

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:	40,362,857,531 HUF
Net Asset Value of CZK series:	282,214 CZK
Net Asset Value per unit:	0.940713 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 (AKK) on behalf of the State of Hungary.

DISTRIBUTORS

Patria Finance, a.s.

NET YIELD PERFORMANCE OF THE SERIES:

Interval	Yield of note	Benchmark yield
From start	-1.34 %	0.43 %
2019	8.35 %	0.23 %
2018	-3.69 %	0.31 %
2017	2.30 %	0.20 %

NET PERFORMANCE OF THE SERIES

NET ASSET VALUE PER SHARE, 10/01/2019 - 09/30/2020



— Aegon Alfa Total Return Investment Fund CZK 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:



TOP 3 POSITIONS

Asset	Type	Counterparty / issuer	Maturity
EURO STOXX BANK Dec20 Buy	derivativ	Erste Bef. Hun (HU)	2020.12.18.
S&P500 EMINI FUT Dec20 (Erste) Sell	derivativ	Erste Bef. Hun (HU)	2020.12.18.
MSCI EmgMkt Dec20 Sell	derivativ	Erste Bef. Hun (HU)	2020.12.18.

MARKET SUMMARY:

The second wave of the coronavirus arrived in Europe in September, but the attitude of the governments are radically different from what it was in the spring. It seems that the political leadership is not risking another total economic shutdown, rather, albeit unspoken, they are trying to apply the model that the Swedes used in the spring. The defense against the virus is passed on to people and the political leadership try to pass laws that can slow down the spread of the virus. The chairman of the US Federal Reserve reaffirmed the new monetary policy framework for average inflation outlined in his Jackson Hole speech in September, in which no interest rate hikes are planned until at least 2023 and all means are used to meet monetary policy targets. Contrary to expectations, the dollar began to strengthen against both developed and emerging market currencies. Brexit became the headline news again in Europe after Boris Johnson announced a deadline of 15 October to conclude the Brexit talks, after which they would be ready to leave without an agreement. Experts say "hard-Brexit" is thus again a real alternative. The European economy slowed slightly after the Eurozone Purchasing Managers' Index slowed to 51.9 in August. In China, the economic growth continues after the Caixin's manufacturing PMI jumped to 53.1 in August, and the export orders sub-index became positive for the first time this year. The Caixin service sector PMI rose to 54 in August, continuing to expand in the sector, which now accounts for the bulk of the economy. In Hungary, the MNB surprised the markets when it raised the depo rate by 15 basis points from 60 to 75. Most likely they would like to prevent the forint from weakening further with this move. The EUR/HUF exchange rate went above 366 after the announcement, but by the end of the month the forint had strengthened slightly. The spread of the coronavirus in Hungary is the second worst in Europe and this also affects the performance of the economy. The MNB has already put together an economic package designed to help the recovery of the Hungarian economy. The fund achieved a negative return in September. We maintain a 20% net equity long position in the fund, which is made up by 40% long equity and 20% short index futures position. The 40% equity exposure is split in two: 20% of the fund is positioned in European banks, while the other 20% has an interest in the CEE region. The bank exposure is mainly in the Greek, Polish and Hungarian institutions, but we also have positions in other European banks. The other 20% of the fund holds CEE positions that we believe are extremely underpriced. If we look at our European banking exposure, these securities trade at a valuation level of approx. at 9 P / E and 0.5 P / B, which occurred most recently in 2009, 2012 and 2016. On all three occasions, this sector at least doubled in the following period. To hedge these positions, we hold 20% index shorts, because we believe the SP 500 index and emerging market indices are very overpriced. The average P / E ratio of these indices is 21, which is extremely high based on the past experience. Therefore, the fund is positioned to be long in the sectors that we consider to be undervalued and short in the sectors that we think are overvalued. We believe that in the long run, these mispricing will correct itself. During the month, we took advantage of the weakness of the forint and hedged all foreign exchange exposures except the ruble. We are of the opinion that the forint has weakened too much, too quickly, and we believe that the EUR/HUF exchange rate may fall below 350 in the near future.

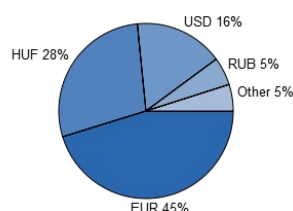
ASSET ALLOCATION OF THE FUND ON 09/30/2020

Asset type	Weight
Corporate bonds	33.61 %
Hungarian equities	24.67 %
Government bonds	14.28 %
Collective securities	9.39 %
International equities	8.53 %
T-bills	0.72 %
Current account	8.36 %
Receivables	1.26 %
Liabilities	-0.72 %
Market value of open derivative positions	-0.10 %
total	100.00 %
Derivative products	96.97 %
Net corrected leverage	139.52 %

Assets with over 10% weight

MFB 2020/10 6,25% USD (Magyar Fejlesztési Bank Zrt.)

Currency exposure:



RISK INDICATORS FOR THE LAST 12 MONTHS:

Annualized standard deviation of the fund's weekly yields:	10.73 %
Annualized standard deviation of the benchmark's weekly yields:	0.59 %
WAM (Weighted Average Maturity):	7.78 years
WAL (Weighted Average Life):	7.96 years