

Aegon Alfa Total Return Investment Fund PLN series

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:	HU0000708318
Start:	11/17/2009
Currency:	PLN
Total Net Asset Value of the whole Fund:	80,181,846,754 HUF
Net Asset Value of PLN series:	135,802,136 PLN
Net Asset Value per unit:	2.476016 PLN

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.

DISTRIBUTORS

Aegon Towarzystwo Ubezpieczen na Zycie Spolka

NET YIELD PERFORMANCE OF THE SERIES:

Interval	Yield of note	Benchmark yield
From start	4.71 %	2.87 %
2016	4.03 %	1.22 %
2015	4.63 %	1.50 %
2014	7.32 %	3.31 %
2013	9.75 %	6.54 %
2012	13.54 %	7.01 %
2011	-2.88 %	5.00 %
2010	-0.89 %	-1.22 %

NET PERFORMANCE OF THE SERIES

NET ASSET VALUE PER SHARE, 10/01/2016 - 09/30/2017



— Aegon Alfa Total Return Investment Fund PLN series — Benchmark
Past performance is no guarantee of future results. This report should not be considered as an offer or investment advisory. The Fund Prospectus contains the detailed conditions of the investment. The distribution costs of the fund purchase can be found at the distributors.

RISK INDICATORS FOR THE LAST 12 MONTHS:

Annualized standard deviation of the fund's weekly yields: 1.55 %
Annualized standard deviation of the benchmark's weekly yields: 0.16 %

INVESTMENT HORIZON:

Suggested minimum investment period:



Risk and Reward Profile:



MARKET SUMMARY:

Positive market sentiment continued in the markets in September thus the American main equity indices reached an absolute peak and the German DAX and the French CAC 40 indices broke out from their decreasing trend channel. In September, rhetorical conflict between the United States and North-Korea continued after the Phenjan regime exploded an underground hydrogen bomb at the beginning of the month. The experimental explosion has increased risk aversion somewhat but investors are getting used to this kind of news. The United Nations Security Council endorsed the tightening of the sanctions against North-Korea; first, the country's textile import has been banned, second, the oil import has been limited and Chinese banks began restricting the financial operations of North-Korean companies. The FOMC (Federal Open Market Committee) is about to start reducing its balance sheet by \$ 10 billion in October. Despite the lower inflation rates, the market expects an interest rate rise in December. Donald Trump agreed with Congressional Democrats to raise the debt limit to 3 months, generating an internal conflict within the Republican Party. Among the European Union member states, for the first time Austria issued a 100-year government bond this month. In the German parliamentary election, the CDU/CSU won by 32.8 percent which is lower than expected, while the anti-immigration and anti-euro AfD proved to be stronger and got 13 percent of the votes. First a "Jamaican" coalition is expected by the market, meaning CDU/CSU, FDP and Greens agreement. All of these have a neutral effect on the Euro, however the British could have more difficulties in dealing with Brexit. In the middle of the month, S&P surprised the market expectations and upgraded the Portuguese government debt to the lowest grade of the investment category (BBB-), while China's long-term government debt was degraded to "A+". Because of the uncertainty of Brexit and deteriorating growth prospects, the British government debt was also degraded to "Aa2" by Moody's. As a result the British currency has plunged. In September, oil price reached a 5-month peak due to the rumor of falling oil exports in the Kurdistan region, the rise in global oil demand and the decline in inventories. In September, we reduced some of our regional exposure, while long positions were opened in the telecommunications sector. Because of the worsening technical picture of the Turkish market, we opened short positions. Furthermore we also entered into long gold exposure to cover the fund's risk. In September, in line with the market's new peak, the American short position was turned into long.

ASSET ALLOCATION OF THE FUND ON 09/30/2017

Asset type	Weight
Government bonds	40.63 %
Corporate bonds	17.64 %
T-bills	15.52 %
International equities	11.92 %
Hungarian equities	9.29 %
Collective securities	2.23 %
Mortgage debentures	2.05 %
Current account	2.06 %
Liabilities	-1.94 %
Receivables	0.59 %
Market value of open derivative positions	0.02 %
total	100.00 %
Derivative products	26.28 %
Net corrected leverage	108.99 %

TOP 3 POSITIONS

- 2017C (Államadósság Kezelő Központ Zrt.)
- MFB 2020/10 6,25% USD (Magyar Fejlesztési Bank Zrt.)
- 2021A (Államadósság Kezelő Központ Zrt.)

Assets with over 10% weight

There is no such instrument in the portfolio

Currency exposure:

