

# 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:	84,093,221,157 HUF
Net Asset Value of CZK series:	299,630 CZK
Net Asset Value per unit:	0.998765 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	-0.05 %	0.56 %
2017	2.30 %	0.20 %

## NET PERFORMANCE OF THE SERIES

NET ASSET VALUE PER SHARE, 09/01/2017 - 08/31/2018



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: 2.31 %  
Annualized standard deviation of the benchmark's weekly yields: 0.16 %

## INVESTMENT HORIZON:

Suggested minimum investment period:



Risk and Reward Profile:



## MARKET SUMMARY:

The US stock markets hit a new absolute peak in August, while the European and Emerging markets were characterized by fall; Apple also shows the US market strength as it has reached the 1000 billion dollar market capitalization as the first Western company.

Though in the middle of the month the markets have calmed down somewhat on the news of a possible US-China trade agreement, however, the trade negotiations ended with no material results and America activated the new 25% additional tariffs on \$16 billion worth of 279 Chinese products, moreover an additional \$200 billion worth of import is planned to be further charged.

The most important event in August was the fall in the Turkish currency, which also put pressure on the performance of the Turkish equity market. The main reason for the weak performance of the Turkish stock market over the past period is the break of the investor confidence in the Turkish capital markets and monetary policy. Monetary steps to curb the currency fall and the missing of these actions caused panic among the investors, which led to a dramatic sell-off, the fall of Lira has broken records; the inflation rise rapidly, while the central bank does not raise interest rates, thus the investors question the independence of the central bank.

Russian stocks also suffered a fall in August, caused by the news of the new American sanctions, which are not related to election manipulation but to Scriptal poisoning, thus the Ruble also broke out in the weak direction from its multi-month trading range.

In the middle of the month, the Dollar also began to weaken after Trump criticized the US central bank for interest rate hikes and expressed disappointment with the Chairman of the Federal Reserve.

After several months of negotiations, a bilateral agreement was signed between the USA and Mexico at the end of August, but the US and Canada have not been able to agree on the renegotiation of the North American Free Trade Agreement (NAFTA) yet.

The fund suffered a loss in August in its Turkish equity exposure and in particular in its unhedged foreign currency exposure. The P/E pricing of the Turkish equity market is already attractive for a value investor as they are traded below its long term average with two standard deviation, which used to be a good entry point that is why we entered into long Turkish equity position, but such a decrease in Lira caused significant losses for the fund. The slump of the Turkish currency already undermines the stability of the banking system and the main danger is that the chance of introducing a capital restriction has appeared. The Turkish equities and the foreign currency exposure has gradually been liquidated in August and our Turkish strategy is under review, currently we do not plan to take Turkish positions.

## ASSET ALLOCATION OF THE FUND ON 08/31/2018

Asset type	Weight
Government bonds	43.16 %
Corporate bonds	22.41 %
T-bills	13.05 %
Hungarian equities	9.35 %
International equities	6.09 %
Collective securities	1.88 %
Mortgage debentures	0.74 %
Current account	3.03 %
Market value of open derivative positions	0.78 %
Liabilities	-0.68 %
Receivables	0.19 %
total	100.00 %
Derivative products	50.27 %
Net corrected leverage	113.04 %

## 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:

