

# Aegon Alfa Total Return Investment Fund R 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:	HU0000712286
Start:	07/16/2013
Currency:	HUF
Total Net Asset Value of the whole Fund:	64,178,059,168 HUF
Net Asset Value of R series:	1,721,230,769 HUF
Net Asset Value per unit:	1.309228 HUF

## 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

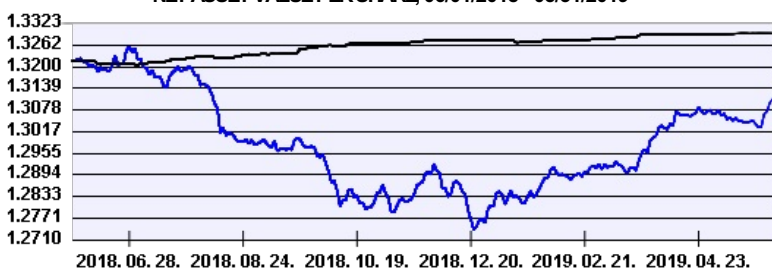
Raiffeisen Bank Zrt.

## NET YIELD PERFORMANCE OF THE SERIES:

Interval	Yield of note	Benchmark yield
From start	4.69 %	1.53 %
2018	-2.38 %	0.31 %
2017	3.70 %	0.20 %
2016	4.71 %	1.22 %
2015	4.90 %	1.50 %
2014	7.56 %	3.31 %

## NET PERFORMANCE OF THE SERIES

NET ASSET VALUE PER SHARE, 06/01/2018 - 05/31/2019



— Aegon Alfa Total Return Investment Fund R 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:

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:

After 6 years the old Wall Street axiom, sell in May and go away, has worked again. It was in 2012, when the S&P 500 index had such a bad month. Back then it fell 6.3%, last month the index returned -6.6%. But this was still better than the emerging markets performance, which closed down the month by 7.5%. There were multiple factors that contributed to last month's bad performance. First of all, the American-Chinese trade war clouded the investment horizon. At the beginning of the month, the major indices opened at new all-time highs because investors were hopeful, that the trade conflict will be resolved soon. But the American president had other thoughts, and raised the tariffs to 25% on imports from China to the United States. At the end of the month the US president imposed 5% tariffs on Mexican goods too, although he just signed the new NAFTA agreement a few months ago. The macro economic data was mixed in May. So far, it seems that the tariff war does not hurt the US economy. More people are working, the GDP is expanding and the inflation is negligible. However the Chinese macro-economic data suggest the opposite. Their GDP is shrinking, the inflation is growing, and the export numbers fell off dramatically. So far, it looks like the U.S. is winning the trade war but as we know the Chinese are planning for the next 2 years but rather the next 50. We are looking cautiously ahead for the next few months. Certain data suggests that a defensive approach should be appropriate in the near term. The falling yield on the 10 and 30 bonds might suggest a slowing economy, but the 3 month-10 year spread might suggest that even a mild recession is not out of order. Europe looks bleakly too, the German 10 year yield hit a new all-time low, and the Brexit is still hovering on the horizon. The fund closed the month in the positive territory in spite of that there was a selling wave sweeping thru the markets in concern of the American-Chinese trade war. We used the Forint's weakness to reduce our position, and we have only 5% left of it. We believe that the EURHUF cross can go to the bottom of the range where we will increase our short position to 20-25% of the fund. On individual basis we increased our position in the Austrian ATS company, and allocated in Turkish stocks because we believe the Turkish market is way undervalued. Also we dipped our hands in the real estate market. We bought two Hungarian developers, Adventum and Finext. Although we believe that the real estate cycle is in its mature phase, we think that this part of the cycle can last another 4-5 years. We hedged our stock exposure with DAX, S&P 500 and Emerging market futures.

## ASSET ALLOCATION OF THE FUND ON 05/31/2019

Asset type	Weight
Government bonds	39.65 %
Corporate bonds	32.36 %
Hungarian equities	9.73 %
International equities	9.46 %
Collective securities	6.95 %
Mortgage debentures	0.66 %
T-bills	0.32 %
Current account	2.67 %
Liabilities	-1.12 %
Receivables	0.01 %
Market value of open derivative positions	-0.69 %
total	100,00 %
Derivative products	77.85 %
Net corrected leverage	110.14 %

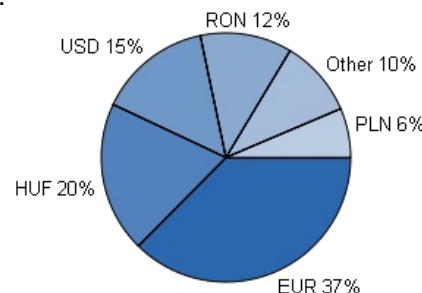
## TOP 3 POSITIONS

Asset	Type	Counterparty / issuer	Maturity
MSCI EmgMkt Jun19 Sell	derivativ	Erste Bef. Hun (HU)	2019. 06. 21.
Opus Securities átváltható kötvénye	interest-bearing	Opusse Securities (LU)	2099. 10. 31.
Magyar Fejlesztési Bank Zrt. 2020/10 6,25% USD	interest-bearing	Magyar Fejlesztési Bank Zrt. (HU)	2020. 10. 21.

## 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:	2.35 %
Annualized standard deviation of the benchmark's weekly yields:	0.19 %
WAM (Weighted Average Maturity):	9.34 years
WAL (Weighted Average Life):	9.64 years