Aegon Alfa Total Return Investment Fund **CZK** series



GENERAL INFORMATION

Fund Manager: AEGON Hungary Fund Manager Ltd.

Custodian: Unicredit Bank Hungary Zrt.

Main distributor: AEGON Hungary Fund Manager Ltd.

100% RMAX Index Benchmark composition: ISIN code: HU0000716006 Start: 03/17/2016

Currency: CZK

Total Net Asset Value of the whole Fund: 84.476.556.032 HUF Net Asset Value of CZK series: 304.756 CZK 1.015852 CZK

Net Asset Value per unit:

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, indeces 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- aking fund assesses fundamental, pricina. behaviouralpsychological factors. The fund management company, exercising all due care, based on its own judgement and decisions, nd 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

NET YIELD PERFORMANCE OF THE FUND Interval Yield of note Benchmark yield 0.93 % 0.78 % From start

NET PERFORMANCE OF THE FUND

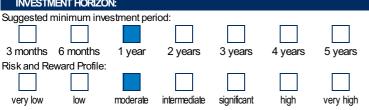


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Past performance is no guarantee of future results. This report should not be considered as an offer or investment advisory. The Fund Prospectus contains the detailed conditions of the investment. The distribution costs of the fund purchase can be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

Annualized standard deviation of the fund's weekly yields: Annualized standard deviation of the benchmark's weekly yields: 0.15 %

INVESTMENT HORIZON:



MARKET SUMMARY:

Overseas, the tax reform was in the limelight of the markets. At the beginning of the month, it was said that the start of the corporation tax cuts will be put off by 1 year and the Republican majority was also questionable, thus the American market has slumped somewhat. However, after the Senate accepted the draft of the tax reform, the market sentiment became better and the investors pulled the market to a new high level. In line with the expectations, Donald Trump has nominated Jerome Powel as the new chairman of the FED, it is expected that he will continue the current monetary policy. At the beginning of the month, the bank shares have plunged after the US yield curve continued to flatten, on the short side the interest rate rise, while on the long side the low inflation was priced in by the investors. At the end of the month, Powel highlighted that there is no need for further regulation of the financial sector and the existing rules should also be revised, it resulted a rise in the bank shares. There was a drop in the junk bond market in November, caused by the problems of the telecommunication companies, the accelerated outflow and the negative rumour of the issuance companies. In the month, North Korea has broken a two-month period of relative quiet by firing an intercontinental ballistic rocket.

November was a busy month in Europe, the German coalition talks has failed after the CDU/CSU could not agree with the Greens about several questions, but later Angela Merkel invited the German Social Democratic Party (SPD) to negotiate in the hope of forming a government. The first important Brexit agreement was born in November, according to the news, they agreed on the amount of the exit accounts, which could be somewhere between 45 and 55 billion Euros, the next critical issue is the question of the Irish / Northern Irish

The Euro strengthened against the Dollar in November, while the Euro was supported by the strong European PM and the positive turn in the German coalition negotiations, the dollar's exchange rate was driven by expectations of interest rate hikes.

There was a little drop in the market of the energy sector, because the Norwegian national Fund could rid of their oil and gas related exposures to reduce their dependence of the sector. Despite this news, the crude oil has closed a positive month, after the oil reserves have fallen and Russia and the OPEC have extended the daily 1.8 million barrel oil production cuts by the end of 2018.

In the first half of November, we significantly cut back the weight of the risky assets and increased our long gold position, thus the American, European and the Emerging market exposures were decreased which was only bought back selectively at the end of the month. We are still optimistic on the China's market growth, thus we entered into long China's internal market related exposure. In addition, we continue to hold our USDHUF long position, expecting a strengthening Dollar.

ASSET ALLOCATION OF THE FUND ON 11/30/2017

| Asset type | Weight |
|---|----------|
| Government bonds | 43.96 % |
| Corporate bonds | 16.29 % |
| T-bills | 13.53 % |
| International equities | 11.04 % |
| Hungarian equities | 8.67 % |
| Collective securities | 3.14 % |
| Mortgage debentures | 1.93 % |
| Current account | 3.71 % |
| Liabilities | -3.14 % |
| Receivables | 0.66 % |
| Market value of open derivative positions | 0.20 % |
| total | 100,00 % |
| Derivative products | 38.13 % |
| Net corrected leverage | 109.37 % |

TOP 3 POSITIONS

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

MFB 2020/10 6,25% USD (Magyar Fejlesztési Bank Zrt.)

Assets with over 10% weight

There is no such instrument in the portfolio

