Aegon Central European Equity Fund institutional 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:	40% POLISH Traded Index EUR + 15% HUNGARIAN TRD INDEX EUR + 15% Austrian Traded Index EUR + 15% CZECH Traded Index EUR + 10% Romanian Traded Index EUR + 5% ZMAX Index
ISIN code:	HU0000709530
Start:	01/11/2011
Currency:	HUF
Total Net Asset Value of the whole Fund:	18,819,917,625 HUF
Net Asset Value of institutional series:	11,443,106,243 HUF
Net Asset Value per unit:	6.099816 HUF

INVESTMENT POLICY OF THE FUND:

The objective of the fund is to invest in Central and Eastern European equities. The fund is offered for investors who would like to benefit from the long term performance of regional listed companies. The average equity exposure of the fund is 95%. A primary consideration when compiling the fund's portfolio is the need to optimize the aggregate risk of the securities to be included in the fund. In the interest of reducing the risk, the utmost care is taken when selecting the securities to include in the fund's portfolio. The fund buys shares issued by corporations from countries in the Central European region (primarily Hungary, Poland, the Czech Republic, Romania, Slovenia and Croatia, and secondarily, Austria, Russia and Turkey), but it may also invest in the shares of companies in other emerging and developed countries, as well as in other collective investment securities. The fund may hedge a part or all of its currency risks with forward currency positions. To ensure liquidity the fund aims to hold in its portfolio the government securities on behalf of the State of Hungary and bonds issued by the National Bank of Hungary, but in accordance with the statutory regulations the proportion of shares in the portfolio may be up to 100%.

DISTRIBUTORS

Aegon Magyarország Befektetési Alapkezelő Zrt., Raiffeisen Bank Zrt., Unicredit Bank Hungary Zrt.

NET YIELD PERFORMANCE OF THE SERIES:

Interval	Yield of note	Benchmark yield
From start	4.14 %	1.41 %
2017	27.00 %	25.00 %
2016	8.12 %	5.96 %
2015	-0.80 %	-2.82 %
2014	3.53 %	0.69 %
2013	-1.31 %	-4.66 %
2012	18.51 %	14.61 %

NET PERFORMANCE OF THE SERIES

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

----- Aegon Central European Equity Fund institutional 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: 11.63 %
Annualized standard deviation of the benchmark's weekly yields: 11.78 %

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.
Within the Regional markets, the Czech, Romanian and Austrian markets proved to be an outperformer, while the performance of the Polish and Hungarian markets was weaker. The fund slightly outperformed its benchmark index due to our overweighted strategy in the Romanian market, during the month we also started to increase our exposure in the Hungarian equity market. In the middle of the month, we also entered into long position in the Polish mid-cap companies, in our view the significant drop in the first part of September was not caused by the fundamentals, rather the outflows from the Polish mid and small cap funds.

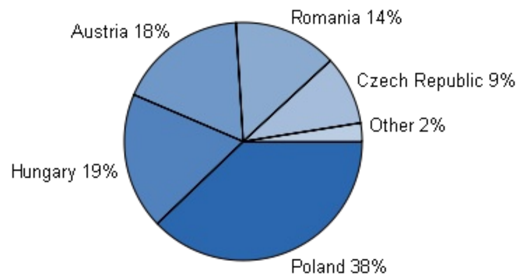
ASSET ALLOCATION OF THE FUND ON 09/30/2018

Asset type	Weight
International equities	76.82 %
Hungarian equities	17.82 %
Collective securities	1.08 %
Current account	4.18 %
Receivables	0.32 %
Liabilities	-0.21 %
total	100,00 %
Derivative products	11.71 %
Net corrected leverage	111.70 %

TOP 5 POSITIONS
Polski Koncern Naftowy
PKO Bank
Erste Bank
OTP Bank törzsrészvény
POWSZECHNY ZAKŁAD UBEZPIECZEŃ

Assets with over 10% weight
There is no such instrument in the portfolio

Stocks by countries:



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
☐	☐	☐	☐	■	☐	☐

AEGON Befektetési Alapkezelő