

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:	88,366,720,886 HUF
Net Asset Value of EUR series:	10,602,108 EUR
Net Asset Value per unit:	1.033009 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., Budapest Hitel-és Fejlesztési Bank Zrt., CIB Bank Zrt., CONCORDE Értékpapír Zrt., Equilor Befektetési Zrt., Erste Befektetési Zrt., Raiffeisen Bank Zrt., Unicredit Bank Hungary Zrt.

NET YIELD PERFORMANCE OF THE FUND:

Interval	Yield of note	Benchmark yield
From start	1.43 %	0.50 %
2017	2.70 %	0.20 %

NET PERFORMANCE OF THE FUND

NET ASSET VALUE PER SHARE, 07/01/2017 - 06/30/2018



----- 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.

INVESTMENT HORIZON:

Suggested minimum investment period:



Risk and Reward Profile:



MARKET SUMMARY:

The power of the world's stock exchanges was unsteady in June but the intensifying tension in connection with the trade war put pressure on the performances; the US and the European equity markets closed nearly at flat, while the emerging markets suffered a fall.

The actions of trade war jumped to a higher level in June. Trump has approved a tariff package of \$50 billion against Chinese products, of which \$34 billion worth of Chinese goods will enter into force on July 6. In addition, the US president has threatened China with an other possible tariff on \$200 billion Chinese goods, which can be replied with a stricter response by China. At the same time, there were actions on the European front as well. The European Commission has sent a document to the US Department of Commerce that if Trump targets the automakers, the EU will introduce new tariff against the US export worth \$300 billion.

The G7 Summit did not bring any substantial progress either, moreover at the end of the meeting, Trump said that the US will not sign the G7 statement on the reduction of customs duties, thus the risks of the global multilateral trading system did not end.

In June, historic meeting was held between Kim Jong Un and Donald Trump in Singapore, which was sealed by a joint declaration; Phenjan undertook a complete abolition of the Korean atom program, while Washington offered a security guarantee to his old enemy.

In line with expectations, the FED has carried out a 25-basis point interest rate hike last month and has published about four tightening for this year, which caused a fall in the US equity market.

In June, the European Central Bank also decided on a two-step downturn in its Asset Purchase Program, they will continue the program at the current monthly pace of 30 billion Euros until the end of September, then it will be reduced to 15 billion until the end of December, when the net purchases will end.

The leaders of the EU Member States held also a Summit this month, where the migration agreement was reached, which caused Euro strengthening by more than 1%, but by the end of the month, the EURUSD cross exchange rate closed at flat.

However, the Forint did not have a favourable month, it lost value significantly against the Dollar and weakened to a historic low against the Euro; at the end of the month the exchange rate hit the 330 level as well.

Oil prices have also risen sharply. In June, supported by the inventory data and the news that the US wants to decrease the Iranian oil import to zero from November, moreover Trump has announced that who did not comply with it, would be penalized by financial sanctions.

In June, we increased the short position in the emerging market and we opened a short exposure in the weakest developed market (German), we expect that the emerging market's weakness will reach the US corporate profits, thus we started to build short positions in the American equity market as well. After the Turkish elections, the weakening of the lira has stopped and we think that the Turkish market become very oversold, while the pricing reached a very attractive level, thus we entered into long position in 4 Turkish company, moreover, by the end of the month we bought OTP convertible bond as well. Overall, the fund has set up a defensive structure and currently the net equity market exposure is around zero.

ASSET ALLOCATION OF THE FUND ON 06/30/2018

Asset type	Weight
Government bonds	37.62 %
T-bills	19.01 %
Corporate bonds	18.93 %
Hungarian equities	7.63 %
International equities	6.59 %
Collective securities	1.90 %
Mortgage debentures	0.70 %
Current account	7.59 %
Liabilities	-2.62 %
Receivables	2.17 %
Market value of open derivative positions	0.49 %
total	100,00 %
Derivative products	35.73 %
Net corrected leverage	120.13 %

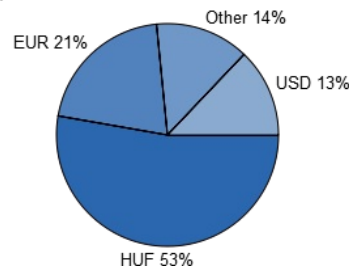
TOP 3 POSITIONS

D181227 (Államadósság Kezelő Központ Zrt.)
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

Currency exposure:



RISK INDICATORS FOR THE LAST 12 MONTHS:

Annualized standard deviation of the fund's weekly yields: 1.76 %
Annualized standard deviation of the benchmark's weekly yields: 0.11 %