |
| 2021                                | 3.39 %        | -0.60 %         |
| 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 %          |

**Currency exposure:**



**NET PERFORMANCE OF THE SERIES**

net asset value per share, 09/01/2021 - 08/31/2022



**RISK INDICATORS FOR THE LAST 12 MONTHS**

|  |            |
|--|------------|
| Annualized standard deviation of the fund's weekly yields      | 12.24 %    |
| Annualized standard deviation of the benchmark's weekly yields | 0.90 %     |
| WAM (Weighted Average Maturity)                                | 5.14 years |
| WAL (Weighted Average Life)                                    | 6.08 years |

**TOP 10 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 |
| Adventum MAGIS Zártkörű Alapok Alapja | investment note  | Adventum MAGIS Zártkörű Alapok   |            |
| Magyar Államkötvény 2026/D            | interest-bearing | Államadósság Kezelő Központ Zrt. | 12/22/2026 |
| Magyar Államkötvény 2032/A            | interest-bearing | Államadósság Kezelő Központ Zrt. | 11/24/2032 |
| 2026F                                 | interest-bearing | Államadósság Kezelő Központ Zrt. | 08/26/2026 |
| Graphisoft Park SE                    | share            | Graphisoft N. V.                 |            |
| Magyar Államkötvény 2030/A            | interest-bearing | Államadósság Kezelő Központ Zrt. | 08/21/2030 |
| EUR/HUF 23.06.05 Forward Sell         | derivatív        | Raiffeisen Hun                   | 06/05/2023 |

**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. Aegon Magyarország Befektetési Alapkezelő Zrt. | 1085 Budapest, Kálvin tér 12-13. | +36 1 477 4814 | alapkezel@egon.hu | www.aegonalapkezelzo.hu