



**VIG ALFA**  
**ABSOLUTE RETURN INVESTMENT**  
**FUND**

**FUND RULES**

FUND MANAGEMENT COMPANY

**VIG Asset Management Hungary Closed Company Limited by Shares**

(H-1091 BUDAPEST, ÜLLŐI ÚT 1.)

CUSTODIAN

**UNICREDIT BANK HUNGARY ZRT.**

(H-1054 BUDAPEST, SZABADSÁG TÉR 5-6.)

**EFFECTIVE AS OF:**

23 April 2024.

## **DEFINITION OF TERMS**

<b>UCITS</b>	undertakings for the collective investment in transferable securities
<b>UCITS Fund Manager</b>	an investment fund management company managing one or more UCITSs as regular business
<b>UCITS Directive</b>	Directive 2009/65/EC on undertakings for collective investment in transferable securities
<b>Fund</b>	VIG Alfa Absolute Return Fund
<b>Base currency</b>	HUF, i.e. Hungarian Forint. It is the currency in which the Fund records its assets. The Fund may even invest a portion of its assets in securities issued in a currency differing from its base currency.
<b>Crystallisation frequency</b>	the frequency at which the accrued performance fee, if any, becomes payable to the management company.
<b>Excess performance (relative return)</b>	the difference between the net performance of the investment unit series and the benchmark.
<b>Fund Management Company</b>	VIG Asset Management Hungary Closed Company Limited by Shares
<b>ÁKK</b>	Államadósság Kezelő Központ Zártkörűen Működő Részvénytársaság (Government Debt Management Agency Public Ltd in Hungary)
<b>High-on-High (HoH) model</b>	a performance fee model whereby the performance fee may only be charged if the NAV exceeds the NAV at which the performance fee was last crystallised.
<b>Hurdle rate</b>	a predefined minimum fixed rate of return.
<b>Investment Fund</b>	a collective investment form set up under the conditions defined in Act XVI of 2014 on collective investment forms and their managers (Collective Investment Act)
<b>Investment unit</b>	a transferable security issued in series by the Investment Fund as issuer in the manner and with formalities defined in the Collective Investment Act, providing receivables and other rights against the investment fund as defined in the fund rules of the investment fund
<b>Investor</b>	the holder of an investment unit or any other collective investment security

<b>Target country</b>	a country on the capital market of which the Fund makes investment or intends to make investment strategically
<b>Dematerialized security</b>	It is an aggregate of data created, recorded, transmitted and registered in electronic way, in the manner as defined in the Capital Market Act and in special law, containing the content requirements of a security in identifiable manner
<b>EU</b>	European Union
<b>EEA state</b>	any member state of the European Union and any other states being parties to the Agreement on the European Economic Area
<b>Supervisor</b>	National Bank of Hungary (earlier: Hungarian Financial Supervisory Authority)
<b>FIFO Principle</b>	the first purchase of a specific security in the portfolio is sold first
<b>Distribution day</b>	all business days in Hungary for which day the net asset value is stated, except the events of suspension or interruption of the distribution.
<b>Distributor</b>	The Fund Management Company and further dealers participating in the sale of Investment units. For current list see item 1.7 of the Fund rules.
<b>Distribution sites</b>	Sites appointed by the Distributor for sale of the Investment units of the Fund. The list of distribution sites is accessible at the website of the Fund Management Company: <a href="https://www.vigam.hu/">https://www.vigam.hu/</a>
<b>G20</b>	G20 is an organisation comprising the world's 19 largest economies and the European Union.
<b>Collective Investment Act</b>	Act XVI of 2014 on collective investment forms and their managers, and on the amendment of certain financial laws
<b>Fund rules</b>	a regulation containing special rules of the Fund, prepared pursuant to the Collective Investment Act, specifying the general contract conditions between the Fund Management Company and the Investors
<b>Auditor</b>	KPMG Hungária Kft.
<b>Publication sites</b>	websites <a href="https://www.vigam.hu/">https://www.vigam.hu/</a> and <a href="https://www.kozzetetelek.mnb.hu/">https://www.kozzetetelek.mnb.hu/</a>
<b>Custodian</b>	UniCredit Bank Hungary Zrt.
<b>Order</b>	Order to buy, redeem or switch investment units
<b>MNB</b>	National Bank of Hungary

<b>Net asset value</b>	value of assets in the portfolio of the investment fund, including receivables from lending, reduced by total liabilities encumbering the portfolio, including the accrued expenses
<b>OECD</b>	Organisation for Economic Co-operation and Development
<b>Civil Code</b>	Act V of 2013 on the Civil Code
<b>Own capital</b>	the own capital of the Investment Fund is equal to the product of multiplication of the nominal value and the piece number of the investment units; in the course of its operation, own capital is identical with the aggregate net asset value of the Investment Fund
<b>Performance fee settlement</b>	establishment of the fact that the performance fee that has accrued in the net asset value of the Fund as at the last day of distribution (or of termination of the fund or series) of the year is positive, with this performance fee then being paid by the Fund
<b>Series</b>	In the name of an investment fund investment units can be issued that constitute one or more series, have the same nominal value within the same series and incorporate the same rights. The Fund rules and the Prospectus determine in details the characteristics of the individual series by which they deviate from each other.
<b>SFDR Regulation (Sustainable Finance Disclosure Regulation)</b>	Regulation (EU) 2019/2088 of the EUROPEAN PARLIAMENT AND OF THE COUNCIL of 27 November 2019 on sustainability-related disclosures in the financial services sector
<b>Taxonomy regulation</b>	Regulation (EU) 2020/852 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 18 June 2020 establishing a framework for the promotion of sustainable investment and amending Regulation (EU) 2019/2088
<b>Prospectus</b>	a document prepared according to the Collective Investment Act for public offering of Investment units
<b>T day</b>	the date of placing an order for making a deal
<b>Capital Market Act</b>	Act CXX of 2001 on Capital Markets
<b>Client account</b>	an account kept for a client, which is exclusively aimed at the execution of orders placed to the debit of the balance of the investment service, commodity exchange service and the payment based on the liability included in the security.

## **I. Basic information regarding the Investment Fund**

### **1. Basic data of the Investment Fund**

#### **1.1. Name of the Investment Fund**

VIG Alfa Abszolút Hozamú Befektetési Alap

*English name: VIG Alfa Absolute Return Investment Fund*

*Czech name: VIG Alfa Fond S Absolutním Výnosem*

#### **1.2. Short name of the Investment Fund**

VG Alfa Fund

#### **1.3. Seat of the Investment Fund**

H-1091 Budapest, Üllői út 1.

#### **1.4. Date of recording the Investment Fund and its registration number**

Date of recording the Fund: 10 February 2006

Registration number of the Fund: 1111-171.

#### **1.5. Name of the Investment Fund Management Company**

VIG Asset Management Hungary Closed Company Limited by Shares

#### **1.6. Name of the Custodian**

UniCredit Bank Hungary Zrt.

#### **1.7. Name of the Distributor**

VIG Asset Management Hungary Closed Company Limited by Shares

further distributors:

Budapest Bank Zrt.

CIB Bank Zrt.

Concorde Securities Zrt.

Conseq Investment Management, a. s.

Equilor Investment Zrt.

ERSTE Investment Zrt.

KBC Securities Branch Office Hungary

OTP Bank Nyrt.

Patria Finance, a.s.

SPB Investment Zrt.

Raiffeisen Bank Zrt.SPB Investment Zrt.

Magyar Takarékszövetkezeti Bank Zrt.

UniCredit Bank Hungary Zrt.

Erste Group Bank AG

Erste BANK AD Podgorica

Patria Finance Hungarian Branch

#### **1.8. Operating form of the Fund (public), circle of the possible investors (trade investors or private investors)**

The Investment Fund is public.

Circle of the possible investors: both trade and private investors.

**1.9. Type of the Investment Fund (open-end or closed-end)**

The Investment Fund is open-end.

**1.10. Maturity period of the Investment fund (unlimited or limited); if the maturity period is limited, indicate the expiry date of this period**

The Investment Fund has an unlimited maturity period.

**1.11. Indicate whether the Investment Fund is a fund harmonized according to the UCITS Directive or to the AIFM Directive.**

The Investment Fund is harmonized according to the UCITS Directive.

**1.12. Number, marking of the series issued by the Investment Fund; indicate the characteristics of the individual series by which they deviate from each other**

The Fund has 8 series.

Series	Difference
VIG Alfa Fund (Series A, HUF)	fund management fee rate, distributors, hurdle rate
VIG Alfa Fund (Series B, PLN)	currency, currency-hedged series, fund management fee rate, distributors, hurdle rate
VIG Alfa Fund (Series C, CZK)	currency, currency-hedged series, fund management fee rate, distributors, hurdle rate
VIG Alfa Fund (Series E, EUR)	currency, currency-hedged series, fund management fee rate, distributors, hurdle rate
VIG Alfa Fund (Series EI, EUR)	currency, currency-hedged series, fund management fee rate, distributors, hurdle rate
VIG Alfa Fund (Series I, HUF)	fund management fee rate, distributors
VIG Alfa Fund (Series R, HUF)	rate of fund management fee, circle of distributors, free of penalty charge, hurdle rate
VIG Alfa Fund (Series U, USD)	currency, currency-hedged series, fund management fee rate, distributors, hurdle rate
VIG Alfa Fund (Series UI, USD)	currency, currency-hedged series, fund management fee rate, distributors, hurdle rate
VIG Alfa Alap (PI series, PLN)	currency, currency-hedged series, fund management fee rate, distributors, hurdle rate

**1.13. Primary asset category type of the Investment Fund (securities or real estate fund)**

The Investment Fund is a securities fund.

**1.14. Indicate if the promise for protecting the capital of the Investment Fund and/or for the return is secured by a bank guarantee or a surety assurance (capital and/or return guarantee) or it is supported by the detailed investment policy of the Investment Fund (capital and/or return protection); state the item in the Fund rules that contains the conditions for it in details.**

Not applicable.

**2. Other basic information regarding the Investment Fund**

Distributors:

The Fund Manager distributes all investment unit series of the Fund. The distributors listed in item 1.7 of the Fund rules can distribute the Investment Fund series of the Fund within the scope of their distribution contracts entered into with the Fund Manager, according to their own Business Regulation.

Distributors shall determine the conditions for the distribution of the Fund in their own Business Rules, but these conditions may not contradict the provisions of the Fund Rules.

Distribution abroad:

Following the notification procedure of the Fund, the Investment unit series of the Fund become accessible even abroad. These Fund rules contain the special conditions for distribution abroad, which are highlighted in the relevant items.

### **3. List of legislations relating to the management of investment funds, furthermore to the offering and trading of investment units as well as those regulating the legal relationship between the fund and the investor**

#### Acts

- Act XVI of 2014 on collective investment forms and their managers, and on the amendment of certain financial laws (Collective Investment Act)
- Act V of 2013 on the Civil Code (Civil Code)
- Act XLVII of 2008 on the Prohibition of Unfair Business-to-Consumer Commercial Practices
- Act CXXXVIII of 2007 on Investment Firms and Commodity Dealers, and on the Regulations Governing their Activities
- Act LIII. of 2017 on the Prevention and Combating of Money Laundering and Terrorist Financing
- Act XXV of 2005 on Financial Service Contracts made through Distance Marketing
- Act CXX of 2001 on Capital Markets (Capital Market Act)
- Act CLX of 1997 on Consumer Protection

#### Government Decrees

- Government Decree No. 78/2014 (III.14.) on the investment and credit borrowing rules of investment funds
- Government Decree No. 79/2014 (III.14.) on organizational, incompatibility, business management and risk management requirements in relation to UCITS fund managers
- Government Decree No. 82/2010 (III.25.) on calculating and announcing deposit interest rates and returns on securities
- Government Decree No. 153/2009 (VII. 23.) on increasing the efficiency of consumer protection in the financial sector
- Government Decree No. 22/2008 (II. 7.) on the mandatory elements of the rules of business at business organisations providing investment services, auxiliary investment services and commodity exchange services
- Government Decree 284/2001 (XII.26.) on the Mode of the Generation and Forwarding of Dematerialized Securities and the Relevant Rules on Safety, as well as on the Opening and the Keeping of the Security Account, the Central Securities Account and the Customer Account

- Government Decree No. 205/2023. (V. 31.) on the divergent application of Act LII of 2018 on the social contribution tax during a state of emergency.
- Government Decree 89/2023 (III. 22.) on economic and financial measures
- Government Decree No. 156/2023. (IV. 27.) on the investment rules of certain investment funds

#### Decrees of the Minister of Finance and the Minister for National Economy

- Decree 16/2017 (VI.30.) of the Minister for National Economy on the product approval process to be used by the investment firm.
- MF Decree No. 6/2002 (II.20.) on the notification obligation of investment service providers, organisations engaged in clearing house operations and the stock exchange

#### Supervisory Authority Decrees

- Decree 46/2018. (XII: 17.) of the Hungarian Central Bank on the detailed rules concerning the form and method of managing complaints on financial organizations
- Decree 45/2018 (XII.17.) of the Hungarian Central Bank on the detailed rules of the minimum requirements pertaining to the development and operation of a filter system for the implementation of Act on the Prevention and Prevention of Money Laundering and Terrorist Financing for service providers supervised by the Hungarian Central Bank and on the implementation of restraint measures imposed by the European Union and the United Nations Security Council.

#### EU legislation

- Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS) (UCITS Directive)
- Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU
- REGULATION (EU) 2015/2365 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 25 November 2015 on transparency of securities financing transactions and of reuse and amending Regulation (EU) No 648/2012
- SFDR Regulation (Sustainable Finance Disclosure Regulation) Regulation (EU) 2019/2088 of the EUROPEAN PARLIAMENT AND OF THE COUNCIL of 27 November 2019 on sustainability-related disclosures in the financial services sector
- Taxonomy regulation: Regulation (EU) 2020/852 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 18 June 2020 establishing a framework for the promotion of sustainable investment and amending Regulation (EU) 2019/2088
- Guideline 34-39-992 of the European Securities and Markets Authority (ESMA) of 5 November 2020 on performance fees in UCITS and certain types of AIFs



- Commission Delegated Regulation (EU) 2022/1288 of 6 April 2022 supplementing Regulation (EU) 2019/2088 of the European Parliament and of the Council with regard to regulatory technical standards specifying the details of the content and presentation of the information in relation to the principle of ‘do no significant harm’, specifying the content, methodologies and presentation of information in relation to sustainability indicators and adverse sustainability impacts, and the content and presentation of the information in relation to the promotion of environmental or social characteristics and sustainable investment objectives in pre-contractual documents, on websites and in periodic reports
- Regulation (EU) No 1286/2014 of the European Parliament and of the Council of 26 November 2014 on key information documents for packaged retail and insurance-based investment products (PRIIPs)

The above list is not comprehensive, there are legislative provisions in effect that regulate the internal processes of the fund management activity and the distribution activity as well as the existing data notification, data supply obligations and other obligations arising from the exercising of the supervisory authority powers, in addition to the above listed legislative rules.

#### **4. Description of the most important legal consequences of the investment, including information on the jurisdiction, the applicable law and the existence or absence of any legislative acts that contain provisions on the recognition and implementation of judgements in the home country of the Fund**

The investment units are investment units issued by an open-end fund, i.e. Investors can buy and sell them (redemption) at distribution during the maturity period of the Fund. It is a requirement for doing so, that the Investor disposes of a securities account at a Distributor of the Fund. As the Fund does not pay any return, the Investor can realize his profit on the margin between the purchase and redemption price. The purchase and redemption order is implemented on the basis of the prevailing net asset value (calculated according to these Fund rules).

The provisions of the business regulations of the Distributor and the legislative rules of the country written in them are authoritative to the opening and keeping of securities account, as well as to the execution of purchase and redemption orders.

At the time of issuance of these Fund rules, according to the relevant Business Regulation of the Fund Management Company, the Hungarian law is authoritative to these transactions, which is identical with the applicable law.

## **II. Information regarding investment units (by series)**

### **5. ISIN identification codes of the investment units**

<b>Series</b>	<b>ISIN</b>
VIG Alfa Fund (Series A, HUF)	HU0000703970
VIG Alfa Fund (Series B, PLN)	HU0000708318
VIG Alfa Fund (Series C, CZK)	HU0000716006
VIG Alfa Fund (Series E, EUR)	HU0000715982
VIG Alfa Fund (Series EI, EUR)	HU0000729520
VIG Alfa Fund (Series I, HUF)	HU0000715974
VIG Alfa Fund (Series R, HUF)	HU0000712286
VIG Alfa Fund (Series U, USD)	HU0000715990

VIG Alfa Fund (Series UI, USD)	HU0000729538
VIG Alfa Fund (Series PI, PLN)	HU0000727383

#### **6. Nominal values of the investment units**

<b>Series</b>	<b>Nominal value</b>
VIG Alfa Fund (Series A, HUF)	1 HUF
VIG Alfa Fund (Series B, PLN)	1 PLN
VIG Alfa Fund (Series C, CZK)	1 CZK
VIG Alfa Fund (Series E, EUR)	1 EUR
VIG Alfa Fund (Series EI, EUR)	1 EUR
VIG Alfa Fund (Series I, HUF)	1 HUF
VIG Alfa Fund (Series R, HUF)	1 HUF
VIG Alfa Fund (Series U, USD)	1 USD
VIG Alfa Fund (Series UI, USD)	1 USD
VIG Alfa Fund(Series PI, PLN)	1 PLN

#### **7. Currencies of the investment units**

<b>Series</b>	<b>Currency</b>
VIG Alfa Fund (Series A, HUF)	HUF, i.e. Hungarian Forint
VIG Alfa Fund (Series B, PLN)	PLN, i.e. Polish Zloty
VIG Alfa Fund (Series C, CZK)	CZK, i.e. Czech Koruna
VIG Alfa Fund (Series E, EUR)	EUR, i.e. Euro
VIG Alfa Fund (Series EI, EUR)	EUR, i.e. Euro
VIG Alfa Fund (Series I, HUF)	HUF, i.e. Hungarian Forint
VIG Alfa Fund (Series R, HUF)	HUF, i.e. Hungarian Forint
VIG Alfa Fund (Series U, USD)	USD, i.e. US Dollar
VIG Alfa Fund (Series UI, USD)	USD, i.e. US Dollar
VIG Alfa Fund(Series PI, PLN)	PLN, i.e. Polish Zloty

#### **8. Method of creation of the investment units; information regarding issuance and sale**

The investment units are created in dematerialised form, they are not issued (printed) physically. The investment units are issued (generated) by KELER Central Depository Zrt. on the order of the Fund Management Company. The Fund can sell its investment units according to own Business Regulations of the Distributors. The investment units issued by the investment fund can be purchased by the Investors in the course of continuous distribution.

#### **9. Certification of ownership and method of record-keeping of investment units**

To certification of ownership and method of record-keeping of the investment units, of the Civil Code and Sections 138 to 146 of the Capital Market Act are applicable.

According to the provisions of the Capital Market Act, dematerialised securities can be acquired and transferred only in the form of debit or credit on a securities account. Pursuant to the Civil Code, the transfer of dematerialised securities requires a contract of transfer or other legal titles. The ownership of the Investment Units is certified by an account statement issued by the securities account manager of the Investor.

Unless proved the contrary, the person shall be considered to be the holder of the security on whose account the security is kept on records.

**10. The rights of the investor provided by the investment unit, description about, how the Fund Management Company ensures fair treatment to the investors, and in the event that an investor is exceptionally treated or acquires right to have an exceptional treatment, description of the exceptional treatment, identification of the investor type to whom an exceptional treatment is provided, furthermore, if relevant, description of the legal and economic relationship with the Fund and the Fund Management Company; other information related to the relevant subject**

Holders of the investment units are entitled

- to redeem their investment units at daily asset value at the distribution site under the terms and conditions specified in the Fund rules of the Fund;
- to receive the prevailing version of the Fund rules, the Prospectus and the Distributor's Business Regulation in the offices of the Distributor;
- to receive the annual and semi-annual reports of the Funds in the offices of the Distributor;
- to inquire about the composition of the profit of the Funds;

The holders of investment units dispose of all further rights included in these Fund rules and the Prospectus as well as in legislative provisions.

The Fund Management Company does not make any distinction between Investors; all investors have the same rights. The Fund Management Company ensures the fair treatment for investors in the manner that it treats the purchase and redemption orders of all investors under the same conditions in the way defined in these Fund rules. Accordingly, no single investor receives exceptional treatment against the other investors.

### **III. Investment policy and objectives of the Investment Fund**

**11. Description of the investment goals and specialisation of the investment fund, indicating the financial objectives (e.g. capital increase or income, geographical or sectoral specification)**

The Fund is an absolute return investment fund that aims to create an investment portfolio through active portfolio management that achieves a return for its clients in excess of the benchmark, taking into account a predetermined risk profile. It intends to accomplish this goal primarily by investing in the bond and equity market of the emerging European region. The Fund's asset allocation is aligned with the given capital market conditions.

**12. Investment strategy, methods of implementation of the objectives of the investment fund**

The fund is willing to buy or sell all available investment instruments - domestic and foreign bonds, equities and other securities, indices and currencies - provided it sees the opportunity to make substantial gains. In this respect the fund belongs in the category of opportunistic funds that pursue a multi-strategy investment approach.

Within the multi-strategy approach pursued by the fund, 'global macro', 'long-short equity', 'convertible bond arbitrage' and 'managed futures'-type transactions dominate. In terms of asset class, the fund's investments can be divided into three main groups: it takes on extra risk in the bond, currency and equity markets, and in these markets it is prepared to take up both long and short positions within the maximum limits permitted by law, which currently allow double leverage for funds of this type. To the extent set out

in the investment strategy, the Fund may also invest in so-called non-investment grade securities, which represent additional risk compared to assets that are classed as investment-grade in terms of creditworthiness. In its investment decision-making mechanism, the Fund considers and weighs fundamental, pricing, technical and behavioural/psychological factors.

The fund management company, exercising all due care, based on its own judgement and decisions, and while observing the relevant legal provisions and the limitations stipulated in the Fund Documentation, determines the means of utilising the fund's resources, and the weights of the various investments within the portfolio, with a view to ensuring that the fund - in line with our expectations with regard to future risks and returns - achieves its objective in the long term.

To ensure liquidity the fund aims to hold government securities issued by the State Debt Management Centre (ÁKK) on behalf of the State of Hungary.

### **Benchmark**

The benchmark return applied is a minimum return target, which does not mean an actual promise regarding the yield. The Fund Manager reviews the benchmark returns of the Fund's series on an annual basis, and in the event of a change, the new figure is included in the Fund's management regulations as part of the authorisation process.

The benchmark return for the Fund's forint-denominated series is 7% per annum.

The benchmark return for the various currency-hedged series is determined by adjusting the benchmark return for the various HUF series by the expected cost of hedging. The Fund Manager sets a zero-value benchmark return for those currency-hedged series where the hedging cost exceeds the benchmark return for the forint series. The annual cost of hedging over a 1-year period is 300 basis points for the EUR series, 350 basis points for the USD series, 350 basis points for the PLN series and 300 basis points for the CZK series.

The benchmark returns for the Fund's various series are shown in the table below:

<b>Series</b>	<b>benchmark (basis point)</b>
VIG Alfa Fund (series A, HUF)	700
VIG Alfa Fund (series B, PLN)	650
VIG Alfa Fund (series C, CZK)	400
VIG Alfa Fund (series E, EUR)	400
VIG Alfa Fund (series EI, EUR)	400
VIG Alfa Fund (series I, HUF)	700
VIG Alfa Fund (series PI, PLN)	650
VIG Alfa Fund (series R, HUF)	700
VIG Alfa Fund (series U, USD)	350
VIG Alfa Fund (series UI, USD)	350

**13. Indicate the asset categories in which the Investment Fund can invest, with special reference to the fact whether the application of derivative transactions is permitted for the Investment Fund**

The Fund is willing to buy or sell any available investment instrument – domestic and foreign bonds, mortgage bonds, shares and other securities, deposit and repo transactions, indices and foreign currencies as well as derivative transactions for the former – if it sees serious chance to gain profit.

**14. Maximum, minimum or planned proportion of the individual portfolio components**

**Assets that can be held by the Fund and their planned proportions in percentage of the Fund’s net asset value:**

<b>ASSET CATEGORY</b>	<b>PLANNED PROPORTION</b>
Hungarian treasury bills and Hungarian bonds guaranteed by the Hungarian State	0-100%
Other investment grade rated bonds and State-guaranteed securities	0-100%
Other investment grade rated bonds issued by credit institutions, business associations or municipalities	0-75%
Investment grade rated mortgage bonds	0-25%
Other not investment grade rated bonds and State-guaranteed securities	0-15%
Other not investment grade rated bonds issued by credit institutions, business associations or municipalities	0-15%
Not investment grade rated mortgage bonds	0-10%
Repo and reverse repo transactions	0-25%
Bank deposits (HUF/foreign currencies), money on account	0-25%
Equity securities issued by business associations incorporated in countries of the Central-Eastern-European region (Austria, Czech Republic, Croatia, Poland, Russia, Romania, Turkey)	0-50%
Equity securities issued by business associations incorporated in other developing and developed countries	0-25%
Domestic and foreign collective investment securities and ETFs	0-10%
Assets denominated in other currencies than the base currency	0-100%

**15. Any possible limitations of the investment policy and any techniques, assets or borrowing powers that can be used for the management of the investment fund, including agreements regarding use or limitation of use of leverage, re-use of guarantees and assets, and the highest applicable leverage amount**

The Fund wants to foster the development of the Hungarian securities market and they also expect a significant profit from the securities lending sector. The Fund has the opportunity to buy and sell securities in the form of loan transactions in line with Government Decree 78/2014. (III. 14.)

If securities are lent or borrowed, the value of the transaction must not be higher than 25% of the net asset value of the Fund. Guarantee for returning the lent securities is the provision of reasonable value collateral in form of government securities in the manner that the market value of the collateral (collateral value) cannot be lower than 120% of the market value of the lent securities at the time of making the deal. If, any time during the existence of the loan transaction, the collateral value falls below 110% of the market value of the lent securities, the collateral must be supplemented or replenished up to 120% of the market value of the lent securities.

#### Transactions between funds and portfolios managed by the Fund Manager

The portfolios managed by the Fund Manager (including affiliated companies) and the Funds may also enter into transactions with each other, in which case the Fund Manager shall act in accordance with the special provisions of its internal regulations in order to exclude potential conflicts of interest. Such transactions shall be initiated by the Fund Manager only if the transaction does not harm the interests of the parties to the transaction and complies with the principle of best execution for both parties. The Fund Manager always performs transactions between the managed portfolios and funds at a fair price and documents the price on a transaction-by-transaction basis.

#### General investment restrictions regarding the Fund

*Pursuant to Section 14 of Government Decree 78/2014:*

- (1) The Management Company shall not invest its own capital in Investment Units issued by the Fund.
- (2) The Management Company shall not buy
  - a) securities issued by itself;
  - b) securities issued by affiliated companies of the Management Company, except securities with public market making, including securities to be listed on the stock market.
- (3) The Fund shall not buy financial instruments owned by the Management Company and to sell financial instruments to the Management Company.
- (4) The Fund has to document the market price prevailing at the date of the deal in the case of deals entered into with affiliated companies of the Management Company and other collective investment forms managed by the Management Company as well as in the case of deals made by portfolios between themselves.

#### Investment restrictions in relation to the assets of the Investment Fund

*Pursuant to Sections 8 to 11 of Government Decree 78/2014:*

- (1) An UCITS can invest
  - a) maximum 10 percent of its assets in transferable securities or money market instruments issued by the same issuer,
  - b) maximum 20 percent of its assets in deposits of the same credit institution.
- (2) The partner risk exposure based on OTC derivative transactions against other parties of the UCITS shall not be higher than 5 percent, and if the other party is a credit institution as defined in Section (1) f) of the Government Decree, it shall not be higher than 10 percent of its assets.
- (3) The total value of transferable securities and money market instruments of those issuers in which the value of each investment by the UCITS exceeds 5 percent of the assets of the UCITS shall not be higher than 40 percent of the assets of the UCITS. The same does not apply to deposits affected in credit institutions subject to prudential supervisions and to OTC derivative transactions implemented with credit institutions subject to prudential supervision.
- (4) Irrespective of the individual limits for issuers described in (1) above, the aggregate risk exposure of the UCITS against an institution, which arises from investments in transferable securities or money market instruments issued by the relevant institution, from deposits at the relevant institution and

from OTC derivative transactions entered into with the relevant institutions, shall not be higher than 20 percent of the assets of the UCITS.

- (5) Contrary to the limit described in (1) a) above, 35 percent limit can be applied in the event that the issuer or guarantor of the transferable securities or money market instruments is a member state, the local authority thereof, a third country or such an international body governed by public law, in which one or more EEA states are members. These securities and money market instruments need not to be taken into account for the purpose of application of the limit referred to in Subsection (3) above.
- (6) In contrast to the limit specified in point a) of paragraph (1), a limit of 25 percent may be applied in the case of mortgage bonds issued by a mortgage lender domiciled in Hungary and in the case of bonds issued before 8 July 2022 by a credit institution domiciled in an EEA State that is under state supervision and was established by force of law to protect the interests of the bondholders, provided that the proceeds from the issuance of the bonds are required by law to be invested in assets that are suitable for satisfying the claims on the bonds throughout the entire holding period and that, in the event of the issuer's liquidation, must be used in the first place for the repayment of the principal and the payment of any accrued interest, or in the case of bonds that are classed as covered bonds under the instrument of the EEA State's law that transposes Directive (EU) 2019/2162 of the European Parliament and of the Council of 27 November 2019 on the issue of covered bonds and covered bond public supervision and amending Directives 2009/65/EC and 2014/59/EU. Where a UCITS invests more than 5% of its assets in securities issued by an issuer covered by this paragraph, the total value of those investments may not exceed 80% of the assets of the UCITS. These securities and money market instruments shall not be taken into account for the purposes of applying the 40% limit referred to in paragraph (3).
- (7) The limits provided for in (1)-(6) hereof cannot be consolidated, consequently, the investments in transferable securities and money market instruments issued by the same issuer as well as the investments in deposits and derivative instruments placeable with such undertakings shall not be higher than 35 percent of the assets of the UCITS.
- (8) Companies belonging to a group of undertakings in respect of consolidated annual statements or in line with the accepted international accounting standard, qualify as one person for the purpose of calculation of the limits mentioned in this Section, provided that the total value of investments in transferable securities and money market instruments of the same group of undertakings shall not exceed 20 percent of the assets of the UCITS.
- (9) Contrary to those stated in (1) a) above, the 20 percent limit is applicable in the event that the goal of the investment policy of the UCITS is to replicate the composition of such a stock or bond index where the composition of the index is properly diversified, represents a proper benchmark on the market to which it relates and the development of its value is published in a way understandable even for the public.
- (10) 35 percent limit can be applied for one issuer instead of the limit set out in (9) above if it is strongly determinant for the affected regulated markets and indices.
- (11) In deviation from the limits referred to in subsections (1)-(8) above, a UCITS may invest even 100 percent of its assets, with the permission of the Supervisory Authority, in various transferable securities and money market assets issued by an EEA member state, its local authority, a third country or an international organization, in which one or more member states are members. The Supervisory Authority may permit deviation if the investors of the UCITS receive the same level of protection as the investors of UCITS applying the limits defined in Section 8 and the UCITS has securities from six different issues, and it invests maximum 30 percent of its assets in securities belonging to a certain series.
- (12) Attention should be called to the permit mentioned in (11) above and those states, municipalities or international organizations issuing or guaranteeing securities, in the securities of which the UCITS

invests more than 35 percent of its assets should be indicated by names in the fund rules, reports and all other commercial communications of the UCITS.

- (13) An UCITS may invest maximum 20 percent of its assets in collective investment securities of a certain UCITS regulated in Section 2 (1) e) of this Decree, or in the securities of other collective investment forms.
- (14) The total value of the investment units of an investment fund not qualifying as UCITS and of other collective investment securities shall not exceed 30 percent of the assets of the UCITS.
- (15) If a UCITS invests in securities issued by any other collective investment form which is managed, directly or on the basis of a power of attorney, by the fund manager of the relevant UCITS or another investment fund manage in close relationship with the former, including the situation when the investment fund manager manages the relevant collective investment form as a subcontractor, no sales or redemption commission shall be charged to the relevant UCITS in relation to the investment or its cessation.
- (16) If a UCITS invest at least 20 percent of its assets in other collective investment forms, it is obliged to communicate in its prospectus the highest rate of fund management fees encumbering the other collective investment forms indicated as an investment goal in addition to its own management fee. Furthermore, the highest rate of the investment fund management fees encumbering the other collective investment forms indicated as actual investments in addition to its own management fee in the annual report of the UCITS.

#### Investment limits from the side of allowed assets

*Pursuant to Section 12 of Government Decree 78/2014:*

- (1) The UCITS shall not acquire a qualified influence in any issuer and shall not acquire an influence giving rise to public bidding obligation in a public limited company.
- (2) In addition to those mentioned in (1) above, an UCITS may acquire
  - a) maximum 10 percent of non-voting shares of an issuer,
  - b) maximum 10 percent of debt securities of an issuer,
  - c) maximum 25 percent of the collective investment securities of another UCITS or of the collective investment securities of any other collective investment form,
  - d) maximum 10 percent of the money market instruments of an issuing institution.
- (3) The limits defined in (2) above can be left out of consideration at the time of acquisition if the gross value of the debt securities or money market instruments or the net value of securities to be offered cannot be determined.
- (4) The limits specified in (1) and (2) above need not to be taken into consideration:
  - a) in the case of transferable securities and money market instruments offered or guaranteed by EEA states or their local authority,
  - b) in the case of transferable securities and money market instruments offered or guaranteed by third countries,
  - c) in the case of transferable securities and money market instruments offered or guaranteed by such public international organizations in which one or more EEA states are members,
  - d) with regard to shares of companies incorporated in a third country which company primarily invests in securities of issuers with seat in the relevant state if, pursuant to the laws of the relevant state, such an ownership represent the only possible chance for the UICITS to invest in securities of issuers having their seats on the territory of the relevant state.
- (5) The deviation written in (4) d) above can only be applied if the investment policy of the undertaking having its operation on the territory of the third country complies with the investment limits of the UCITS and the regulation of their excess.



The Fund may draw leverage only within the limits allowed by law: The netted risk exposure of the investment fund shall not exceed the double of net asset value of the investment fund, i.e. the maximum value of the leverage that can be drawn is 2. The Fund's investment policy does not contain any further restrictions.

The total amount of leverage used by the Fund and changes in the level of leverage are included in the Fund's annual and semi-annual reports.

**16. Foreign currency exposure of the portfolio**

Proportion of assets denominated in other currencies than the base currency: 0-100%

**17. If the capital and return pledges are supported by the investment policy of the investment fund, then describe the underlying planned transactions**

Not applicable.

**18. Borrowing rules**

The Fund may borrow money up to 10 percent of its assets for a shorter term than 3 months. The Fund is entitled to provide collateral for the borrowing of credit. The Fund cannot issue bonds or other debt securities. For the purpose of *Government Decree No. 78/2014*, the possibility of 15 day deferred payment for liabilities encumbering the Fund, granted by the issuer is not considered borrowing credit.

The Fund cannot provide cash loan and cannot warrant guarantee. This prohibition does not completely apply to purchase of liquid assets that had not been paid yet.

The Fund is not allowed to enter into naked short selling transactions.

The Fund is entitled to provide collateral for its derivative transactions to the debit of its assets.

**19. The states, municipalities or international organizations issuing or guaranteeing securities, in the securities of which the Fund invests more than 35 percent of its assets**

The member states of the EU, the OECD and G20.

**20. Presentation of the mapped index and the maximum of its deviation from the weight of the individual securities within the index**

Not applicable.

**21. The investment policy of the fund in which an investment fund investing in investment funds wants to invest more than 20 percent of its assets**

Not applicable.

**22. Name of the target UCITS and its part fund**

Not applicable.

**23. Other information regarding the relevant subject**

Complying with *Section 2 (1) c. of Government Decree No. 78/2014*, Annex 1 to these Fund rules contains the list of stock exchanges and trading platforms where listed or traded securities the Fund may invest in on the markets of third countries.

Integration of sustainability risks into investment decisions:

(disclosure as per Article 6 (1) a) of the SFDR):

Within the frame of the management of the Fund's assets, the Fund Manager evaluates the potential investment instruments based on its own internal methodology, which evaluation is applicable to the relevant risks and their management as well. The Fund Manager describes its sustainable investment

principles in its Sustainability Policy, which requires the identification of the relevant risks, together with their long-term sustainable development objectives as well as their consideration in making investment decisions. In making asset management decisions, the responsible portfolio managers review the findings of the sustainability risk assessments that are available for the potential investment instruments. As part of risk management activity sustainability risks are assessed together with other investment risks in relation to the level of expected returns and their sustainability.

## **24. Information regarding derivative transactions**

In these Fund rules derivative transaction means futures or forward deals for securities, for security-based standardised stock exchange derivatives, FX forward transactions, options and interest swap transactions, except REPO and reverse REPO deals for government debt securities. In the name of the Fund the Fund Management Company can enter into derivative transactions by observation of the legislative rules. The value of a derivative transaction can be identified on the basis of public price information in accordance with the frequency of net asset value calculation, furthermore, a derivative transaction, taking the redemption conditions of investment units into consideration, can be closed and settled in due time at market price.

Pursuant to provisions relating to investment unit series of the Collective Investment Act, the Fund Manager can allocate its assets among the investment unit series in the case of transactions aimed at hedging of foreign currency risks, the purpose of which is to reduce the foreign currency risk of specific series of the Fund against the base currency of the Fund.

### **24.1. If derivative transactions are used, information about that the application of derivative transactions is possible for hedging purposes or for the purpose of investment goals**

The Fund uses derivative transactions for hedging purposes as well as to effectively manage the portfolio, in order to achieve the investment goals.

In order to mitigate the foreign currency risks of B, C, E and U series of the Fund against the base currency, the Fund may enter into hedge transactions as well.

### **24.2. The possible circle of derivative products and derivative transactions**

The Fund can enter into derivative transactions for the following instruments:

- a) securities
- b) security-based standardised stock exchange derivative products
- c) interest rate
- d) foreign currencies
- e) commodity market products, provided that the derivative transaction cannot be completed with physical output

Derivative transactions can be option deals, stock exchange forward deals, OTC FX futures as well as interest rate derivatives.

### **24.3. Indicate the law number on the basis of which the investment fund exercised the right of deviation**

Not applicable.

### **24.4. Investment limits relating to derivative transactions**

The Fund Management Company minimizes the foreign currency risks of FX series of the Fund against the base currency of the Fund by FX futures transactions allocated only to this series (series of CZK, EUR, PLN and USD currency types always mean CZKHUF, EURHUF, PLNHUF and USDHUF hedge

transactions). The relevant day's result on the futures transactions deal, adjusted with the result of the previous day constitutes part in the asset value of the relevant day of the series to be hedged. The Fund Management Company agrees to keep the extent of coverage in the proportion of the asset value of the relevant series within the limit range of 90 to 110% considered to be efficient hedge.

*Pursuant to Section 7 of Government Decree 78/2014:*

- (1) If the UCITS fund management company wants to enter into derivative transactions as well for the UCITS managed by it, the UCITS fund management company needs to apply such a procedure, which enables the monitoring and measuring of the risks of positions in the derivative transactions and their contribution to the total risk of the UCITS; in addition, it has to apply a procedure to precisely and independently measure the value of the OTC derivative transactions.
- (2) The UCITS fund management company shall regularly communicate information on the types of the derivative instruments, the risks and the quantitative restrictions as well as the methods selected for the assessment of risks related to the transactions implemented with the derivative instruments in relation to each and every UCITS under its management to the Supervisory Authority. Aggregating these data, the Supervisory Authority makes them accessible to the European System Risk Board and the European Securities and Markets Authority.
- (3) For the purpose of efficient portfolio management, the UCITS may apply techniques and tools regarding the transferable securities and money market instruments, under the conditions and within the limits set forth by the Supervisory Authority. A requirement for entering into derivative transaction is that they should aim at the efficient management of the portfolio. The application of derivative transactions shall not have the consequence to violate the investment rules and limits set out in the fund rules of the UCITS.
- (4) The UCITS's total (net) exposure to the derivative transactions shall not exceed the amount of net asset value of the UCITS. When calculating the exposure, the current market value of the instruments underlying the transactions, the risk of other party participating in the transaction (partner risk), the presumable development of future market movements and the period available for closing the transactions must be taken into account.
- (5) The UCITS's risk exposure in the individual instruments underlying the derivative transactions, also considering the netted risk exposure involved in the derivative transaction regarding the relevant instrument, shall not exceed the investment limits set forth in this Decree for the relevant instrument. In application of this rule, index-linked derivative transactions need not to be taken into account, on the other hand, it shall also be taken into consideration if a transferable security or money market instrument contains derivative instruments.

#### **24.5. Netting rules of positions in the individual instruments**

The netting rules of positions in the individual instruments of the Fund are as follows:

The Fund Management Company may net the Fund's non-derivative long (short) positions appearing in foreign currency or investment instrument against its short (long) positions based on the same foreign currency or investment instrument as well as the derivative long and short positions appearing in the same underlying instrument against each other.

The positions appearing on the same underlying security can be netted if the following conditions are met at the same time:

- the issuers, the nominal interest rates and the dates of expiry are identical, and
- the securities are denominated in the same currency.

Positions of a transferable security cannot be netted against an opposite position of a security to which the said security can be transferred.

Net position of a specific investment instrument means the surplus of the long (short) positions of foreign currencies, securities representing the same right as well as futures transactions, options, warrants for the same currency or investment instrument and maturity above the short (long)

positions. In case of options, the product of multiplication of the value calculated at market price of the deal volume of the put or call option and the delta factor of the option can be taken into consideration for netting.

For the purpose of compliance with the limits relating to total netted risk exposure of the Fund, transactions aimed at hedging foreign currency risks the purpose of which is to reduce the foreign currency risk of the Fund's B, C, E and U series in accordance with the Fund's investment policy can be left out of consideration.

#### **24.6. Management of positions in the indices and other complex instruments**

Rules of managing positions in indices and other complex assets are the following: Index products may be broken down into individual shares based on the composition of the contract multiplier and the index, which may be netted with any identical shares in the portfolio or with derivatives on the same stocks. Complex derivatives can be considered broken down into elements when applying netting rules.

#### **24.7. Source of price information intended to be used for valuation**

Gains and losses on open positions at a given date are measured at the difference between the settlement price published for the given instrument for the given day, and, in the absence of such a price, the last, officially published settlement price, and the deal price. The Fund's assets should be measured using market pricing whenever possible. Failing this, the assets of the Fund will be valued in accordance with the legal requirements in force at the given time.

#### **24.8. If the characteristics of the derivative transaction in which the investment fund invests differ from the general characteristics defined for derivative transactions by law, call attention thereto, defining the characteristics and risks of the relevant derivative transaction**

Not applicable.

#### **24.9. Other information regarding the relevant subject**

Not applicable.

#### **25. Special provisions regarding real estate funds**

Not applicable.

##### **25.1. Indicate if the real estate fund invests in income producing real estates or in real estates to be selected for value increase purposes**

Not applicable.

##### **25.2. Indicate the function of the real estate (housing, commercial, industrial, etc.) in which the real estate fund invests**

Not applicable.

##### **25.3. Indicate the countries where the real estate fund invests**

Not applicable.

##### **25.4. Maximum of the value of intangible assets related to a real estate or real estates, expressed in amount**

Not applicable.

##### **25.5. Maximum of the value of intangible assets related to a real estate or real estates in relation to all assets**

Not applicable.

**25.6. Maximum ration of real estates under construction**

Not applicable.

**25.7. Risks relevant to real estate funds**

Not applicable.

**25.8. Mode of management of risks relevant to real estate funds, risk management strategy and main principles of its implementation**

Not applicable.

**25.9. In case of contribution in kind for the purpose of introduction prior to registration of the fund, detailed description of the real estates to be contributed**

Not applicable.

## **IV. The risks**

### **26. Description of the risk factors**

**Only the Investors are those who bear the risks and the possible losses arising from investment in the investment units of the Fund**

Owing to the nature of the money and capital markets, investment in the investment units of the Fund is risky. As the losses arising from the risk of investment are entirely borne by the Investors, the assessment, consideration and assumption of the investment risks is the Investor's responsibility. Below we wish to call attention, not exclusively, to the risk factors arising from investments in the investment units of the Fund.

#### **Suspension of continuous distribution of Investment units of the Fund**

If continuous distribution of the Fund is suspended, during the suspension the Investors of the Fund have not the possibility to redeem their existing investment units and to buy new investment unit from the Fund. The rules for continuous distribution and for the suspension of continuous distribution of the Investment Units are contained in Clause 43 of the Fund rules.

#### **Political and economic environment**

The political stability of target countries of the investments of the Fund can change from time to time. The governments of the individual countries may make such decisions which may negatively influence the value of the Fund's investments acquired in these countries during its operation, and the exchange rate against the forint of the currencies applied for record-keeping of these investments. The policy and measures of the national banks of Hungarian and foreign governments as well as those of the individual target countries may have significant impact on the income of the Fund's instruments and on the business life in general, including on the performance of companies the securities issued by which may be, from time to time, in the Fund's portfolio. The economic growth, the position of external economy, the exchange rate policy, the volume of deficit and the interest level of the target countries influence, including may even unfavourably affect the net asset value of the Fund.

### Inflation, interest rates

As debt securities and other securities providing interest-type income can be included in the securities portfolio of the Fund, therefore the return generated by these securities influences the profit achieved by the Fund considerably. However, the return of such instruments always depends on market interest rates, which however develop in line with the inflation expectations. Changes in interest rates can even have detrimental effect on the net asset value of the Fund.

### Issuers of securities

Under unfavourable circumstances, the issuers of securities in the Fund's portfolio may produce bad economic results, they may go bankrupt or get under liquidation proceedings, which may affect the Fund's portfolio and the Investors detrimentally in the form of absence of return, price loss or low market value.

### Liquidity risk

Even though, as a result of the overall globalization, the international investment environment has basically the consequence of increasing the liquidity situation of the securities market, still, the liquidity of the Hungarian securities market does not reach the level of developed capital markets yet. The sale of certain components of the portfolio, especially in the case of longer term bonds, may find difficulties or is possible only at an unfavourable price. The liquidity risk may be a limiting factor if the available funds of the Fund are invested. In addition, the strongly fluctuating market demand and supply are able to increasingly influence the price of the securities, which has an impact on the price of the Investment units through the Fund's net asset value. The liquidity deficit may exercise an unfavourable impact on the Fund, the extent of which always depends on the prevailing capital market situation.

### Pricing risk

When an investor places an order for investment units, he does not know yet what will be their price at the execution of the order.

### Derivative transactions

On behalf of the Fund, the Fund Manager is allowed to enter into derivative transactions only for the purpose of achieving the investment goals formulated in the Fund rules, for investment assets. Due to their nature, the derivative transactions bear much higher risks, which can be reduced, but cannot be fully excluded.

### Exchange rate risk

The exchange rates related to each other of the individual currencies change as a consequence of the economic situation and/or the development of demand and supply. As a result, the value of the Fund's instruments expressed in the individual currencies, converted to the base currency, may change, depending on the fluctuation of the exchange rate between the specific currency and the base currency. Therefore, in some cases the Investors buying the Investment units need to face certain risk of fluctuation of the exchange rates of currencies of individual securities composing the Fund's portfolio against the Fund's base currency.

### Volatility of share prices

International and the domestic securities markets are characterised by large exchange rate fluctuations, which may also influence the Fund's net asset value unfavourably. The price gain that can be achieved on the shares may extremely raise the return of the Fund but, despite the most

prudential analyses, we can calculate with a possible prices loss as well, which may negatively influence the profitability of the Fund. The Fund Management Company may mitigate the unfavourable effects by using hedge transactions.

#### Counterparty risk

There is a danger that, in case concluded derivative or other transactions, the counterparty fails or is unable to meet its obligations during the transaction.

#### Risk of termination of the Fund

The Fund Management Company is obliged to terminate a public open-end investment fund if the Fund's own capital does not reach twenty million forint through three months as an average.

#### Sustainability risk

Sustainability risk is an environmental, social or management incident or circumstance, the occurrence or the existence of which may have an actual or potential material negative effect on the value of an investment. Such sustainability risks are climate risks, transition risks or extra costs due to the use of fossil fuels.

Results of the assessment of the probable impact of the sustainability risk on the return of the offered financial product:

*(disclosure as per Article 6 (1) a) of the SFDR):*

The return of financial products offered by the Fund Manager, like that of investment funds, may be impacted by sustainability risks (e.g. climate risk, transition risk, extra costs due to the use of fossil fuels). These effects generally occur within a longer investment period, up to 10 years or more, and regarding their results, they may even have a significant impact on the return of a given financial product, thereby possibly deteriorating their performance. (For example, due to increased attention on environmental considerations, a company operating in a given sector, may be subject to a disadvantage if it fails to switch from a "traditional" operating model to a more modern and environmentally sustainable operation method). The above can typically impact the given company's market perception, and thus its market value in the long run, which factor is duly taken into account by the Fund Manager in the course of the asset selection decisions. The degree of sustainability risks may differ for each financial product, which the Fund Manager continuously monitors and duly informs investors, as required by law. In the case of the Fund, the Fund Manager hereby informs investors that the portfolio does not fall into the category of a financial product that promotes specific environmental or social characteristics or a combination thereof as defined in the SFDR Regulation (EU 2019/2088) or a financial product aimed at a sustainable investment. In selecting the investments upon which this financial product is based, the Fund Manager does not take into account the specific EU criteria for environmentally "sustainable" business activities (Taxonomy Regulation, EU 2020/852), as this product does not intend to meet enhanced sustainability criteria.

### **26.1. Management of the Fund's liquidity risk, redemption rights and description of redemption agreements made with the investors**

In relation to the Fund, the Fund Management Company applies a liquidity management system in order to track the Fund's liquidity risk and that the liquidity profile of the investments of the Fund should comply with the Fund's liabilities.

The Fund Management Company regularly performs stress tests, all under extraordinary liquidity terms and conditions, which enable them to evaluate and monitor the Fund's liquidity risk.

Only the Distributor concludes agreements with the Investors for purchase and redemption orders. The Fund is an open-end fund, consequently, the Investors can purchase the Fund's Investment Units according to the provisions of this Fund rules, the Assignment Contract entered into with the Distributor and the Distributor's Business regulations, during the continuous distribution, and they can redeem their Investment Units. The Fund Management Company may also act as a Distributor; in such a case, it notifies the Investors about the execution of the orders.

The confirmation of execution of the orders contains the essential information of purchase and redemption orders for investment units, at least the following information:

- identification data of the Fund Management Company
- identification data of the Investor
- the date and time of acceptance of the order
- the date of execution of the order
- the identification data of the Fund
- the amount invested/redeemed
- the rate of the distribution commission

## **V. Valuation of the assets**

### **27. Determination, place and date of publication of the net asset value, procedure to be followed if the net asset value was calculated incorrectly**

The net asset value of the Fund is calculated and published pursuant to *Sections 62 and 124 – 126 of the Collective Investment Act*.

The Fund's net asset value and the net asset value for one Investment Unit shall be identified by investment unit series for each distribution day and it shall be published on the website of the Fund Management Company (<https://www.vigam.hu>), and must be made accessible to the Investors on the Distributor's website.

The Fund's net asset value shall be calculated with taking into consideration the market price of securities in the Fund's portfolio as well as the value of liquid assets and the costs and liabilities encumbering the Fund.

Calculations of the net asset value are established by the Custodian for each distribution day. The Custodian shall carry out the valuation of the assets and liabilities and determine the Fund's aggregate net asset value and the net asset value of one collective investment security in accordance with the laws and the Fund's Fund rules. The net asset value of the given distribution day (T day, value date) shall be calculated and published on the next distribution date (T+1 day) following the given date (T day). In the course of calculation, the Custodian shall perform the valuation by using the market price information of the given distribution day (T day) and the most recent market price information.

The Custodian shall determine the Fund's net asset value for one Investment Unit concerning the given distribution day (T day) in the manner that he divides the Fund's net asset value on the given distribution day (T day), excluding the issued investment units on the given distribution day (T day), by the piece number of Investment Units in circulation on the distribution date preceding the given distribution day (T – 1 day) and shall round the value resulted in this way to 6 decimals according to the general rules of rounding. When calculating the net asset value, the Custodian shall charge all foreseeable longer period expenses encumbering the Fund every day, pro rata temporis and debits to



the Fund. The unforeseeable costs shall be debited to the Fund at their due date. As from the beginning of the first distribution day following the registration of the Fund, the Fund Management Company shall publish the Fund's net asset value and its net asset value for one Investment Unit by investment unit series on its website for each distribution day. The Fund Management Company shall make available the Fund's net asset value and its net asset value for one Investment Unit to the Investors at the distribution sites.

#### Process of calculation of the Fund's Net Asset Value

+	Value of liquid assets (current account, bank deposit)
+	Market value of money and capital market instruments
+	Amount of receivables from securities transactions and distribution
-	Amount of liabilities in relation to securities transactions and distribution
+	Other receivables (dividend, currency exchange, etc.)
-	Other liabilities (accrued fees, currency exchange, commission fees, etc.)
-	Fixed expenses (auditor fee, advertisement fee)
=	Gross Asset Value
-	Variable costs relative to the Asset Value (fund management fee, custodianship fee, fee of main distributor)
-	Variable costs relative to the T-1 day Net Asset Value (annual Supervision fee)
-	Amount of positive success fee
=	Asset Value before distribution
+ / -	Sum of T day distributions
=	Net Asset Value

In case of any error in the calculation of the Fund's net asset value, the error must be corrected retrospectively to the date of occurrence of the error at the date of the next determination of net asset value following the exploration of the error if the ratio of the error is more than **one per mille** of the net asset value of the investment fund. When correction is made, the net asset value shall be modified in accordance with the ratio of the error at the date of the occurrence of the error identified, in relation to all days that was affected later by the error explored. The corrected net asset value shall be published. If the Fund's net asset value is determined falsely in excess of the above error threshold and as a result, the client and Fund suffers losses, they shall be compensated, unless the amount of the loss reaches HUF 1,000.- per client. The compensation shall in no way be charged on the Fund, it shall be borne by the Fund Management Company or the Custodian in proportion of the agreement.

In case of false net asset value, the corrected net asset value of the Investment Fund and the corrected net asset value for one Investment Unit shall be published on the website of the Fund Management

Company ([www.vigam.hu](http://www.vigam.hu)) at the next date of publication of the net asset value following the exploration of the error.

**28. Valuation of the components of the portfolio, description of the valuation procedure and description of the pricing method used in valuation of the assets, including the methods applied in the valuation in accordance with Section 38**

The valuation of the components of the portfolio shall be performed by the Custodian according to the following rules:

1. *Current account of the relevant Fund*: the deserved but not accounted transaction date closing balance of the assets on the account(s), increased with pro rata temporis interest, shall be imputed.
2. *Fixed-time deposit*: in the case of fixed-time deposits, transaction date closing balance of the amount of the deposit, increased with the deserved but not accounted pro rata temporis interest.
3. *Debt securities*:
  - a) The Hungarian government securities with a shorter maturity than one year, offered at first through auction, including securities with joint and several guarantee of the State, shall be evaluated at purchase price before their issue.
  - b) In the case of HUF denominated Hungarian government securities with a shorter period to maturity than 3 months, including securities with joint and several guarantee of the State, the market value shall be determined at present value calculated by using the 3 month reference return published by the ÁKK on the transaction date or on the last workday preceding the transaction date, and/or as the sum of the net price calculated for the transaction date and the interests accumulated by the transaction date.
  - c) *All other Hungarian government securities* shall be evaluated by using the average price (bid-ask average) published by the ÁKK with a date equivalent to the transaction date (in absence of the former, with the most recent date preceding that date). The yield to maturity calculated from the bid-ask average price published by the ÁKK with a date equivalent to the transaction date (in absence of the former, with the most recent date preceding that) shall be considered the base of valuation; the net and gross prices of the transaction date must be calculated with this return. In absence thereof, those written in item d) below are authoritative.
  - d) *Other zero-coupon securities* shall be evaluated at present value calculated with s counted on the basis of the most recent price from among those listed below. In the case of *other interest-bearing securities*, the most recent of the following net prices, increased with interests accumulated till the transaction date shall be taken into consideration for the valuation. In the event that several most recent prices are published for them for the same date, then the selection of the data supplier shall be negotiated with the Fund Management Company. If both buy and sell market makings (two-side market makings) are offered, the bid-ask average is applicable. If one side of the two-side market makings is missing for the relevant day, then a bid-ask average cannot be counted for that day. In this case, the last calculable bid-ask average shall be applied.

The price communicated by a data supplier of the specific market of the security (*websites of Bloomberg, Reuters, trade organizations or media, dailies, stock exchange market making, Supervisory Authority announcements, etc*) for the transaction date (in lack thereof the last price preceding that day), including prices appearing in communications of the aforesaid data suppliers or in the market making systems communicated by them. For using the prices, the spread between the value date of the market making and the transaction date shall be taken into

consideration, therefore the base of valuation shall be the yield calculated from the market making price, and the prices of the transaction date shall be calculated by using this yield, taking the value dates into consideration.

If no price is accessible for the relevant security or the price determined on the basis of the above order of sequence does not properly reflect the approximate value of the relevant instrument in the opinion of the Fund Management Company, then it shall make a proposal to the Custodian for determination of the real value. The proposal of the Fund Management Company shall be based on publicly accessible or other properly documented information with regard to the relevant instrument. The Custodian shall use the best estimate of the Fund Management Company in the valuation at his own discretion. The value estimated in this way can be used for valuation for 30 days; after lapse of these 30 days, the Custodian shall reevaluate the instrument, taking the proposal of the Fund Management Company into consideration.

4. *Shares:*

Shares shall be evaluated at the most recent of the prices specified below. In the event that several most recent prices are also accessible for them for the same date, then the following order of succession must be taken into consideration. In case of admission to stock exchange trading, if no exchange deal was made for a certain share, that share shall be evaluated at purchase value.

- i. The valuation date closing exchange price of the specific stock exchange of the security.
- ii. The valuation date closing exchange price of secondary stock exchange of the security or of other regulated market.
- iii. The last bid-ask average preceding the valuation, *communicated by a data supplier of the specific market of the security (websites of Bloomberg, Reuters, trade organizations or media, dailies, etc.) that is also accessible by Custodian.*
- iv. Bid-ask average of quotation of investment businesses.
- v. The price of the Fund's last deal for the relevant security.

5. *Investment Units:*

- a) Investment units of an open-end investment fund shall be taken into consideration at the last asset value for on unit published by the Fund Management Company.
- b) In the case of investment units of a closed-end investment fund,
  - if there was stock exchange market making within the past 5 days, the lowest of the stock exchange closing price and the last net asset value published shall be taken into consideration;
  - in lack of the former, the last net asset value published shall be taken into consideration.

6. *Valuation of investments abroad:*

The value expressed in foreign currency of instruments denominated in a currency deviating from the Fund's valuation currency (base currency, in which the net asset value of the Fund is calculated) shall be converted to the Fund's valuation currency by using the mean rate of exchange published on the transaction date, or in lack thereof, the latest published official middle rate of exchange. Conversion to the Fund's valuation currency shall always be made at the middle rates of exchange of the National Bank of Hungary or at the cross exchange rates counted from them.

7. *Collateralized repo and reverse repo transactions:*

- a) The value of a repo transaction is the market value of the security used as collateral, defined according to the appropriate valuation rules, and pro rata temporis (linear) part of the price spread of the transaction calculated for the valuation date.
  - b) In case of reverse repo transactions, the transaction shall be valued divided to two parts. The underlying security shall be valued at the general market value determined according to the valuation rules conform to the security. And the payment liability above the sales price that results from the transaction shall be debited to the Fund pro rata temporis, with linear method.
8. *If a subscription or redemption order in excess of 10% of net asset value of the fund is placed on T distribution day*, then, upon request of the Fund Management Company, the Custodian may decide that
- the instruments affected in the T day transactions will be taken into consideration during the valuation on T day at the average prices of the transactions entered into by the Fund, or
  - it deviates from the above-mentioned valuation principle in the case of such securities, the liquidity of which or any other markedly influencing circumstance would result a strongly abnormal value.

Its purpose is that an abnormally valued security should not be able to affect the Fund's investors detrimentally owing to the spread between the average prices of transactions that became necessary because of an extreme cash flow compared to the size of the Fund and the closing prices of the same instrument, or owing to any unforeseeable circumstance.

The Fund Manager determines the valuation principles for the valuation of hard-to-value assets in accordance with the legal regulations in force at the given time. The process of reviewing individual valuations may include model-based pricing.

## **29. Valuation of derivative transactions**

### *1. Option deals:*

Standardised stock exchange options are valued at the last stock exchange closing price. If a stock exchange closing price which is not older than 30 days is not available, then it must be calculated with a method that also takes the internal value and the time value of the option. In lack thereof or in the case of OTC transactions, the option shall only be valued at the internal value, that is, in this case the value of the option is the higher value of the spread between the deal value of the option deal and the last closing value of the instrument underlying the option transaction and zero.

### *2. Stock exchange futures transactions:*

Profits and losses generated from open positions on the transaction date shall be valued at the spread between the settlement price published for the relevant instrument on the transaction date, or in lack of such data, between the last officially published settlement price and the price on the trade day.

### *3. OTC forward dealings:*

Profits and losses generated from open positions on the transaction date shall be valued at futures prices calculated on the basis of interbank interests denominated in currencies of the relevant instrument. The interests used in the calculation shall be counted as the average of interbank

interests valid according to two maturities that are nearest to the residual maturity, weighted by days.

4. *Interest Rate Swap:*

For valuation of an IRS transaction, the Fund Management Company calculates each of the fixed and variable interest-bearing rates of the transaction, using the discount factors conted from the market swap curve.

**30. Other information regarding the relevant subject**

Not applicable.

**VI. Information regarding income**

**31. Conditions and procedure for calculation of the income**

Not applicable.

**32. Income payment days**

Not applicable.

**33. Other information regarding the relevant subject**

The Fund does not pay any income to the charge of the capital increment, in accordance with the investment policy of the Fund, the total capital increment is reinvested. The Investors may realize the capital increment as the difference between the purchase price and redemption price of the Investment Units owned by them, i.e. as a profit.

**VII. Promise for protection of the capital of the investment fund and/or for the return and guarantees for its fulfilment**

**34. Promise for protection of the capital and/or for the return**

**34.1. Bank guarantee or surety guarantee ensuring the fulfilment of promise for protection of the capital and/or for the return (capital and return guarantee)**

Not applicable.

**34.2. Investment policy supporting the promise for protection of the capital and/or for the return (capital and/or return protection)**

Not applicable.

**35. Other information regarding the relevant subject**

Not applicable.

## **VIII. Fees and charges**

### **36. Amount of fees and charges encumbering the Investment Fund and method of debiting them to the Fund**

#### **36.1. Amount, description of calculation, method of debiting to the Fund and settlement of the fees and charges to be paid by the Investment Fund to the Fund Management Company**

The Fund Management Company charges a fund management fee for the management of its assets, the rate of which is the following in proportion of the transaction date asset value of the Fund's series:

<b>Series</b>	<b>Rate of fund management fee</b>
VIG Alfa Fund (Series A, HUF)	2,25%
VIG Alfa Fund (Series B, PLN)	2,25%
VIG Alfa Fund (Series C, CZK)	2,25%
VIG Alfa Fund (Series E, EUR)	2,25%
VIG Alfa Fund (Series EI, EUR)	0,8%
VIG Alfa Fund (Series I, HUF)	0,75%
VIG Alfa Fund (Series R, HUF)	1,00%
VIG Alfa Fund (Series U, USD)	2,25%
VIG Alfa Fund (Series UI, USD)	0,8%
VIG Alfa Fund (PI Series, PLN)	0,8%

The Fund Management Company may deviate from the rate of fees specified in these Fund rules in a more favourable direction for the Investors. The rate of fee in ratio of the Asset Value on the relevant day (T day), calculated with the method described in the Table on Process of Calculation of the Net Asset Value in Clause 27 of the Fund rules. The Custodian charges the fund management fee on a daily basis. The Fund disburses a portion of the fund management fee under title Trailer Fee for Sales Activity, but as an aggregate, it does not increase the amount of the Fund Management Fee.

#### **Performance Fee**

The Fund Manager will charge the Fund a performance fee calculated in accordance with the High-on-High model. Under this method, a performance fee can only be charged to the Fund if, since the last performance fee was charged, but at most in the last 5 years, the net return on the series has been higher than the benchmark return. If there was no performance fee settlement in the 5 years prior to the given year, the traded price used for comparison purposes is the closing net asset value per unit of the series of the year 5 years prior. If the series was launched within the past 5 years, then it is the net asset value per unit as at the launch of the series.

During the calculation of the performance fee, the Custodian calculates the daily performance fee for the Fund's investment unit series on each distribution day, which is 20% of the difference between the daily return on the investment unit series and the pro rata portion of the benchmark return specified in section III/12 of the Management Regulations. The daily performance fee can be a positive or a negative number, depending on whether the series performed better or worse on the distribution settlement day compared to the benchmark return. The daily performance fees are aggregated from the first day of the year or, if the fund (or series) was launched after that, then from the launch date. If the amount thus obtained (hereinafter: performance-fee buffer or buffer) is positive, it will be accrued against the Fund, but if this

amount is less than zero, it will not be recognised for the purposes of the asset valuation. The accrued performance fees are paid on the last day of distribution (or termination of the fund or series) of the year, if the performance fee (R) calculated below is, as of that day, a positive number.

When applying the method, the daily performance fees are aggregated only if the current, T-day net asset value per unit (the traded price of the investment unit series) is greater than the net asset value per unit valid at the time of settlement of the last performance fee, plus the pro rata benchmark return. Below this price, no performance fee will be accrued for that day, and the daily performance fees, i.e. the buffer, will not be stored.

In the event that this success fee model does not take effect on the first distribution day in the given calendar year, the value of the buffer corresponding to the previously valid success fee calculation will be carried forward if the current exchange rate is higher than  $P_s * (RM + 1)$ . If this condition of the new success fee calculation model is not met, the previous buffer will be deleted in accordance with the new model

The purpose of the performance fee is to provide a financial incentive for the Fund Manager to achieve an excess performance, where the return above the benchmark, after the deduction of costs, is shared between the investor and the Fund Manager, even though the investor is entitled to the larger share of the yield. What this means is that in the case of excess performance, the investors' return is reduced by the amount of the performance fee, i.e. the investors receive 80% of the net return above the benchmark. From 1<sup>st</sup> January 2022, there will be a favourable change for the investors, as it will no longer be enough for the series to outperform the benchmark return in any one year, but it will have to make up for any poor performance of the previous years and only then will it be possible for a performance fee to be charged. Thus the Fund can only pay a performance fee if it has made up for its previous underperformances.

Calculation of the performance fee per series to which the Fund Manager is

$$R_n = \sum_{t=1}^n r_t \quad \text{ha} \quad \sum_{t=1}^n r_t > 0 \quad \text{és} \quad P_t \geq P_s * (RM + 1)$$

$$\text{ha} \quad P_t < P_s * (RM + 1) \quad \text{akkor} \quad \sum_{t=1}^n r_t = 0$$

$$R_n = 0 \quad \text{ha} \quad \sum_{t=1}^n r_t \leq 0$$

$$r_t = 0,2 \times \left( \frac{P_t}{P_{t-1}} - 1 - rm \right) \times V_{t-1}$$

where the symbols mean the following:

$R_n$  the Fund Manager's performance fee relating to the n<sup>th</sup> day

$r_t$	the performance fee calculated on distribution day $t$
$t$	the serial number of the distribution day with respect to which the calculation is made
$P_t$	the net asset value per unit before deduction or accrual of the $t$ -day performance fee accrued up to day $t-1$ ( $R_{t-1}$ ), less the performance fee accrued up to day $t-1$ (if $R_{t-1}$ is positive), as at distribution day $t$
$RM$	benchmark return of the series, pro rated using the interest capitalisation method, since the date of $P_s$ valid for the series
$n$	$n = 0$ , ha $P_t < P_s * (RM+1)$ ; the number of days of the current period in the given calendar year when $P_t \geq P_s * (RM+1)$
$P_{t-1}$	net asset value per unit calculated after the deduction or accrual of the performance fee, on the previous distribution day (in the case of $t = 1$ , on the last distribution day of the previous year)
$rm$	pro rata portion of the benchmark return of the series, calculated for the period between day $t$ and $t-1$
$V_{t-1}$	the net asset value of the given series as at day $t-1$
$P_s$	the asset value per unit valid at the time of the last performance fee settlement, which is determined as follows: <ul style="list-style-type: none"> <li>○ If a performance fee settlement has taken place with respect to the series within the last 5 years, the net asset value per unit at the time of the last performance fee settlement is <math>P_s</math>.</li> <li>○ If there has been no performance fee settlement within the last 5 years, and the fund (or series) was launched within the last 5 years, then the <math>P_s</math> is the net asset value per unit at the time of launch.</li> <li>○ If the series was launched more than 5 years ago and there has been no performance fee settlement in the last 5 years, the value of <math>P_s</math> is the net asset value per unit valid on the last distribution day of the year 5 years prior.</li> </ul>

Example for the value of the  $P_s$  traded price:

On the day 18.04.2022, the value of  $P_s$  is:

- If there was a performance fee settlement on 31.12.2019, then  $P_s$  is the net asset value per unit as at 31.12.2019.
- If the series was launched on 03.02.2018, and there has not been any performance fee settlement since then, then  $P_s$  is the net asset value per unit as at 03.02.2018.
- If the series was launched before 18.04.2017 and there was no performance fee settlement between 18.04.2017 18.04.2022, then  $P_s$  is the closing traded price of 2017 (i.e. the net asset value per unit as at 29.12.2017).

Simplified example of performance-fee calculation:



Year	Previous year's closing net asset value per unit	Return of the given year	Benchmark return (BR)*	Year-end net asset value per unit	Relative return	Traded price at the time of the last performance fee payment adjusted by the pro rata benchmark return $P_s(BR + 1)$	Is a performance fee payable?
2001	1.000000	7.0%	2.3%	1.070000	5%	1.0230	yes
2002	1.070000	2.0%	2.3%	1.091400	0%	1.0946	no
2003	1.091400	-3.0%	2.3%	1.058658	-5%	1.1198	no
2004	1.058658	5.0%	2.3%	1.111591	3%	1.1455	no
2005	1.111591	4.0%	2.3%	1.156055	2%	1.1719	no
2006	1.156055	7.0%	2.3%	1.236978	5%	1.1988	yes
2007	1.236978	6.0%	2.3%	1.311197	4%	1.2654	yes
2008	1.311197	-15.0%	2.3%	1.114517	-17%	1.3414	no
2009	1.114517	2.3%	2.3%	1.140151	0%	1.3722	no
2010	1.140151	2.3%	2.3%	1.166375	0%	1.4038	no
2011	1.166375	2.5%	2.3%	1.195534	0%	1.4361	no
2012	1.195534	2.0%	2.3%	1.219445	0%	1.4691	no
2013	1.219445	4.0%	2.3%	1.268223	2%	1.2487	yes
2014	1.268223	-3.0%	2.3%	1.230176	-5%	1.2974	no
2015	1.230176	-2.0%	2.3%	1.205573	-4%	1.3272	no
2016	1.205573	2.0%	2.3%	1.229684	0%	1.3578	no
2017	1.229684	3.0%	2.3%	1.266575	1%	1.3890	no
2018	1.266575	3.0%	2.3%	1.304572	1%	1.4209	no
2019	1.304572	3.0%	2.3%	1.343709	1%	1.3783	no
2020	1.343709	5.0%	2.3%	1.410894	3%	1.3507	yes

\*\*

\*\*\*

\*\*\*\*

\*\*\*\*\*

2021	1.410894	-1.0%	2.3%	1.396785	-3%	1.4433	no
------	----------	-------	------	----------	-----	--------	----

*\* In order to simplify the worked example, the benchmark return was assumed to be 2.3% in every year except 2021, though in reality the figure is generally different every year.*

*\*\* The underperformance in 2008 (-15%) only needs to be taken into account by the fund manager in the following 5 years (i.e. up to the end of 2012). So, although the underperformance was not compensated for between 2008 and 2012, this is of no relevance for 2013, as in that year only the performance of the period 2009-2013 counts, and since this was positive, the performance fee achieved in 2013 is payable.*

*\*\*\* The Fund's performance within the reference period (in this case from the end of 2013) was negative on two occasions; however, it was unable to achieve positive returns to compensate for these, and therefore the Fund Manager did not become eligible for a performance fee.*

*\*\*\*\* In 2019, the negative performance of 2014 no longer needs to be taken into account, as we only consider the last 5 years at most; however, the fund did not compensate for the negative performance of 2015 during the reference period and therefore the Fund Manager did not become eligible for a performance fee.*

*\*\*\*\* In 2020, the negative performance of 2015 no longer needs to be taken into account, as we only consider the last 5 years at most. Thus, the Fund's retrospective return is positive, meaning that a performance fee is payable.*

**36.2. If they are paid by the Investment Fund directly, the sum, description of calculation, method of debiting to the Fund and settlement of the fees and amounts to be paid to the Custodian**

For implementation of custodian activities relating to the Fund, the Custodian charges a custody fee, which includes the fee for safekeeping the Fund's securities and the fee for account-keeping. The rate of custody fee depends on the distribution site of the securities kept by the Fund. A flat fee shall be delimited in the Fund's net asset value on a daily basis and the Custodian shall invoice the actual costs to be debited to the Fund on a monthly basis, based on the Fund's month-end accounted positions. The flat fee is based on the previous day (T - 1 day) asset value and its rate is 0.09% on an annual basis. The amounts of fees and costs passed by the Custodian cannot be calculated in advance, their payment is due together with the safe custody fees. Changing the flat fee can be initiated any time so that the status, which is the nearest to the actual fees can be stated in the asset valuation on a daily basis.

**36.3. If they are paid by the Investment Fund directly, the sum, description of calculation, method of debiting to the Fund and settlement of the fees and amounts to be paid to other parties or third persons**

For the Main Distributor's activity related to the distribution of the Fund, the Fund pays a Main Distributor fee to the Fund Management Company, which coordinates the distribution activity, sums the Fund's distribution and implements the accounting of securities and money movements in relation to the distribution. For this activity the Fund pays 0.05% of Fund's relevant day (T day) asset value.

For implementation of the auditing activities in relation to the Fund, the Auditor charges an audit fee. The amount of this fee is agreed on an annual basis. The amount of the fee is agreed on an annual basis, its amount depends on the extent of responsibility, the required professional skill and on the time

spent for the work. The Fund pays the audit fee at the dates agreed in an audit contract, against an invoice. The maximum audit fee of the Fund is 0.05% per annum of the Fund's assets of the previous day (day T-1).

According to the laws in effect, the Supervisory Authority charges a supervisory fee, which is also borne by the Fund. Its annual rate is 0.35 per mille of the average net asset value of the Fund on the effective date of present Fund Rules.

The Fund Management Company does not debit the administrative service fees to be paid to the Supervisory Authority for the licensing procedures of the supervisory authority in relation to the Fund.

As regards the clearing house, sub-custodian safekeeping, transaction and other fees in effect, in case of Hungarian securities the fees charged by KELER, and in case of foreign securities charged by the Custodian's sub-custodians and account-keeping institutions will be passed to the Fund. The amounts of these fees depend on the type, quantity of the deals made by the Fund, on the value and accounting method of the individual transactions.

**37. Other possible costs or fees encumbering the Investment Fund and the Investors (the highest amount of fees), except for the costs mentioned in Clause 36.**

The Fund Management Company passes the other direct costs incurred during the Fund's transactions, if and where the Fund does not settle them directly with the service provider, including in particular the investment provider fees, the banking costs, the accounting costs, the expenses incurred in relation to keeping the Fund's accounts, furthermore, the marketing and other costs arisen in relation to the publication and information given to potential Investors as well as any other relevant cost relating to the operation of the Fund. The highest amount of fees encumbering the Fund for one business year is 0.50% of the Fund's net asset value.

Due to purchase, maintaining and redemption of investment units, the Investors are encumbered by other fees and costs as well:

- The Distributor selected by the Investor charges distribution commissions during continuous distribution of the Fund's Investment Units, which are specified in the fee schedule of the Distributor. The rate of distribution commission is maximum 5% of the sum of the order.
- The financial institution selected by the Investor may charge various fees and commission for the services relating to investment units, such as fees and commissions in relation to the keeping for a securities account, securities transfer fee, bank transfer fee, fee for withdrawal of cash, etc. These fees are specified in the fee schedule of the financial institution, the Fund Management Company has no information on them.

**38. If the investment fund invests at least 20 percent of its assets in other collective investment forms, the highest rate of fund management fees encumbering the other collective investment forms set as target of the investment**

We inform our Investors that the Fund may even invest more than 20 percent of its assets in other funds or collective investment forms. The Fund invests only in such investment forms where the ratio of costs remains below 2.5% but it always strives to achieve that the average fee burden should not be more than 1%.

**39. Conditions and costs of shift between part-funds**

Not applicable.

**40. Other information regarding the relevant subject**

The costs are listed itemized in the semi-annual and annual reports. When determining the net asset value, the Fund Management Company debits all expenses that relate to a longer period and are precalculable to the relevant Fund gradually, if possible by using deferment. The Fund Management Company strives to achieve that the annual operating costs, without investment service fees, should not exceed 2% of the Fund's annual average equity capital. (The performance fee cannot be considered to be operating cost.)

## **IX. Continuous distribution of investment units**

### **41. Purchase of investment units**

#### **41.1. Acceptance, accounting, execution of purchase orders and deadline for their acceptance within a day**

During the period of continuous distribution, the Investors may acquire the Units by concluding an assignment agreement with the Distributor for the purchase of the Units. The deadline for the acceptance of Investors' orders for same-day execution ('cut-off times') and the rules regarding the provision of the purchase price by the Investors to the Distributor are, with regard to both domestic distribution and foreign distribution, governed by the respective agreement between the two parties. The business hours and the terms of business of the various Distributors may differ, and Investors should enquire about these from the respective Distributor.

**In its Business Regulation, the Distributor may set a minimum amount for purchase orders, which minimum amount may be different at each Distributor. The Distributor will not execute orders below the minimum amount.**

#### **41.2. Distribution accounting date for purchase orders**

Distribution accounting date is the validity date of the net asset value and the net asset value for one Investment Unit, on the basis of which the relevant order is accounted, that is, it is calculated, how many investment units the relevant investor will receive when his purchase order is executed.

The Fund identifies the net asset value for all **Hungarian** workdays; it can deviate from this rule only in the events and manner defined in law, which means that, with the exceptions defined above, all Hungarian workdays are distribution (distribution accounting) days, for which days the investors can place purchase orders.

Purchase orders placed for investment units are accountable till 4:00 p.m. of the distribution date, i.e. distribution settlement day (T day), which means that they are valid for T day accounting, and orders received afterwards are already accountable on T+1 day. This means that the distribution settlement day of orders received before the aforesaid deadline is T day, i.e. they will be accounted on the basis of prices valid on T day, while orders received after deadline are valid for distribution accounting on T+1 day.

The above-mentioned distribution settlement days apply also to **distribution abroad**, that is, orders received according to the above-mentioned deadlines are accounted.

#### **41.3. Distribution execution day for purchase orders**

Distribution execution day is the day when the securities ordered by the Investor are actually credited and the amount of the purchase order was credited to the Fund's account. In relation to **purchase orders**, the table below shows the distribution execution days of the Investment Units by series and the data in the table are to be understood for distribution days:

Series	Payment of money	Delivery of securities
A series	T+2	T+2
B series	T+2	T+2
C series	T+2	T+2
E series	T+2	T+2
EI series	T+2	T+2
I series	T+2	T+2
R series	T+2	T+2
U series	T+2	T+2
UI series	T+2	T+2
PI series	T+2	T+2

In the case of **foreign distribution**, the monetary settlement of a series distributed in another country will differ from the value in the table above due to the time lag in the wire-transfer dates, meaning that the Fund will receive the money from the subscription 1 day later. Therefore, the payment in these cases will reach the Fund's account on day T+3. Furthermore, there may be trading days in Hungary that are non-trading days abroad (due to public holidays there), in which case the settlement of the order may be delayed by the number of intervening non-working days in that country.

## 42. Redemption of investment units

### 42.1. Acceptance, settlement, execution of redemption orders and deadline for their acceptance within a day

In the period of continuous distribution, the Investors can redeem their Investment Units by conclusion of an agreement with the Distributor, giving assignment for redemption of the Investment Units. To the deadline for acceptance of orders from Investors and to the rules for making the investment units to be redeemed available by the Investors to the Distributor, the agreement between the two parties is authoritative, in relation to distribution both in Hungary and abroad. The business hours and the terms of business of the various Distributors may differ, and Investors should enquire about these at the respective Distributor.

### 42.2. Distribution settlement date for redemption orders

Distribution settlement date is the validity date of the net asset value and the net asset value for one Investment Unit, on the basis of which the relevant order is settled, that is, it is calculated what an amount the Investor will receive when his redemption order is executed.

The Fund identifies the net asset value for all **Hungarian** workdays; it can deviate from this rule only in the events and manner defined in law, which means that, with the exceptions defined above, all Hungarian workdays are distribution (distribution settlement) days, for which days the Investors can place redemption orders.

Redemption orders placed for investment units can be settled till 4:00 p.m. of the distribution date, i.e. of the distribution settlement day (T day), in the case of orders in the amount of 100 million HUF or more, they can be settled till 12:00 a.m. of T day, i.e. they are valid for T day settlement, and orders placed afterwards can already be settled on T+1 day. This means that the distribution settlement day of orders received before the aforesaid deadline is T day, i.e. they will be settled on the basis of prices valid on T day, while orders received after deadline are valid for distribution settlement on T+1 day.

The above-mentioned distribution settlement dates apply also to **distribution abroad**, that is, orders received according to the above-mentioned deadlines are settled.

### 42.3. Distribution execution day for redemption orders

Distribution execution day is the day when the money for Investor's order was actually credited and the redeemed investment units are credited on the Fund's account. In relation to **redemption orders**, the table below shows the distribution execution days of the Investment Units by series and the data in the table are to be understood for distribution days:

Series	Payment of money	Delivery of securities
A series	T+2	T+2
B series	T+3	T+3
C series	T+3	T+3
E series	T+3	T+3
EI series	T+3	T+3
I series	T+2	T+2
R series	T+2	T+2
U series	T+3	T+3
UI series	T+3	T+3
Pi series	T+3	T+3

With regard to the opportunity provided for under Section 128(1) of Act XVI of 2014 on collective investment forms and their managers (Hungarian abbreviation: Kbfvt), that is, the opportunity to treat assets that have become illiquid separately from other assets, the Fund Manager shall decide on whether to take this opportunity for specific assets on a case-by-case basis. Investment units that an Investor wishes to redeem (sell back to the Distributor) shall be redeemed in accordance with the agreement between the two parties, and shall be subject to the cut-off times for redemption. Upon receipt of the funds for the redeemed Investment Units, the cash withdrawal fee or transfer fee specified in the Distributor's latest terms of business shall be charged to the Investor.

In the case of **foreign distribution**, the monetary settlement of a series redeemed in another country will differ from the value in the table above due to the time lag in the payment dates, meaning that the Fund will launch the payment of the amount of the redemption to the Distributor, but the Distributor will receive it only after the additional time that is required for the cross-border transfer has passed, i.e. 1 day later. Therefore, the payment in these cases will reach the Distributor's account on day T+4. Furthermore, there may be trading days in Hungary that are non-trading days abroad (due to public holidays there), in which case the settlement of the order may be delayed by the number of intervening non-working days in that country.

### 43. Detail rules on continuous distribution of investment units

The continuous distribution of the Fund can be interrupted for maximum 3 workdays. The Fund Management Company informs the Investors on the interruption in form of an extraordinary announcement.

The continuous distribution of the Fund may also be suspended by the Fund Management Company or the Supervisory Authority in the interest of the Investors. The Fund Management Company informs the Investors and the Supervisory Authority in form of an extraordinary announcement without delay.

The Fund Manager provides for the possibility of withdrawing a submitted order in accordance with Section 108(4) of the Collective Investment Act (Kbftv), if the trade date or the settlement date falls on a day of suspension or interruption of the sale or the redemption; the trade date and the settlement date shall then respectively be the first trading day and the first settlement day thereafter, on which the suspension of trading matching the direction of the order ceases.

The rules of discontinuation or suspension of the Collective Investment Act, in particular Section 76 (2) b), Section 95 (2), Section 108 (1) and (4) as well as Sections 113-116 of the Collective Investment Fund contain provisions on the interruption or suspension of the continuous distribution.

#### **43.1. The maximum amount of distribution**

Not applicable.

#### **43.2. The procedure after the maximum amount of distribution is reached, exact conditions for restarting the sale**

Not applicable.

#### **44. Determination of the purchase and the redemption price of the investment units**

The purchase and the redemption price for one Investment Unit is the net asset value for one Investment Unit, which is counted rounded to 6 decimals for each distribution day.

##### **44.1. Method and frequency of calculation of the above prices**

The Custodian is obliged to calculate the Net Asset Value (distribution price) for one Investment Unit valid on T distribution settlement day on each T+1 distribution settlement day.

##### **44.2. Maximum rate of distribution commissions charged in relation to purchase and redemption of investment units and information of the fact that they are payable, partly or fully, to investment fund or the distributor or the fund management company**

During the continuous distribution of Investment Units of the Fund, the Distributor may charge the following distribution (purchase/redemption) commissions. The payment of distribution commissions charged by the Distributor to the Investors is due at the performance. The Distributor may impose even a minimum fee regarding the amount of the commission, the value of which, in case of HUF currency series, cannot be higher than HUF 15,000.- and in case of foreign currency series, in accordance with the currency type, CZK 1300, EUR 50, PLN 215 and USD 65, respectively.

##### *Entry charge*

The entry charge is maximum 5.00% as percentage of the sum to be invested.

##### *Exit charge*

When Investment Units are redeemed, the Distributor may charge a commission, which is maximum 3.50% as percentage of the sum to be redeemed.

The Distributor may determine the entry and exit charges **more favourably** for the Investors in its Fee and Expense Schedule. The distribution commission is payable to the Distributor.

**If any holders of the Investment Unit(s) places a redemption order for the investment units of the same investment fund within 10 distribution days (T+10) after the date of the purchase order, then the Distributor charges a penalty charge of 2% in addition to the usual exit charge, which penalty charge is payable to the Fund. The time interval necessary for the calculation of the penalty charge shall be taken into consideration on the basis of the FIFO principle. In the case of redemption of R series, the Distributor does not charge any penalty charge.**

**45. Indicate the regulated markets where the investment units are listed and/or traded.**

Not applicable.

**46. Indicate the sates (distribution areas) where the investment units are distributed**

Hungary

Following the notification procedure of the Fund, the Investment unit series of the Fund are distributed in the Czech Republic and Hungary as well.

**47. Other information regarding the relevant subject**

#### **Switch of investment units**

In the period of continuous distribution of the Investment Units, the Investors have the possibility to exchange their existing Investment Units against other investment units of other currency of an open-end investment fund managed by the Fund Management Company. Switch is only possible in the case of a Distributor, the Business Regulation of which contains provision on such types of transactions. The transferring or blocking of the investment units intended to be switchd shall be implemented by the Investor towards the Distributor by taking the deadlines for switch into consideration on the basis of an agreement between the parties.

The deadline for placing switch orders for the Investment Units is 4:00 p.m. on T day, in case of orders in the value of HUF 100 million or more, this deadline is 12:00 a.m. of T day and orders placed afterwards are considered to be T+1 day orders. The distribution settlement date of orders received before the above-mentioned deadlines is T day and orders received after these deadlines are valid for distribution settlement on T+1 day. It is at the own discretion of the Fund Management Company whether, depending on the liquidity situation of the individual funds, it accepts orders received after lapse of the deadlines for T day distribution settlement day or not. According to the Distributor's Business Regulation, the time limit for acceptance of T day orders can be closed earlier than the above-mentioned deadlines.

The Distributor executes orders placed for switch of Investment Units in irrevocable form on the basis of net asset value for one Investment Unit valid for T day. The switch price for one Investment Unit is the net asset value for one Investment Unit, which is counted rounded to 6 decimals for each distribution day.

**In its Business Regulation, the Distributor may set a minimum amount for switch orders, which minimum amount may be different at each Distributor. The Distributor will not execute orders below the minimum amount.**

In the case of an **switch order**, the Investor switches the Investment Units to be switched to Investment Units indicated as target of the switches, without any payment. The distribution execution date of the Investment Units is determined by the distribution execution date valid for redemption of Investment Units to be switched, which is shown in the Table below for the series of VIG Alfa Fund; the data in the Table are to be understood for distribution days.



Series	Delivery of securities
A series	T+2
B series	T+3
C series	T+3
E series	T+3
EI series	T+3
I series	T+2
R series	T+2
U series	T+3
UI series	T+3
PI series	T+3

During the continuous distribution of Investment Units of the Fund, the Distributor may charge the following switching charges. The payment of switching charges charged by the Distributor to the Investors is due at the performance. The Distributor may impose even a minimum value for the amount of the commission, which value, in case of HUF currency series, cannot be higher than HUF 15,000.- and in case of foreign currency series, in accordance with the currency type, CZK 1300, EUR 50, PLN 215 and USD 65, respectively.

In the case of **distribution abroad**, the execution days of exchange do not deviate from the days shown in the Table.

*Exchange commission*

When exchanging the Investment Units, the Distributor may charge an exchange commission, which can be maximum 3.50% as the percentage of the sum to be exchanged.

The Distributor may determine the switching charges **more favourably** for the Investors in its Fee and Expense Schedule. The distribution commission is payable to the Distributor.

**If any holders of the Investment Unit(s) places a purchase or exchange order for the investment units of the same investment fund within 10 distribution days (T+10) after the date of the purchase or exchange order, then the Distributor charges a penalty charge of 2% in addition to the usual exit or switching charge, which penalty charge is payable to the Fund. The time interval necessary for the calculation of the penalty charge shall be taken into consideration on the basis of the FIFO principle. In the case of redemption of R series, the Distributor does not charge any penalty charge.**

## **X. Information regarding the Investment Fund**

### **48. Past performance of the Investment Fund – such information can be included in the Fund rules or can be attached thereto**

Past performance is not a guide to future performance. The annual return of the Fund, the previous reference index, and the level of the hurdle rate, applied from 2022 is contained in Annex 1 hereto.

### **49. If, in the case of the relevant Fund, there is a possibility to withdraw investment units, its conditions**

Not applicable.

**50. Circumstances giving rise to termination of the investment fund; impact of the termination on the rights of investors**

The rules regarding the termination of the Fund, the sale of the assets of the Fund and regarding the disbursement of the properties are described in Sections 75 to 79 of the Collective Investment Act.

**51. Any further information on the basis of which the investors get guidance to make informed decisions on the investment possibilities**

The Fund Manager shall provide the following information to the Fund in accordance with the requirements of Regulation 2015/2365 of the European Parliament and of the Council of 25 November 2015 on the transparency of securities financing transactions and re-use and amending Regulation (EU) No 648/2012:

<p><b>General description of the securities financing transactions and total return swaps used and justification for their use</b></p>	<p>The Fund does not enter into full return swaps. A general description of the securities financing transactions (repo and reverse repo transactions and securities lending transactions) used by the Fund can be found in Sections 14, and 24 of the Management Regulations. The reason for concluding these transactions is compliance with the provisions of the investment policy.</p>
<p><b>Aggregate data for each type of securities financing transaction and total return swap</b></p>	
<p><b>Types of assets that can be used for transactions</b></p>	<p>Government securities; other debt securities; bonds; shares admitted to trading on a regulated market / stock exchange</p>
<p><b>The maximum ratio of assets that can be used for transactions compared to the fund's assets under management</b></p>	<p>100%</p>
<p><b>The expected ratio of the assets available for each transaction compared to the assets under management of the fund</b></p>	<p>0-100%</p>
<p><b>Selection criteria for counterparties (including legal status, country of origin and minimum credit rating).</b></p>	<p>The criteria for the contracting parties are set out in the internal regulations of the Fund Manager. The counterparties are typically credit institutions and other financial institutions domiciled in EU or OECD countries. The Fund Manager may enter into transactions with counterparties with a credit rating recommended for investment at a higher amount, while counterparties with a credit rating not recommended for investment may enter into</p>

	transactions at a lower amount.
<b>Eligible Collateral: A description of the eligible collateral with respect to asset types, issuer, maturity, liquidity, and collateral diversification and correlation rules.</b>	The criteria for acceptable collateral are set out in the Fund Manager's internal regulations. In the case of a repo transaction used by the Fund, the collateral is typically a Hungarian government security with a maturity of less than one year, the maturity of the transaction is typically 1-3 days.
<b>Valuation of collateral: a description of the collateral valuation methodology used and the rationale for its use, as well as information on whether it is valued at daily market value and a daily variable deposit is applied.</b>	Collateral is valued on a daily basis in accordance with the valuation methodology detailed in the Fund's Management Regulations.
<b>Risk management: a description of the risks associated with securities financing transactions, total return swaps and collateral management, such as operational, liquidity, counterparty, custodial and legal risks and, where applicable, the risk arising from the re-use of collateral..</b>	<p>In the event of a contracting party's non-delivery, there is a risk associated with the party, which the Fund Manager limits through credit rating-linked party limits set out in its internal regulations.</p> <p>Credit risk and liquidity risk arise in connection with the provision of collaterals, which is limited by the Fund Manager by restricting the scope of collaterals to government securities.</p> <p>The collaterals received will not be re-used by the Fund</p>
<b>Details of how the instruments used for securities financing transactions and total return swaps and the collateral received are held in custody (for example, at the custodian of the fund).</b>	The assets used for securities financing transactions and the collateral received are deposited by the custodian of the fund.
<b>Details of any restrictions (regulatory or voluntary) on the re-use of the collateral.</b>	Not applicable
<b>Yield-sharing strategy for securities financing transactions and total yield swaps: description of the income from securities financing transactions and total yield swaps returned to the collective investment scheme, as well as costs and fees incurred by the fund manager and third parties (e.g. at the lending agent). The prospectus or the information provided to the investors shall also</b>	Revenues (yields, fees, interest), cost and expenses arising from securities financing transactions incur entirely at the fund and are not shared with third parties

<b>indicate the nature of relationship between the management company and these parties..</b>	
---	--

According to Government Decree No. 205/2023. (V. 31.) on the divergent application of Act LII of 2018 on the social contribution tax during a state of emergency, natural persons are subject to a social contribution tax payment obligation on the amount of interest income considered as the tax base for the personal income tax pursuant to Section 65 of Act CXVII of 1995 on personal income tax. The interest income in question is derived from securities issued in accordance with the regulation mentioned above.

**In compliance with Article 7(1) of Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector, the Fund Manager provides the following information:**

The Fund does not consider it as one of its objectives to make sustainable investments, and is not intended to promote environmental and social characteristics, i.e. it can be considered as a fund falling under Article 6 of the SFDR Regulation. The Fund considers sustainability risks relevant with respect to the value of its investments, however. Accordingly, it is particularly important as regards the sustainability risk to also consider Principal Adverse Impacts (PAIs) on sustainability factors.

With respect to the Fund, the Fund Manager takes into account the adverse impact of its investment decisions on sustainability factors; these can be measured with the principal adverse impact indicators. In the course of the management of the Fund, the Fund Manager integrates the principal adverse impact indicators into its investment decisions indirectly – through the so-called ESG rating –, evaluating them as risk factors.

In order to interpret the specific PAI indicators, they have to be put in the appropriate context, and the relevant index numbers – which may differ for each industrial sector – also have to be considered. Because of this, the MSCI ESG methodology takes into consideration the measurement of the major adverse impacts jointly with additional environmental, social and corporate governance factors, in a weighted manner, aggregating the data in the ESG rating. In the course of the management of the Fund, the Fund Manager – in addition to complying with the principles of exclusion – takes the MSCI ESG rating into account.

The consideration of the main adverse impacts on sustainability factors is built into the investment practice on two levels:

1. **Exclusion list:** The Fund Manager complies with the exclusion list defined by it. This means that the Fund does not invest in severely harmful industries that have PAI indicators that can be considered to be negative. This includes companies having significant heating coal exposure, companies engaged in the manufacture and sale of disputed weapons, tobacco companies, and companies that severely violate the UN Global Compact. The Fund Manager's exclusion principles prescribe the threshold values of exposures in industries resulting in exclusion, which exclusion principles are detailed in the Responsible Investment and Sustainability Policy. With regard to sovereign issuers, the state bonds of countries violating the UN Global Compact can be considered among the issuers defined in the exclusion policy.

- The application of the exclusion list ensures that in its investment decisions, the Fund Manager takes into account the following PAI indicators:
  - Among the climate and other environment-related indicators:
    - PAI 4. Exposure to companies active in the fossil fuel sector
  - Among the indicators for social and employee, respect for human rights, anti-corruption and anti-bribery matters:
    - PAI 10. Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises
    - PAI 14. Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons).
- 2. **Consideration of PAI indicators via ESG data:** We rely on internationally embedded data providers for the ESG analysis and performance evaluation, and we apply the ESG rating methodology used by these data providers. Among the data providers, the Fund Manager takes the MSCI's ESG rating as a basis, which can also be substituted by a similar internationally embedded service provider. **Measurement of sustainability criteria:** The ESG criteria include environmental, social and corporate governance factors, which, together, constitute the conditions of sustainable corporate operation. Our approach considers dual materiality important; this considers the material impact of corporate operation on the environment and society, and the effect of the ESG risk on the corporate value, also considered material. These ESG factors include the mandatory PAI indicators prescribed by the RTS, and additional industry-specific criteria. These measurements constitute the fundamental elements of the MSCI's methodology, the comprehensive index number of which is the *ESG rating*.

In accordance with the relevant legal provisions, the Fund Manager provides information regarding the development of the PAI indicators in its interim report.

The Fund Manager defines the manner of taking into account the principal adverse impacts on sustainability factors and the indicators considered in its Responsible Investment and Sustainability Policy. It publishes the key elements of this on its website, together with the due diligence and responsibility policy applied, available via the following link: <https://www.vigam.hu/fenntarthatosag/>

The information on the development of the principal adverse impacts on sustainability factors for each year is made available on the Fund Manager's website by 30 June of the next year: <https://www.vigam.hu/>

**In compliance with Article 7 of Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088, the Fund Manager provides the following information:**

At present, the Fund's investments do not take into account the criteria concerning environmentally sustainable economic activities as defined by the European Union.

## **XI. Basic information on the cooperating organizations**

**52. Basic information on the investment fund management company (company name, company form, company registration number)**

**Name of the Fund Management Company:** VIG Asset Management Hungary Closed Company Limited by Shares.

**Company registration number**            01-10-044261

**53. Basic information on the Custodian (company name, company form, company registration number), its responsibilities**

Name of Custodian:    UniCredit Bank Hungary Zrt.

Company registration number: 01-10-041348

The Custodian performs the tasks specified in the Collective Investment Act, including in particular in Sections 62-63, 75 (5), 79 (3) and 124-126 thereof.

Obligations of the Custodian undertaken in contract are the following:

- a) it shall take measures for proper tracking of the monetary movements of the Fund and shall arrange that payments should be received from the investors or in their name during the subscription of collective investment securities of the Fund;
- b) it shall ensure that the cash holding of the Fund should be recorded on an account opened in the name of the Fund at an institution subject to prudential regulation and supervision equivalent to the EU legislation, identical type with those defined by laws;
- c) it shall perform the safe custody and custody management of financial means and documents certifying the right arising from the financial instruments,
- d) it shall keep the account, securities account, payment account and client account aimed at registration of the Fund's securities;
- e) on the basis of information or documents made available as well as the available external proofs, it shall ascertain in relation to all other instruments whether the instruments in question are owned by the Fund and it shall keep updated records on the instruments, which, as identified by it, are owned by the Fund;
- f) it shall implement the instructions of the Fund Management Company relating the financial means of the Funds, unless they are in conflict with the provisions of any law or with the Fund's Fund rules;
- g) it shall carry out the evaluation of the assets and liabilities and determine the Fund's aggregate net asset value and its net asset value for one collective investment security;
- h) it shall check whether the Fund complies with the investment rules set forth in laws and the Fund's Fund rules;
- i) it shall check whether the collective investment securities are sold, redeemed or invalidated in line with the laws and the Fund's Fund rules;
- j) it shall ensure that all considerations arising from transactions affecting the Fund's instruments and from the distribution of collective investment securities should get to the Fund within the time limit applied in the normal market practice;
- k) it shall check whether the Fund utilizes its revenues in line with the laws and the Fund's Fund rules.

**54. Basic information on the Auditor (company name, company form, company registration number), its responsibilities**

Name of the Auditor: KPMG Hungária Kft

Company registration number: 01-09-063183

The Auditor carries out the tasks specified in the Collective Investment Act, including in particular in Section 135 (1) thereof.

Responsibilities of the Auditor:

- review of the accounting information disclosed in the Fund's Annual Report;
- tracking and auditing whether the Fund Management Company manages the Fund in compliance with the laws;
- in the events specified in the Collective Investment Act, providing information to the Supervisory Authority on the result of the above audit.

**55. Basic information (company name, company form, company registration number) on the consultant whose remuneration is paid from the assets of the investment fund**

Not applicable.

**56. Basic information on the Distributor (company name, company form, company registration number), its responsibilities**

VIG Asset Management Hungary Closed Company Limited by Shares

*Registration number: 01-10-044261*

Name of distributor: Budapest Bank Zrt.

Registration number: 01-10-041037

Name of distributor: CIB Bank Zrt.

Registration number: 01-10-041004

Name of distributor: Concorde Securities Zrt.

Registration number: 01-10-043521

Name of distributor: Conseq Investment Management, a. s.

Registration number: B 7153

Name of distributor: Equilor Investment Zrt.

Registration number: 01-10-041431

Name of distributor: ERSTE Investment Zrt.

Registration number: 01-10-041373

Name of distributor: KBC Securities Branch Office Hungary

Registration number: 01-17-000381

Name of distributor: OTP Bank Nyrt.

Registration number: 01-10-045585

Name of distributor: Patria Finance, a.s.

Registration number: 264 55 064

Name of distributor: Raiffeisen Bank Zrt.

Registration number: 01-10-041004

Name of distributor: SPB Investment Zrt.

Registration number: 01-10-044420

Name of distributor: Magyar Takarékszövetkezeti Bank Zrt.

Registration number: 01-10-041206

Name of distributor: Unicredit Bank Hungary Zrt.

Registration number: 01-10-041348

Name of distributor: MKB Bank Nyrt.

Registration number: 01-10-040952

Name of distributor: Erste Group Bank AG

Registration number: FN 33209m

Name of distributor: Erste Bank AD Podgorica

Registration number: 40001671

Name of distributor: Patria Finance Hungarian Branch

Registration number: 01-17-001469

The Distributor carries out the tasks specified in Sections 106-108 of the Collective Investment Act.

Responsibilities of the Distributor:

- It participates in the continuous distribution of the open-end investment units and, if necessary, in the primary offering of investment units (implementation of subscription process).
- On its website it makes continuously accessible the Fund's valid documents specified in the Collective Investment Fund, the Fund's regular information and extraordinary announcement, and, upon request, it surrenders on copy of them to the Investors free of charge.

**57. Basic information on the Real Estate Appraiser (company name, company form, company registration number)**

Not applicable.



## **58. Information on the prime broker**

### **58.1. Name of the prime broker**

Not applicable.

### **58.2. Description of essential elements of the agreement made with the AIF primary broker, description of incompatibilities arising**

Not applicable.

### **58.3. Description of the element of the possible agreement concluded with the Custodian that relates to the possibility of transferring and reusing the assets of the AIF as well as the description of information on the responsibility that may be passed to the prime broker**

Not applicable.

## **59. Description of activities outsourced to third persons, presentation of the possible incompatibilities**

Name of the institution carrying out outsourced activities: Monolith Systemhouse International s.r.o ill. Monolith Rendszerház Informatikai Kft.

Headquarters of the institution carrying out outsourced activities: 1054 Budapest, Báthory utca 20. 3. em. 4. ajtó

Outsourced activities: System support and development

Name of the institution carrying out outsourced activities: Alfa Vienna Insurance Group Biztosító Zrt.

Headquarters of the institution carrying out outsourced activities: 1091 Budapest, Üllői út 1.

Outsourced activities: IT Service Level Agreement and Cooperation Agreement (Service Level Agreement - Finance, Accounting, Risk Management, HR, Legal, Tax, Vehicles)

Name of the institution carrying out outsourced activities: Alapkezelő Rendszer Kft.

Headquarters of the institution carrying out outsourced activities: 9464 Und, Fülesei utca 11.

Outsourced activities: Jobs Recording System (ANYR) support and development

Name of the institution carrying out outsourced activities: Autsoft Zrt.

Headquarters of the institution carrying out outsourced activities: 1117 Budapest, Gábor Dénes utca 4. Infopark building „C” Outsourced activities: Online system support and development

## **60. In the case of UCITS, description of the Custodian's obligations, the possible incompatibilities, the tasks outsourced by the Custodian as well as a declaration about that the UCITS fund manager discloses, upon request, the information specified in Clause 53 and in this Clause to the investors.**

When carrying out its activity, the Custodian shall act fairly, at a high professional level, independently and bearing in mind the interests of the Fund and the Fund's investors. The Custodian's obligations are specified in Clause 53 of these Fund rules. The Custodian is not allowed to carry out such activities for the Fund that may cause incompatibilities among the Fund, the Fund's investors, the Fund Management Company and itself, unless the Custodian separates its custodianship activities from its other possible incompatible activities in terms of operation and hierarchy, and explores, manages, monitors and discloses the possible incompatibilities to the Fund's investors.

The Custodian may outsource certain tasks to third persons on the basis of a custodian agreement if the requirements specified in the Collective Investment Act are met. The Custodian's responsibility is not influenced by the fact that it transferred certain custodian functions affecting the assets of the Funds to a third party.

The Fund Management Company makes the information specified in Clauses 53 and 60 of these Fund rules and in Point 8 of the Fund's Prospectus available to the investors by publishing the Fund rules and the Prospectus.

## Annex 1

Prior to 1<sup>st</sup> January 2022, the fund's benchmark was the RMAX index, and since then, the benchmark for the various series of the Fund has been a minimum return target, as described in point 12 of these management regulations.

The past return of the Fund's series, prior to 1<sup>st</sup> January 2022, was:

	Benchmark	VIG Alfa „A” series	VIG Alfa "B" series	VIG Alfa „C” series	VIG Alfa „E” series	VIG Alfa „EI” series	VIG Alfa „I” series	VIG Alfa „R” series	VIG Alfa „U” series	VIG Alfa „UI” series	VIG Alfa „PI” series
2008	6,52%	18,66%									
2009	8,73%	16,55%									
2010	3,36%	5,87%	-0,89%								
2011	3,00%	-2,73%	-2,88%								
2012	8,52%	15,05%	13,54%								
2013	5,71%	9,57%	9,75%								
2014	3,31%	6,81%	7,32%					7,56%			
2015	1,50%	4,27%	4,63%					4,90%			
2016	1,22%	4,08%	4,03%					4,71%			
2017	0,20%	3,08%	4,29%		2,70%		3,91%	3,70%	3,93%		
2018	0,31%	-3,58%	-2,13%	2,30%	-4,08%		-2,67%	-2,38%	-1,66%		
2019	0,23%	7,38%	8,56%	-3,69%	6,92%		8,26%	8,48%	9,74%		
2020	0,41%	0,96%	0,72%	8,35%	-0,01%		1,29%	1,78%	1,65%		
2021	-0,60%	3,39%	2,93%	2,86%	2,23%		4,40%	4,62%	2,99%		
2022	-	-6,58%	-8,04%	-8,69%	-12,34%		-5,49%	-5,19%	-11,40%		

## Annex 2

Argentina	ICE-ICE Futures Europe	Exchange
Australia	ICF-ICE Futures Europe Financials	Offshore funds
Austria (Vienna)	India	Omon
Bahrain	Indonesia (Jakarta)	OSE-OSAKA Exchange
Bangladesh (Dhaka)	Iran	Pakistan (Karachi)
Barbados	Ireland	Panama (Panama city)
Belgium (Brussels)	Ireland (Dublin)	Paraguay (Asuncion)
Belgrade Stock Exchange	Israel (Tel aviv)	Peru (Lima)
Bermuda (Hamilton)	Italy (Milan)	Philippines
Botswana (Gaboron)	Ivory Coast (Abidjan)	Poland (Warsaw)
Brazil (Sao paolo)	Jamaica (Kingston)	Portugal
Bulgaria	Japan	Romania
Cayman	Jordan (Amman)	Russia
CBT_Chicago Board of Trade	Kanada	Seaq intl (London intl)
Chicago Board Options Exchange	Kazakhstan Stock Exchange	Singapore
Chile	Kenya (Nairobi)	Six swiss exchange
China	Korea (Seoul)	Slovakia (Bratislava)
CME-Chicago Mercantile Exchange	Kuwait	Slovenia (Ljubljana)
CMX-Commodity Exchange	Latvia	South Africa (Johannesburg)
Colombia (Bogota)	Lebanon	Spain (Madrid)
Costa Rica (San Jose)	LIF-LIFFE	Sri lanka (Colombo)
Croatia	Lithuania	Swaziland
Cyprus	Luxembourg	Sweden (Stockholm)
Czech Republic (Prague)	Malawi	Switzerland
Denmark (Copenhagen)	Malaysia (Kuala lumpur)	Taiwan (Taipei)
Easdaq	Malta (Valetta)	Thailand (Bangkok)
Ecuador	Mauritius (Port louis)	Trinidad (Port of spain)
Egypt	Mesdaq	Tunisia (Tunis)
EOP - Euronext Derivatives Paris	Mexico	Turkey (Istanbul)
Estonia	MFM- MEFF Renta Variable	Uae
Euro mn	Micex main	Ukrainian Stock Exchange
EUX-Eurex	Morocco (Casablanca)	United Kingdom (London)
Finland (Helsinki)	Namibia (Windhoek)	United States
FNX-ICE futures US Currencies	NASDAQ Capital Market	Uruguay (Montevideo)
France (Paris)	Netherlands (Amsterdam)	Venezuela (Caracas)
Germany	New Zealand (Nzse)	XETRA
Ghana (Accra)	Nigeria (Lagos)	Zambia
Greece (Athens)	Norway (Oslo)	Zimbabwe (Harare)
Hong Kong	NYF-ICE Futures US Indices	
Hungary (Budapest)	NYM - New York Mercantile	

(P) ATHEX	Australian Securities Exchange	Channel Islands Stock Exchange
(P) Australian Securities Exchange Limited	Bahamas International Securities Exchange	Chi-X Australia
(P) BATS Exchange	Bahrain Bourse	Chi-X Canada
(P) BM&FBOVESPA	Bahrain Financial Exchange	Chi-X Europe
(P) Bolsas y Mercados Espanoles	Baku Stock Exchange	Chi-X Japan
(P) BVB Group	Baltic Exchange	Chicago Board of Trade
(P) CBOE Parent	Banja Luka Stock Exchange	Chicago Board Options Exchange
(P) Chi-X	Barbados Stock Exchange	Chicago Climate Futures Exchange
(P) CME Group	Barcelona Stock Exchange	Chicago Mercantile Exchange
(P) Deutsche Borse	BATS Exchange Options Market	Chicago Stock Exchange
(P) Hanoi Exchange	BATS Trading Europe	China Financial Futures Exchange
(P) Hong Kong Exchange (HKEx)	Bats Trading US	Clearing Corporation of India
(P) ICE Exchange	BATS Y Exchange	CME Globex
(P) JSE Ltd	Beirut Stock Exchange	Colombo Stock Exchange
(P) Korea Exchange	Belgrade Stock Exchange	COMEX
(P) London Stock Exchange Group	Berlin Stock Exchange	Continuous Market (SIBE)
(P) MTS Group	Bermuda Stock Exchange	Cyprus Stock Exchange
(P) NASDAQ OMX	Berne Stock Exchange	Dalian Commodity Exchange
(P) Nordic Derivatives Exchange	Bilbao Stock Exchange	Damascus Securities Exchange
(P) NYSE Euronext	BlueNext	Dar Es Salaam Stock Exchange
(P) NYSE Liffe	Bolsa de Comercio de Buenos Aires	Deutsche Boerse Tradegate
(P) NYSE-Arca-Amex	Bolsa de Comercio de Santiago de Chile	Dubai Financial Market
(P) NYSE-Euronext-Liffe	Bolsa De Valores De Caracas	Dubai Gold and Commodities Exchange
(P) OLSO BORS ASA	Bolsa de Valores de Colombia	Dubai Mercantile Exchange
(P) RTS Exchange	Bolsa de Valores de Quito	Dusseldorf Stock Exchange
(P) SIX Group	Bolsa Electronica de Chile	Eastern Caribbean Securities Exchange
(P) TMX Group	Bolsa Electronica de Valores de Uruguay	EDGA Exchange
(P) TSE Group	Bolsa Nacional de Valores Costa Rica	EDGX Exchange
(P) TSX Venture	Borsa Italiana	Egyptian Exchange
(P) Wiener Borse	Boston Options Exchange	Electronic Futures Exchange (ELX)
*Dhaka Stock Exchange	Botswana Stock Exchange	Energy Exchange Austria
*Douala Stock Exchange	Bourse Regionale des Valeurs Mobiliers	Equiduct Trading
*Iraq Stock Exchange	BOVESPA	Eris Exchange
Abu Dhabi Securities Exchange	Bratislava Stock Exchange	Ethiopia Commodity Exchange
ACE Commodities and Derivatives Exchange of India	Brazilian Mercantile and Futures Exchange	Eurex
Agricultural Futures Exchange of Thailand	BSE India	Euro Global MTS
AIAF Mercado De Renta Fija Aktie Torget	Bucharest Stock Exchange	Euro MTF
Alpha Trading Systems	Budapest Stock Exchange	EuroCredit MTS
Alpha Venture	Buenos Aires Mercado De Valores	EuroMTS
Alternate Investment Market	Bulgarian Stock Exchange	European Climate Exchange
Amman Stock Exchange	Burgundy	European Energy Exchange
APX Power NL	Bursa Malaysia	European Warrant Exchange
APX Power UK	C2 Options Exchange	EuroTLX
APX-ENDEX	Canadian National Stock Exchange	FINRA ADF
ASX 24 (formerly Sydney Futures Exchange)	Cape Verde Stock Exchange	First North Copenhagen
ASX PureMatch	Casablanca Stock Exchange	First North Helsinki
Athens Derivatives Exchange	Cayman Islands Stock Exchange	First North Iceland
Athens Exchange Alternative Market	CBOE Futures Exchange	First North Stockholm
Athens Stock Exchange	CBOE Stock Exchange	Fish Pool ASA
		Frankfurt Stock Exchange
		Fukuoka Stock Exchange
		Georgia Stock Exchange
		Gestore del Mercato Elettrico

Ghana Stock Exchange	Markit BOAT	NASDAQ OMX PSX
Global Board of Trade	Mauritius Stock Exchange	NASDAQ OMX Riga
Green Exchange	MBNK - Interregional Stock	NASDAQ OMX Stockholm
GreTai Securities Market	Exchange of Oil	NASDAQ OMX Tallinn
Growth Enterprise Market	and Gas Industry	NASDAQ OMX Vilnius
GXG Markets	MEFF Renta Variable	NASDAQ Options Market
Hamburg Stock Exchange	Mercado a Termino de Buenos Aires	NASDAQ OTC
Hanoi Stock Exchange	Mercado Abierto Electronico	National Commodity and
Hanoi UPCoM	Mercado De Valores Mendoza	Derivatives
Hanover Stock Exchange	MEXDER Exchange	Exchange India
Hi-MTF	Mexico Stock Exchange	National Spot Exchange of India
Ho Chi Minh Stock Exchange	MFAO Olive Oil Exchange	National Stock Exchange
Hong Kong Futures Exchange	MICEX	National Stock Exchange of
Hong Kong Mercantile Exchange	Minneapolis Grain Exchange	Australia
Hong Kong Stock Exchange	Moldova Stock Exchange	National Stock Exchange of India
ICE Futures Canada	Mongolian Stock Exchange	New EuroMTS
ICE Futures Europe	Montenegro Stock Exchange	New York Mercantile Exchange
ICE Futures US	Montreal Climate Exchange	New York Stock Exchange
Indian Commodity Exchange	Montreal Exchange	New Zealand Exchange
Indonesia Commodity and	MTS Austria	NEX
Derivatives	MTS Belgium	Nicaragua Bolsa Valores
Exchange	MTS Czech Republic	Nigerian Stock Exchange
Indonesia Stock Exchange	MTS Denmark	Nile Stock Exchange
Instinet Canada Cross	MTS Finland	Nord Pool Spot
International Maritime Exchange	MTS France	Nordic Derivatives Exchange
International Securities Exchange	MTS Germany	Finland
Irish Stock Exchange	MTS Greece	Nordic Derivatives Exchange
Istanbul Gold Exchange	MTS Ireland	Sweden
Istanbul Stock Exchange	MTS Israel	Nordic Growth Market
Jamaica Stock Exchange	MTS Italy	Norwegian OTC Market
Japan Securities Dealers Association	MTS Netherlands	NYSE AMEX
JASDAQ	MTS Portugal	NYSE Arca
Johannesburg Stock Exchange	MTS Slovenia	NYSE Arca Europe
Kansai Commodity Exchange	MTS Spain	NYSE BondMatch
Kansas City Board Of Trade	Multi Commodities Stock Exchange	NYSE Euronext Amsterdam
Karachi Stock Exchange	Multi Commodity Exchange of India	NYSE Euronext Brussels
Kazakhstan Stock Exchange	Munich Stock Exchange	NYSE Euronext Lisbon
Korea Freeboard	Muscat Securities Market	NYSE Euronext Paris
Korean Futures Exchange	N2EX UK Power Market	NYSE Liffe Amsterdam
KOSDAQ	Nagoya Stock Exchange	NYSE Liffe Brussels
KOSPI Stock Market	Nairobi Securities Exchange	NYSE Liffe Lisbon
Kuwait Stock Exchange	Namibian Stock Exchange	NYSE Liffe London
Lao Securities Exchange	NASDAQ Capital Market	NYSE Liffe Paris
Lima Stock Exchange	NASDAQ Dubai	NYSE Liffe US
Liquidnet Canada	NASDAQ Global Market	Omega ATS
Ljubljana Stock Exchange	NASDAQ Global Select	OMEL Mercado de Electricidad
London Bullion Market	NASDAQ InterMarket	OMIP Operador De Mercado Iberico
London International	NASDAQ OMX Armenia	De
London Metal Exchange	NASDAQ OMX BX	Energia
London Stock Exchange	NASDAQ OMX Commodities	One Chicago
Lusaka Stock Exchange	Exchange	Osaka Securities Exchange
Luxembourg Stock Exchange	NASDAQ OMX Copenhagen	OSLO AXESS
Macedonian Stock Exchange	NASDAQ OMX Futures Exchange	OSLO BORS
Madrid Stock Exchange	NASDAQ OMX Helsinki	OTC Bulletin Board
Malawi Stock Exchange	NASDAQ OMX Iceland	OTC Markets
Malta Stock Exchange	NASDAQ OMX PHLX	Pakistan Mercantile Exchange

Palestine Securities Exchange	Shanghai Stock Exchange	TMX Select
Panama Stock Exchange	SharesPost Market	Tokyo AIM
PEX Private Exchange	Shenzhen Stock Exchange	Tokyo Commodity Exchange
PFTS Stock Exchange	Sibiu Monetary Financial and	Tokyo Financial Exchange
Philippine Stock Exchange	Commodities Exchange	Tokyo Grain Exchange
PLUS Markets	Sigma X ATS	Tokyo Stock Exchange
Polish Power Exchange	SIGMA X MTF	TOM MTF
Port Moresby Stock Exchange	SIM VSE	Toronto Stock Exchange
Power Exchange Central Europe	Singapore Exchange	TriAct Canada
Power Exchange India Limited	Singapore Mercantile Exchange	Trinidad and Tobago Stock
Powernext	SIX Swiss Exchange	Exchange
Prague Stock Exchange	SIX Swiss Exchange Europe	TSX Venture Exchange
PURE Trading	Slovak Power Exchange	Tunis Stock Exchange
Qatar Exchange	South African Futures Exchange	Turkish Derivatives Exchange
Quote MTF	South Pacific Stock Exchange	Turquoise
RASDAQ Market	St. Petersburg International	Uganda Securities Exchange
Ringgit Bond Market	Mercantile	Ukrainian Stock Exchange
Rosario Futures Exchange	Exchange	United Stock Exchange
Russian Trading System	St. Petersburg Stock Exchange	Valencia Stock Exchange
Rwanda Stock Exchange	Stuttgart Stock Exchange	Vienna Stock Exchange
Sapporo Securities Exchange	Swaziland Stock Exchange	Warsaw Stock Exchange
Sarajevo Stock Exchange	Taiwan Futures Exchange	XETRA
Saudi Arabian Stock Exchange	Taiwan Stock Exchange	XETRA International Market
SBI Japannext	Tel Aviv Stock Exchange	Zagreb Stock Exchange
Scoach Switzerland	Thailand Futures Exchange	Zhengzhou Commodity Exchange
Shanghai Futures Exchange	The Stock Exchange of Thailand	Zimbabwe Stock Exchange
Shanghai Gold Exchange	Tirana Stock Exchange	