

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:	100% Msci Russia 10-40 Net TR USD
ISIN code:	HU0000707401
Start:	12/04/2008
Currency:	HUF
Total Net Asset Value of the whole Fund:	7,418,991,677 HUF
Net Asset Value of HUF series:	2,973,451,357 HUF
Net Asset Value per unit:	2.897809 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., Commerzbank Zrt., CONCORDE Értékpapír Zrt., Equilor Befektetési Zrt., Erste Befektetési Zrt., KBC Securities Magyarországi Fióktelepe, OTP Bank Nyrt., Raiffeisen Bank Zrt., SPB Befektetési Zrt., Takarékbank Zrt., Unicredit Bank Hungary Zrt.

NET YIELD PERFORMANCE OF THE FUND:

Interval	Yield of note	Benchmark yield
From start	10.41 %	11.52 %
2018	6.26 %	1.31 %
2017	-11.80 %	-13.91 %
2016	50.80 %	48.83 %
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 FUND

NET ASSET VALUE PER SHARE, 09/01/2018 - 08/31/2019



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.

MARKET SUMMARY:

Donald Trump, the president of the United States in his love me-love me not game august got the latter one. As Xi Jinping was his best friend in July, he became his worst enemy by August. Lately, it is very hard to follow the U.S. president's controversial reasoning, and his inconsistent thinking has an impact on the financial markets. In the last month, there were 2 days when the S&P 500 index fell more than 1%, and 2 days when it fell by more than 2%. It's a miracle that the index closed down the month by only 1.82%. We don't know what the president's true intention is, but it's not helping the investors.

The trade war has multiple aspects. Analysts thought that Trump wants to force the FED to cut rates, and using the trade war as a tool to achieve this goal. But the FED resisted the political pressure, and cut the Fed Fund Rate by only 25bp. Moreover, Jay Powell the chairman of the FED, declared that the only the change in economic data will force the central bank to change its interest rate policy. So far the FED thinks that this is only a mid-cycle slowdown which doesn't justify more rate cuts at this time. Trump didn't like what he heard, and his next tweet he stated that he doesn't know who is the greater enemy of the U.S.: Xi the Chinese president or Powell FED president.

The fund had a negative performance in August, thanks to the weakening ruble and the fear of the new potential economic sanctions. The fund had an underweight position in the gold miners against the benchmark which affected negatively the fund's performance, but the under weight in the steel sector had a positive effect on the performance. The fund had some off benchmark positions, which had positive effect on the performance. We reduced the overweight in the oil sector to the neutral level. We used the MSCI re-balancing sell off in certain stocks to increase the funds exposure in those equities.

ASSET ALLOCATION OF THE FUND ON 08/31/2019

Asset type	Weight
International equities	98.85 %
Current account	1.41 %
Liabilities	-0.29 %
Receivables	0.03 %
total	100.00 %
Derivative products	0.00 %
Net corrected leverage	100.00 %

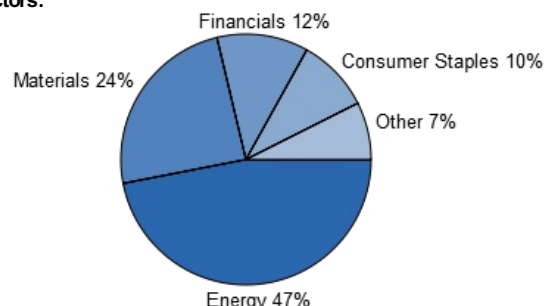
TOP 5 POSITIONS

NOVATEK OAO GDR
Gazprom GDR
LUKOIL GDR NEW
X5 Retail Group NV-Regs GDR
SBERBANK-Sponsored GDR

Assets with over 10% weight

There is no such instrument in the portfolio

Stocks by sectors:



RISK INDICATORS FOR THE LAST 12 MONTHS:

Annualized standard deviation of the fund's weekly yields: 18.14 %

Annualized standard deviation of the benchmark's weekly yields: 18.71 %

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