

Aegon Alfa Total Return Investment Fund EUR 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:	HU0000715982
Start:	03/17/2016
Currency:	EUR
Total Net Asset Value of the whole Fund:	83,412,735,773 HUF
Net Asset Value of EUR series:	7,066,344 EUR
Net Asset Value per unit:	1.029920 EUR

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 Magyarország Befektetési Alapkezelő Zrt., CIB Bank Zrt., CONCORDE Értékpapír Zrt., Equilor Befektetési Zrt, Erste Befektetési Zrt., Raiffeisen Bank Zrt., SPB Befektetési Zrt., Unicredit Bank Hungary Zrt.

NET YIELD PERFORMANCE OF THE SERIES:

Interval	Yield of note	Benchmark yield
From start	1.83 %	0.82 %

NET PERFORMANCE OF THE SERIES

NET ASSET VALUE PER SHARE, 11/01/2016 - 10/31/2017



— Aegon Alfa Total Return Investment Fund EUR 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: 0.15 %

INVESTMENT HORIZON:

Suggested minimum investment period:



Risk and Reward Profile:



MARKET SUMMARY:

Positive market sentiment continued on the stock exchanges; the main equity indices (S&P 500, DAX, Nikkei, BUX) reached an absolute peak in October with extreme low volatility. In addition, the third quarterly earnings season has begun thus company results also move the markets.

Overseas, the market is waiting for the details of the tax reform and the announcement of the Fed Chairman. It is expected that President Donald Trump will nominate Jerome Powell to the top job at the US central bank, expecting to pursue the current monetary policy. Thanks to the strong consumption and higher inventories the US economy grew by 3 per cent in the third quarter that is more than the expected 2.5%. As a result of the strong US macro data and the weaker Euro, the Euro has dropped to a three months low against the Dollar. Furthermore, the 10-year US bond was traded at 2.45 percent which is the highest number since March but yields started to decline by the end of the month.

At the beginning of the month, the Catalan independence referendum was in the limelight of the European market and the results led to a drop in the Spanish equities. The Spanish tension continued to intensify after the Catalan parliament voted to leave Spain which was replied by the Spanish Government by dissolution of the Catalan government and ordaining early elections in December. In the month, in line with the market consensus the European Central Bank did not change interest rates and announced a reduction in its bond purchase program from January 2018 to EUR 30 billion per month but did not set the date of completion of the program. After the news the Euro has significantly weakened. The European raw material sector reached its four-year peak as the core commodity prices rose and Citigroup has also upgraded the sector.

Oil prices also increased in October and hit 54.5 dollar per barrel as OPEC oil extraction quotas are expected to be prolonged and inventories decreased more than expected.

In October, we kept forint short positions against Dollar and other local currencies, which contributed positively to the fund's performance. Furthermore, DAX long position was closed, Spanish long exposure was opened, and the weights of the Hungarian papers were increased in the month. To cover the risk of the fund, we hold long gold positions.

ASSET ALLOCATION OF THE FUND ON 10/31/2017

Asset type	Weight
Government bonds	44.05 %
Corporate bonds	16.98 %
International equities	12.22 %
T-bills	11.18 %
Hungarian equities	9.94 %
Collective securities	2.15 %
Mortgage debentures	1.96 %
Current account	2.48 %
Liabilities	-1.44 %
Receivables	0.42 %
Market value of open derivative positions	0.06 %
total	100.00 %
Derivative products	25.44 %
Net corrected leverage	109.03 %

TOP 3 POSITIONS

PLGB 2022/04/25 2,25% (Lengyel Állam)
2021A (Államadósság Kezelő Központ Zrt.)
2017C (Államadósság Kezelő Központ Zrt.)

Assets with over 10% weight

There is no such instrument in the portfolio

Currency exposure:

