Aegon Russia Equity Fund
HUF series

GENERAL INFORMATION

Fund Manager:	AEGON Hungary Fund Manager Ltd.
Custodian:	Unicredit Bank Hungary Zrt.
Main distributor:	AEGON Hungary Fund Manager Ltd.
Benchmark composition:	95% RXUSD Index + 5% US Libor Total Return 1M Index
ISIN code:	HU0000707401
Start:	12/04/2008
Currency:	HUF
Total Net Asset Value of the whole Fund:	4,838,762,686 HUF
Net Asset Value of HUF series:	2,276,106,717 HUF
Net Asset Value per unit:	2.478661 HUF

INVESTMENT POLICY OF THE FUND:

The fund aims to share in the yields of the Russian equity market, and to profit from Russia'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's portfolio primarily consists of the publicly issued shares of foreign companies. The main investment targets are the stock exchange-traded shares of companies that maintain an active presence in Russia or the former CIS states, or which generate the bulk of their revenues in these countries. 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. The weights, within the portfolio, of shares traded in the Russian market are determined with a view to ensuring 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 Magyarország Befektetési Alapkezelő Zrt., CIB Bank Zrt., Codex Tőzsdeügynökség és Értéktár Zrt., Commerzbank Zrt., CONCORDE Értékpapír Zrt., Equilor Befektetési Zrt, Erste Befektetési Zrt., KBC Securities Magyarországi Fióktelepe, OTP Bank Nyrt., Raiffeisen Bank Zrt., Takarékbank Zrt, Unicredit Bank Hungary Zrt.

NET YIELD PERFORMANCE OF THE SERIES:

Interval	Yield of note	Benchmark yield
From start	9.68 %	10.78 %
2017	-11.80 %	-13.91 %
2016	50.80 %	49.47 %
2015	11.61 %	9.86 %
2014	-32.35 %	-31.22 %
2013	-1.93 %	-1.19 %
2012	4.76 %	7.91 %
2011	-11.05 %	-12.34 %
2010	35.75 %	35.82 %
2009	78.23 %	103.33 %

NET PERFORMANCE OF THE SERIES

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

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:	21.05 %
Annualized standard deviation of the benchmark's weekly yields:	20.94 %

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.
The Russian equity market was one of the best performing markets in September supported by the rise in oil price; moreover the Ruble managed to significantly strengthen against the Dollar. In the middle of the month, the Russian central bank unexpectedly raised its benchmark rate to 7.5 per cent. This has been the first time since 2014 to raise interest rates, which was justified by increasing inflationary pressures. The fund managed to outperform its reference index again thanks to the overweighted strategy in the oil sector. Currently, we have a small underweight compared to the benchmark.

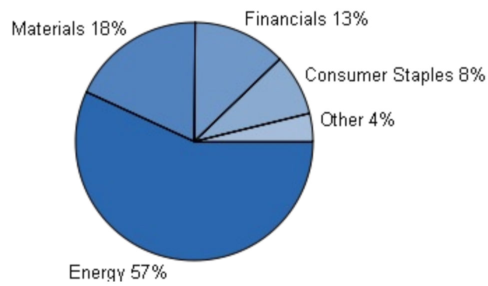
ASSET ALLOCATION OF THE FUND ON 09/30/2018

Asset type	Weight
International equities	94.66 %
Receivables	5.26 %
Current account	2.86 %
Liabilities	-2.77 %
total	100,00 %
Derivative products	0.00 %
Net corrected leverage	100.00 %

TOP 5 POSITIONS
NOVATEK OAO GDR
ROSNEFT OIL COMPANY GDR
TATNEFT GDR új
LUKOIL GDR NEW
SBERBANK-Sponsored GDR

Assets with over 10% weight
NOVATEK OAO GDR
ROSNEFT OIL COMPANY GDR
TATNEFT GDR új

Stocks by sectors:



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
☐	☐	☐	☐	☐	☐	■