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:	77,969,620,675 HUF
Net Asset Value of R series:	2,773,255,403 HUF
Net Asset Value per unit:	1.297705 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, indeces 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- aking mechanism the fund assesses fundamental, pricing, technical and behaviouralpsychological factors. The fund management company, exercising all due care, based on its own judgement and decisions, nd 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.
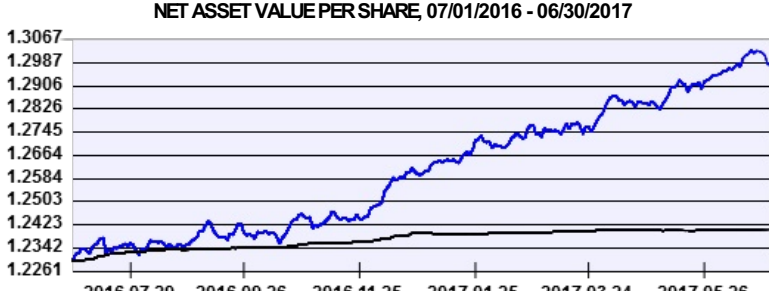
DISTRIBUTORS

Raiffeisen Bank Zrt.

NET YIELD PERFORMANCE OF THE SERIES:

Interval	Yield of note	Benchmark yield
From start	6.81 %	2.14 %
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, 07/01/2016 - 06/30/2017

----- 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.

RISK INDICATORS FOR THE LAST 12 MONTHS:

Annualized standard deviation of the fund's weekly yields:	1.58 %
Annualized standard deviation of the benchmark's weekly yields:	0.19 %

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 the slight increase in May, the main equity indices were stagnating in June. Although the technical analyst of JP Morgan expects the culmination in the stock markets during the summer with a correction in Autumn, Deutsche Bank does not project any recession in the next 12 months.

The ECB has reduced its inflation forecast mainly due to the decrease of the oil price. In the British parliamentary elections, the Conservative Party was unable to retain an absolute majority - as a result the Pound decreased sharply. In the second half of the month, the first negotiation and negotiation schedule for Brexit negotiations was launched. In line with expectations, in the second round of the French elections, Emmanuel Macron's party had an absolute majority. At the end of the month, European decision-makers have extended the sanctions against Russia for another 6 months until January 2018.

At the beginning of June, due to the news of rising Libyan production to three-year highs, oil short positions were opened, and by the middle of the month, oil prices decreased led by fears of over-supply; although the launch of the blockade against Qatar had a slight rebounding effect. After the disappointment at the OPEC meeting, oil only returned to level 45 only at the end of the month when it became apparent that the inventory increased by 118k instead of the expected decrease of 2.2 million barrels.

At the beginning of the month, the US long yield dropped to its 2017 low as a result of disappointment with Trump, weak inflation and strengthening yen; furthermore, in the second week of June, Nasdaq turned down. As it was expected, the FED increased the base rate by 25 bps.

In Asia, Japanese market was supported by excellent macro data, while the Chinese H-stocks decreased because of the arrest of Anbang's CEO. In accordance to the MSCI decision in June, the Chinese A-shares were included in MSCI Emerging Market Index, but Argentina was left out.

At the beginning of the month, in line with the decrease in oil prices, the Russian market has also decreased - as a result, we sold the majority of our Russian exposure which was only bought back selectively at the end of the month. In addition, we also entered into long oil position. Besides, expecting a rise in yields, we took a short position in Bund. Basically, we keep trust in the European market thus kept our long equity positions. Among our strategic decisions, Graphisoft Park was the best performer while the Romanian market was weak during the month.

ASSET ALLOCATION OF THE FUND ON 06/30/2017

Asset type	Weight
Government bonds	29.13 %
T-bills	20.85 %
Corporate bonds	18.17 %
International equities	12.95 %
Hungarian equities	9.39 %
Collective securities	2.30 %
Mortgage debentures	2.11 %
Current account	6.91 %
Liabilities	-2.94 %
Market value of open derivative positions	0.64 %
Receivables	0.49 %
total	100,00 %
Derivative products	33.81 %
Net corrected leverage	108.86 %

TOP 3 POSITIONS

2017C (Államadósság Kezelő Központ Zrt.)
MFB 2020/10 6,25% USD (Magyar Fejlesztési Bank Zrt.)
D170719 (Államadósság Kezelő Központ Zrt.)

Assets with over 10% weight

There is no such instrument in the portfolio

Currency exposure:

EUR 19%   USD 13%   RON 7%   Other 4%   HUF 57%