Aegon Russia Equity Fund
institutional series

AEGON

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:	HU0000709514
Start:	12/10/2010
Currency:	HUF
Total Net Asset Value of the whole Fund:	6,967,979,332 HUF
Net Asset Value of institutional series:	3,389,349,270 HUF
Net Asset Value per unit:	2.163509 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., Raiffeisen Bank Zrt.

NET PERFORMANCE OF THE SERIES

NET ASSET VALUE PER SHARE, 06/01/2016 - 05/31/2017

----- **Aegon Russia 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:	19.16 %
Annualized standard deviation of the benchmark's weekly yields:	19.26 %

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:

During May, a slight increase was observable in the price of the main equity indices.

Brexit related news emerged at the beginning of the month: some detail of the Juncker-May supper was leaked out and the EU has raised the Brexit fine to €100Bn (gross). In addition, at the end of the month, a survey was published stating the possibility that the Conservatives may lose majority in parliament at early elections in June - all of which has contributed to the weakening pound during the month.

While European stocks were heavily bought in early May, the oil price dropped to five months low due to the fear of over-supply and poor technical picture. Although the OPEC has prolonged the production restriction for 9 months at its month-end meeting as it was expected, for the Libyan and Nigerian production it did not assign a ceiling. As a result, the oil price closed close to its opening price in May.

The outcome of the French presidential election has also come as it was expected: Emmanuel Macron won 66 while Marine Le Pen got 34 percent of the votes.

News from the US came in relation to the Trump-Russian relations and the dismissal of the FBI President. In the middle of the month, the possibility of launching a resignation process against the President this year was priced at 29% vs. the previous 19%. As political risks increased in the US and decreased in Europe at the same time, investors shifted from Dollar to Euro pulling the EURUSD cross to its new Trump-era high. The banking sector was heavily shorted but short selling dominated in each sector. The turn came at the end of the month, when Trump has signed the Arms Agreement with Saudi Arabia - as a result arm manufacturers' and technological company's stocks were bought. In addition, due to the favorable technical picture and news from supportive monetary policy, S&P 500 closed at all time high.

Russia keeps underperforming due to the weak oil prices. The OPEC has prolonged the production restriction for 9 months at its month-end meeting as it was expected but for the Libyan and Nigerian production it did not assign a ceiling. As a result, the oil price closed close to its opening price in May. We maintain a selective overweight in our fund, and prefer companies which focus their activities on the internal market, mainly banks and retail stocks.

ASSET ALLOCATION OF THE FUND ON 05/31/2017

| Asset type	Weight
International equities	96.64 %
Current account	3.23 %
Receivables	0.31 %
Liabilities	-0.17 %
total	100,00 %
Derivative products	0.00 %
Net corrected leverage	100.00 %

TOP 5 POSITIONS

SBERBANK-Sponsored GDR
ROSNEFT OIL COMPANY GDR
LUKOIL GDR NEW
NOVATEK OAO GDR
MAGNIT OJSC.SPON

Assets with over 10% weight

There is no such instrument in the portfolio

Stocks by sectors:

Financials 15%
Materials 13%
Consumer Staples 17%
Other 7%
Energy 48%
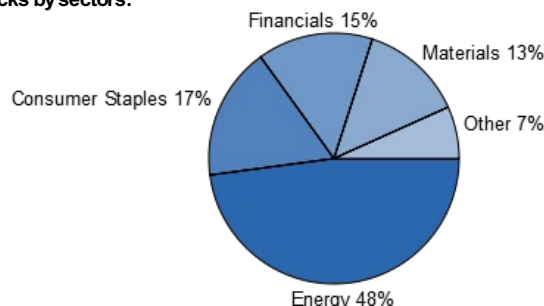
NET YIELD PERFORMANCE OF THE SERIES:

Interval	Yield of note	Benchmark yield
From start	-0.59 %	-1.55 %
2016	52.01 %	49.47 %
2015	12.51 %	9.86 %
2014	-31.20 %	-31.22 %
2013	-0.40 %	-1.19 %
2012	6.45 %	7.91 %
2011	-10.94 %	-12.34 %

AEGON : Befektetési Alapkezelő