

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.
Benchmark composition:	100% RMAX Index
ISIN code:	HU0000716006
Start:	03/17/2016
Currency:	CZK
Total Net Asset Value of the whole Fund:	86,904,230,697 HUF
Net Asset Value of CZK series:	306,608 CZK
Net Asset Value per unit:	1.022026 CZK

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

NET YIELD PERFORMANCE OF THE SERIES:

Interval	Yield of note	Benchmark yield
From start	1.12 %	0.70 %
2017	2.30 %	0.20 %

NET PERFORMANCE OF THE SERIES

NET ASSET VALUE PER SHARE, 03/01/2017 - 02/28/2018



— Aegon Alfa Total Return Investment Fund CZK 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: 1.72 %
Annualized standard deviation of the benchmark's weekly yields: 0.08 %

INVESTMENT HORIZON:

Suggested minimum investment period:

☐ 3 months
 ☐ 6 months
 ☒ 1 year
 ☐ 2 years
 ☐ 3 years
 ☐ 4 years
 ☐ 5 years

Risk and Reward Profile:

☐ very low
 ☐ low
 ☒ moderate
 ☐ intermediate
 ☐ significant
 ☐ high
 ☐ very high

MARKET SUMMARY:

At the beginning of February, the stock markets suffered their worst time since 2015. The selloff could have been catalyzed by the record inflows to the markets, the excessive stock market positioning and the accelerating rise in yields; but according to some experts, US wage statistics have also been involved because they saw an overheated labour market in the data.

The record amount of cash inflows turned around after the correction, causing a \$30.6 billion outflow from equity funds, which is the highest ever value.

In February, the US federal government stopped for a while again, after failing to vote for the necessary budget law in the Senate. The higher than expected inflation figures had no negative impact on the stock markets, but the probability of the interest rates hikes in March has increased to 83%. The 10-year US government yield reached 2.95 percent, thus the US yields rose to a new 4-year high.

At the beginning of the month, the Euro and the Forint were also at a three-year high against the Dollar but after a stronger US labour market data, the US currency began to pick up after unemployment figures reported that the overseas economy is in good shape which could influence the FED's interest rate hikes as well. Emmanuel Macron's party lost two parliamentary interim elections this month; they lost more than half of last year's voters in both districts, so the decreasing popularity of the president has a negative impact on his party as well. In February, the German grand-coalition agreement was reached after the CDU/CSU made significant concessions to the SPD. Fitch upgraded the Greek debt by one degree from B- to B, while Russia received first S&P upgrade to BBB-, exiting the junk status.

Oil prices have fallen to a one-month lows as a result of the higher than expected supplies but after the Saudi oil minister's statement that they are producing significantly under the OPEC quota in the first quarter and due to the decreasing inventory data the oil prices have rebounded.

At the beginning of February we significantly reduced the risk of the fund thus we could face with the correction with a smaller share weight. Furthermore, the fund created a defensive tactic, the less liquid positions were reduced and our long emerging market position was also closed. The fund starts the month with a lower equity weight, we think it is better to wait in this period, look at the moves of the markets, scrutinise the events and look for good entry points.

ASSET ALLOCATION OF THE FUND ON 02/28/2018

Asset type	Weight
Government bonds	38.37 %
T-bills	19.80 %
Corporate bonds	17.91 %
International equities	8.13 %
Hungarian equities	7.91 %
Collective securities	1.85 %
Mortgage debentures	0.71 %
Current account	5.25 %
Liabilities	-2.44 %
Receivables	2.34 %
Market value of open derivative positions	0.17 %
total	100.00 %
Derivative products	27.36 %
Net corrected leverage	108.78 %

TOP 3 POSITIONS

PLGB 2022/04/25 2,25% (Lengyel Állam)
D181121 (Államadósság Kezelő Központ Zrt.)
D181227 (Államadósság Kezelő Központ Zrt.)

Assets with over 10% weight

There is no such instrument in the portfolio

Currency exposure:

