

# Aegon Istanbul Equity Fund PI 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:	HU0000713151
Start:	12/30/2013
Currency:	PLN
Total Net Asset Value of the whole Fund:	3,179,483,478 HUF
Net Asset Value of PI series:	5,851 PLN
Net Asset Value per unit:	0.717323 PLN

## 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 Towarzystwo Ubezpieczen na Zycie Spolka

## NET YIELD PERFORMANCE OF THE SERIES:

Interval	Yield of note	Benchmark yield
From start	-6.75 %	-8.56 %
2017	13.18 %	12.08 %
2016	-2.04 %	-0.48 %
2015	-21.97 %	-25.44 %
2014	36.87 %	34.30 %

## NET PERFORMANCE OF THE SERIES

NET ASSET VALUE PER SHARE, 10/01/2017 - 09/30/2018



— Aegon Istanbul Equity Fund PI 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: 44.17 %

Annualized standard deviation of the benchmark's weekly yields: 40.55 %

## MARKET SUMMARY:

In September, major equity indices did not show any significant change, emerging markets performed similarly to their developed counterparts but Japan proved to be an outperformer. In the beginning of the month, the sentiment around the trade war became better thanks to the news about the new negotiation between China and America but in the middle of the month, Donald Trump hit China with tariffs on another \$200 billion worth of Chinese goods with 10% duty, that will increase to 25% at the start of 2019. In response to that, China has cancelled all trade negotiations with America thus the trade war tensions continued to increase in September.

September was also rich in central bank pulses. The Bank of England and the European Central Bank have not changed the monetary policy conditions as expected but the Turkish central bank has raised its key interest rate to 24% in a dramatic bid from 17.5% to control inflation and prevent a currency crisis. Following the decision, the Turkish lira started to rise and the Turkish equities closed the month in the black. The Federal Reserve has raised US-short term interest rate by 25 basis points to 2-2.25 per cent and further strengthened the chance of another tightening in December, the market gives 85% probability for the next interest rate hike this year.

Until end of September, Italian assets could rise and the Italian yield spreads fell which caused rise in the banking sector. However, by the end of the month the Italy's coalition government agreed on a 2019 deficit at 2.4 percent of GDP compared to the EU's preferred level of less than 2 percent, which caused a significant drop in the Italian risky assets while the Italian 10 year government bond hit 3.4 per cent with almost a 20% increase.

In September the oil could also increase its price, the oil market is currently characterised by constriction of the supply-side: in addition to the expected impact of Iranian sanctions, US oil reserves have significantly fallen while the hurricane Florence has also supported the price of the black gold.

In September, we set an underweight in the banking sector from the neutral level; we expect the proportion of the non-performing loans to increase due to the slowdown in the economy, and we believe that the Turkish currency crisis will soon be transformed into an economic crisis. The Turkish Central Bank managed to strengthen the Lira with the significant interest rate hike but the rising US yield will put pressure on the local currency. Currently, the Fund is focusing on companies that can relative benefit from the strengthening Dollar.

## ASSET ALLOCATION OF THE FUND ON 09/30/2018

Asset type	Weight
International equities	96.25 %
Current account	3.44 %
Receivables	0.73 %
Liabilities	-0.41 %
total	100.00 %
Derivative products	0.00 %
Net corrected leverage	100.00 %

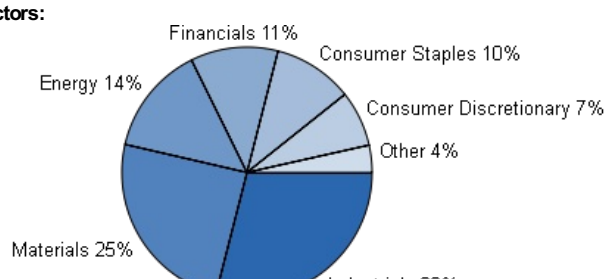
## TOP 5 POSITIONS

KOC HOLDING AS
BIRLESIK MAGAZALAR
EREGLI DEMIR VE CELIK FABRIK
TUPRAS
Hektas Ticaret T.A.S.

## Assets with over 10% weight

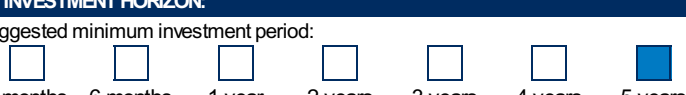
There is no such instrument in the portfolio

## Stocks by sectors:



## INVESTMENT HORIZON:

Suggested minimum investment period:



Risk and Reward Profile:

