

# Aegon Alfa Total Return Investment Fund PLN 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:	HU0000708318
Start:	11/17/2009
Currency:	PLN
Total Net Asset Value of the whole Fund:	74,041,809,688 HUF
Net Asset Value of PLN series:	104,952,626 PLN
Net Asset Value per unit:	2.429839 PLN

## 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

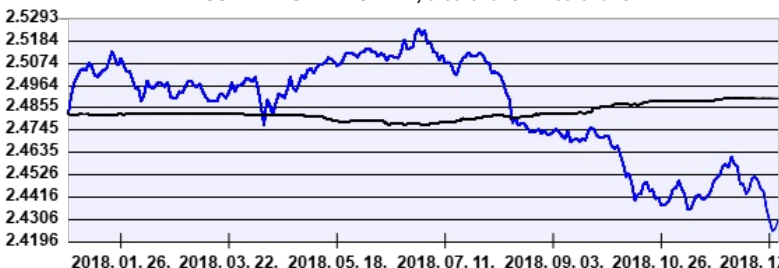
Aegon Towarzystwo Ubezpieczeń na Życie Spółka

## NET YIELD PERFORMANCE OF THE SERIES:

Interval	Yield of note	Benchmark yield
From start	3.84 %	2.50 %
2018	-2.13 %	0.31 %
2017	4.29 %	0.20 %
2016	4.03 %	1.22 %
2015	4.63 %	1.50 %
2014	7.32 %	3.31 %
2013	9.75 %	6.54 %
2012	13.54 %	7.01 %
2011	-2.88 %	5.00 %
2010	-0.89 %	-1.22 %

## NET PERFORMANCE OF THE SERIES

### NET ASSET VALUE PER SHARE, 01/01/2018 - 12/31/2018



— Aegon Alfa Total Return Investment Fund PLN 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 stock markets suffered significant losses in the last month of the year; such a decline in December was not seen since the Great Depression of the 1930s. Regarding the whole year of 2018, the main equity indices suffered their worst year in a decade, while the Hungarian equity market managed to close at flat.

At the beginning of December, the US yield curve was inverted for the first time since 2007, namely the two-year and the five-year yield spread dropped below zero. As a result of this, the investors feel that the next recession can be closer than we think; the reverse yield curve was previously a good sign of the coming recession in most cases. However, based on the CNBC information, this was the root cause of the correction in early December after the US Hedge Funds and their trading robots could be activated because of the inversion. The remainder of December was also characterized by very high volatility.

The European equities fell to a two-year low with such a high daily loss that was not seen since the Brexit vote. At the end of the month, the US equity market managed to rebound with an unprecedented daily rise (5%), thus the US equities closed the year with a nearly 7% drop but not at annual low. In addition to the deteriorating technical picture, the fall was accompanied by a further increase in trade-war tension after the Huawei's Chief Financial Officer was arrested in Canada on US request. Moreover, in line with the official expectations, the FED raised the target base rate with 25 basis points, bringing additional sellers to the markets.

We received new important impulses from Europe as well. The Italian market has outperformed the developed markets after the European Commission has approved the new Italian 2019 budget plan, which estimates a 2.04 percent deficit target. In addition, Theresa May managed to survive the vote of no confidence but the fact that 117 Members voted against her questions whether the Brexit agreement can pass through the British parliamentary vote.

Falling stocks negatively affected the performance of our equity focused absolute return funds in December. We increased the weight of our emerging market long position, while long S&P and DAX positions were also opened but after the weaker US PMI data we closed these developed market long exposure. At the end of the month, following the fall of the Romanian stock market, which had a negative impact on Erste Bank as well, we replaced our European banking sector positions with Erste shares. The fund had significant investments in Hungarian three-year bonds, which contributed positively to performance as a result of the decline in yields.

## ASSET ALLOCATION OF THE FUND ON 12/31/2018

Asset type	Weight
Government bonds	50.75 %
Corporate bonds	28.97 %
Hungarian equities	8.37 %
International equities	4.92 %
Collective securities	2.57 %
T-bills	1.65 %
Mortgage debentures	0.80 %
Liabilities	-11.09 %
Receivables	10.69 %
Current account	2.18 %
Market value of open derivative positions	0.21 %
total	100.00 %
Derivative products	59.64 %
Net corrected leverage	111.09 %

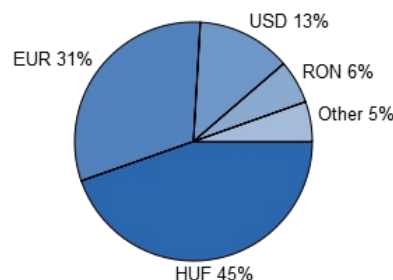
## TOP 3 POSITIONS

2021C  
Opus Securities átváltható kötvénye  
Magyar Államkötvény 2021/A

## Assets with over 10% weight

2021C (Államadósság Kezelő Központ Zrt.)

## Currency exposure:



## RISK INDICATORS FOR THE LAST 12 MONTHS:

Annualized standard deviation of the fund's weekly yields: 2.54 %  
Annualized standard deviation of the benchmark's weekly yields: 0.20 %