

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:	100% MSCI Turkey 10/40 NETR Local
ISIN code:	HU0000713151
Start:	12/30/2013
Currency:	PLN
Total Net Asset Value of the whole Fund:	5,054,651,071 HUF
Net Asset Value of PI series:	5,953 PLN
Net Asset Value per unit:	0.729789 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	-5.65 %	-7.89 %
2018	-36.71 %	-38.25 %
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, 06/01/2018 - 05/31/2019



— 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.

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:

After 6 years the old Wall Street axiom, sell in May and go away, has worked again. It was in 2012, when the S&P 500 index had such a bad month. Back then it fell 6.3%, last month the index returned -6.6%. But this was still better than the emerging markets performance, which closed down the month by 7.5%. There were multiple factors that contributed to last month's bad performance. First of all, the American-Chinese trade war clouded the investment horizon. At the beginning of the month, the major indices opened at new all-time highs because investors were hopeful, that the trade conflict will be resolved soon. But the American president had other thoughts, and raised the tariffs to 25% on imports from China to the United States. At the end of the month the US president imposed 5% tariffs on Mexican goods too, although he just signed the new NAFTA agreement a few months ago. The macro economic data was mixed in May. So far, it seems that the tariff war does not hurt the US economy. More people are working, the GDP is expanding and the inflation is negligible. However the Chinese macro-economic data suggest the opposite. Their GDP is shrinking, the inflation is growing, and the export numbers fell off dramatically. So far, it looks like the U.S. is winning the trade war but as we know the Chinese are planning for the next 2 years but rather the next 50. We are looking cautiously ahead for the next few months. Certain data suggests that a defensive approach should be appropriate in the near term. The falling yield on the 10 and 30 bonds might suggest a slowing economy, but the 3 month-10 year spread might suggest that even a mild recession is not out of order. Europe looks bleakly too, the German 10 year yield hit a new all-time low, and the Brexit is still hovering on the horizon. The fund's performance was negative in May, mostly because there was a selling wave sweeping thru the markets in concern of the American-Chinese trade war. By buying stocks we decreased the bank sector's underweight to the neutral level. Although it seems that the American-Turkish relations are improving - Trump will visit Turkey in the near future - we are still skeptical that this will lead to solve all the major differences between the two countries. If we look at the Turkish market thru a short term lens, we see that the valuations and the technicals are very favorable but the political climate is still an overhang. Because of this we only establish short term positions.

ASSET ALLOCATION OF THE FUND ON 05/31/2019

Asset type	Weight
International equities	98.60 %
Receivables	35.03 %
Liabilities	-34.47 %
Current account	0.85 %
total	100.00 %
Derivative products	0.00 %
Net corrected leverage	100.00 %

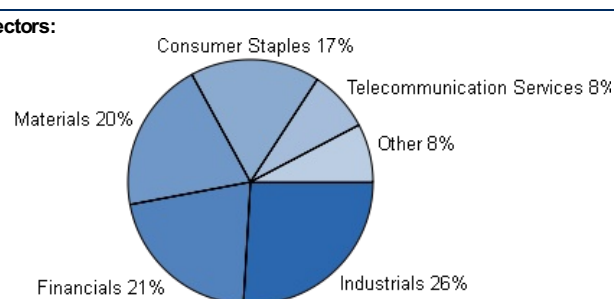
TOP 5 POSITIONS

Asset	Type	Counterparty / issuer	Maturity
BIRLESIK MAGAZALAR	share	BIM BIRLESIK MAGAZALAR (TR)	
Aselsan Elektronik Sanayi	share	Aselsan Elektronik Sanayi (TR)	
KOZAL	share	KOZAALTIN (TR)	
TURKIYE GARANTI BANKASI	share	TURKIYE GARANTI BANKASI (TR)	
AKBANK T.S.A.	share	AKBANK T.A. (TR)	

Assets with over 10% weight

BIRLESIK MAGAZALAR
Aselsan Elektronik Sanayi
KOZAL

Stocks by sectors:



RISK INDICATORS FOR THE LAST 12 MONTHS:

Annualized standard deviation of the fund's weekly yields:	46.27 %
Annualized standard deviation of the benchmark's weekly yields:	44.45 %
WAM (Weighted Average Maturity):	0.00 years
WAL (Weighted Average Life):	0.00 years