

Aegon Alfa Total Return Investment Fund USD 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:	HU0000715990
Start:	03/17/2016
Currency:	USD
Total Net Asset Value of the whole Fund:	87,340,391,016 HUF
Net Asset Value of USD series:	9,604,310 USD
Net Asset Value per unit:	1.059994 USD

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 SERIES:

Interval	Yield of note	Benchmark yield
From start	2.49 %	0.55 %
2017	3.93 %	0.20 %

NET PERFORMANCE OF THE SERIES

NET ASSET VALUE PER SHARE, 08/01/2017 - 07/31/2018



— Aegon Alfa Total Return Investment Fund USD 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: 1.79 %
Annualized standard deviation of the benchmark's weekly yields: 0.14 %

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:

During July, a slight increase was observable in the price of the main equity indices; both developed and emerging markets managed to increase their value, moreover the US NASDAQ index hit a new historical peak. The second quarterly flash report season started last month, thus market movements were influenced not only by the "trade war" but also by the results of companies. Facebook's shares fell more than 20% after publishing its results because the number of users of the social media site grew less than analysts' expectations.

At the beginning of the month, the "trade war" between Washington and Beijing came to a new level after the tariffs that affect more than 800 Chinese products worth \$34 billion came into effect, in addition, Donald Trump continued to say that the final amount could reach \$550 billion. Nevertheless, by the end of the month the tension decreased, after the Trump-Juncker meeting in Washington ended with the approach of positions that reduced trade-war fears.

In July, Donald Trump and Vladimir Putin met in Helsinki, which was closed without any substantial progress but Trump's contradictory statements made a big turmoil in the American politics.

In Turkey, new negative news have emerged, which put pressure on the performance of the Turkish equity market. In the middle of the month, Fitch downgraded Turkish debt rating to "BB", outlook negative, moreover, the Turkish central bank left the interest rates unchanged, bucking market expectations and causing further lira weakening.

The British people started to lose faith in the success of the May-led Brexit negotiation, which is further enhanced by the resignation of Boris Johnson and David Davis, the Minister of Foreign Affairs and the Brexit Secretary. Although the British Parliament voted for Theresa May's Brexit plan but the EU has rejected May Brexit's proposal.

In July, investors realized profit in the oil market, after the US government is willing to negotiate with Iran's oil buyers about the zero oil import from November. Furthermore, OPEC'S (Organization of the Petroleum Exporting Countries) oil production in July hit a new yearly high and grew to 32.64 million barrels a day, which put also pressure on the price of oil.

In July, we closed our short positions in the US and emerging markets, and sold Russian, Polish and Croatian government bonds, while we bought Romanian and Hungarian government bonds. During the month we began to selectively buy regional and Russian equities, while silver long position was also opened. The performance of the fund in July was negatively influenced by the tactical Turkish stock market exposure and the strengthening of the Forint against the developed and regional currencies.

ASSET ALLOCATION OF THE FUND ON 07/31/2018

Asset type	Weight
Government bonds	41.74 %
Corporate bonds	19.59 %
T-bills	15.25 %
Hungarian equities	9.53 %
International equities	9.34 %
Collective securities	1.84 %
Mortgage debentures	0.71 %
Current account	2.55 %
Liabilities	-1.42 %
Market value of open derivative positions	0.78 %
Receivables	0.10 %
total	100.00 %
Derivative products	20.19 %
Net corrected leverage	108.67 %

TOP 3 POSITIONS

D181227 (Államadósság Kezelő Központ Zrt.)
2021A (Államadósság Kezelő Központ Zrt.)
2021C (Államadósság Kezelő Központ Zrt.)

Assets with over 10% weight

There is no such instrument in the portfolio

Currency exposure:

