

# Aegon Istanbul Equity Fund TRY series

## GENERAL INFORMATION

Fund Manager:	AEGON Hungary Fund Manager Ltd.
Custodian:	Citibank Europe plc Magyarországi Fióktelepe
Main distributor:	AEGON Hungary Fund Manager Ltd.
Benchmark composition:	95% TR20I Index + 5% ZMAX Index
ISIN code:	HU0000710173
Start:	02/20/2012
Currency:	TRY
Total Net Asset Value of the whole Fund:	3,699,614,397 HUF
Net Asset Value of TRY series:	1,926,964 TRY
Net Asset Value per unit:	1.703371 TRY

## INVESTMENT POLICY OF THE FUND:

The fund aims to share in the yields of the Turkish equity market, and to profit from Turkey's economic growth through share price gains and dividend income. Given the risk profiles of the equity investments, the fund is classified as a high-risk investment. The fund manager's intentions are that the fund's portfolio should consist predominantly of the publicly traded shares of foreign-domiciled companies. The primary investment targets are the stock exchange-traded shares of companies that maintain an active presence in Turkey, or that generate a substantial proportion of their revenues in the Turkish market. When building the fund's portfolio, beyond the minimum statutory requirements, the principles of safety and maximum diversification (the spreading of risk) are observed. The fund management company, exercising all due care, determines the means of utilising the fund's resources on the basis of its own judgement and decisions, while observing the relevant legal provisions and the limitations stipulated in the Fund Documentation and by taking into account the macroeconomic environment of the investment markets, relying primarily on fundamental analysis. When compiling the portfolio, it is shares that determine the nature of the fund, and thus the proportion of shares that may be held in the fund at any given moment may reach the prevailing statutory maximum. When determining the weights, within the equity investments, of shares traded in the Turkish market, we aim to ensure that the fund - in line with our expectations with regard to future risks and yields - achieves its objective, which is to outperform the benchmark advertised by the fund, over the longer term. The fund records its assets in forint; the fund management company may, at its own discretion, choose to hedge all or a part of its currency risks with forward currency positions, in compliance with the applicable statutory requirements. Under the current legislation the proportion of shares in the portfolio may be up to 100%.

## DISTRIBUTORS

Aegon Turkey Emeklilik ve Hayat AŞ

## NET YIELD PERFORMANCE OF THE FUND:

Interval	Yield of note	Benchmark yield
From start	8.74 %	7.35 %
2017	43.90 %	43.77 %
2016	9.05 %	11.88 %
2015	-12.41 %	-15.63 %
2014	26.42 %	25.81 %
2013	-15.13 %	-12.46 %

## NET PERFORMANCE OF THE FUND

NET ASSET VALUE PER SHARE, 07/01/2017 - 06/30/2018



— Aegon Istanbul Equity Fund TRY 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: 20.15 %  
Annualized standard deviation of the benchmark's weekly yields: 19.98 %

## 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:

The power of the world's stock exchanges was unsteady in June but the intensifying tension in connection with the trade war put pressure on the performances; the US and the European equity markets closed nearly at flat, while the emerging markets suffered a fall. The actions of trade war jumped to a higher level in June. Trump has approved a tariff package of \$50 billion against Chinese products, of which \$34 billion worth of Chinese goods will enter into force on July 6. In addition, the US president has threatened China with an other possible tariff on \$200 billion Chinese goods, which can be replied with a stricter response by China. At the same time, there were actions on the European front as well. The European Commission has sent a document to the US Department of Commerce that if Trump targets the automakers, the EU will introduce new tariff against the US export worth \$300 billion.

The G7 Summit did not bring any substantial progress either, moreover at the end of the meeting, Trump said that the US will not sign the G7 statement on the reduction of customs duties, thus the risks of the global multilateral trading system did not end.

In June, historic meeting was held between Kim Jong Un and Donald Trump in Singapore, which was sealed by a joint declaration; Phenjan undertook a complete abolition of the Korean atom program, while Washington offered a security guarantee to his old enemy.

In line with expectations, the FED has carried out a 25-basis point interest rate hike last month and has published about four tightening for this year, which caused a fall in the US equity market.

In June, the European Central Bank also decided on a two-step downturn in its Asset Purchase Program, they will continue the program at the current monthly pace of 30 billion Euros until the end of September, then it will be reduced to 15 billion until the end of December, when the net purchases will end.

The leaders of the EU Member States held also a Summit this month, where the migration agreement was reached, which caused Euro strengthening by more than 1%, but by the end of the month, the EURUSD cross exchange rate closed at flat.

However, the Forint did not have a favourable month, it lost value significantly against the Dollar and weakened to a historic low against the Euro; at the end of the month the exchange rate hit the 330 level as well.

Oil prices have also risen sharply in June, supported by the inventory data and the news that the US wants to decrease the Iranian oil import to zero from November, moreover Trump has announced that who did not comply with it, would be penalized by financial sanctions.

In June, after the Turkish election the weakening of the lira has stopped, these days the Turkish equity market become oversold, while the pricing reached a very attractive level, thus we think that in the short-term the Turkish equity market prospects can stabilize. In June, we participated in the Aselsan Elektronik SPO and afterwards we increased our share in the company as well. The fund still hold slightly underweighted positions in the banking sector, which contributed positively to the performance after the sector was underperformer last month.

## ASSET ALLOCATION OF THE FUND ON 06/30/2018

Asset type	Weight
International equities	95.33 %
Current account	4.90 %
Liabilities	-0.53 %
Receivables	0.31 %
total	100.00 %
Derivative products	0.00 %
Net corrected leverage	100.00 %

## TOP 5 POSITIONS

AKBANK T.S.A  
TURKIYE GARANTI BANKASI  
Hektas Ticaret T.A.S.  
EREGLI DEMIR VE CELIK FABRIK  
KOC HOLDINGAS

## Assets with over 10% weight

AKBANK T.S.A

## Stocks by sectors:

