



# **VIG GREENBOND INVESTMENT FUND**

## **Fund Rules**

FUND MANAGEMENT COMPANY

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

(H-1091 BUDAPEST, ÜLLŐI STREET 1.)

CUSTODIAN:

**Erste Bank Hungary Ltd.**

(1138 Budapest, Népfürdő utca 24-26.)

**effective:**

26. September 2024.

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## Definition of Terms

<b>UCITS</b>	collective investment undertakings for transferable securities
<b>UCITS Fund Manager</b>	investment fund manager managing one or multiple UCITS as a regular business activity
<b>UCITS Policy</b>	Directive 2009/65/EC on undertakings for collective investment in transferable securities
<b>Fund</b>	VIG GreenBond Investment Fund
<b>Base currency</b>	HUF, i.e. Hungarian forint. The currency, in which the Fund keeps its assets. The Fund may invest part of its assets in securities issued in a currency other than its base currency.
<b>Bszt.</b>	Act CXXXVIII of 2007 on Investment Firms and Commodity Dealers and on the Regulations Governing their Activities
<b>Fund manager</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>Investment fund</b>	a collective investment form established under conditions specified in the Kbtv.
<b>Investment fund unit</b>	a transferable security that is marketed in series by the investment fund as the issuer in the manner and formality specified in the Kbtv, securing a claim and other rights against the investment fund specified in the management rules of the investment fund
<b>Investor</b>	holder of the unit or other collective investment security
<b>Retail investor</b>	a client defined under Section 4(1)65 of the Kbtv. as an investor who is not a professional investor
<b>Professional investor</b>	pursuant to section 4(1)89 of the Kbtv., an investor, which a) is considered to be a professional client or may, on request, be treated as a professional client within the meaning of the Bszt., or b) undertakes the commitment to make an investment of at least one hundred thousand euro, or the equivalent thereof, in collective investment securities;
<b>Target country</b>	a country in the capital market of which a Fund invests or intends to invest strategically
<b>Dematerialized security</b>	A set of data created, recorded, transmitted and registered electronically in a manner specified in the Capital Market Act (Tpt) and in a separate legal act, containing the content elements of the security in an identifiable manner

<b>ESG (environmental, social, governance)</b>	as used in this document, the term ESG is understood by the Fund Manager to refer to the consideration of environmental, social and good governance matters, equivalent to the meaning of ‘sustainability factors’ under Article 2(24) of the SFDR Regulation (Regulation (EU) 2019/2088)
<b>ESG score</b>	an indicator measuring the environmental, social and governance impacts of an issuer’s (company’s or country’s) operations. Issuers and their instruments, investment funds and benchmark indexes are measured against the ESG indicator, which thus makes them comparable. The Fund Manager’s internal ESG indicator methodology relies in part on external ESG data providers.
<b>EU</b>	European Union
<b>EU member state</b>	any Member State of the European Union and States who are parties to the Agreement on the European Economic Area
<b>EVIC</b>	“Enterprise Value Including Cash”
<b>Inspectorate</b>	National Bank of Hungary (formerly: the Hungarian Financial Supervisory Authority)
<b>FIFO Principle</b>	the first purchase in a portfolio of a given security is sold first
<b>Distribution Day</b>	each business day for which the Fund Manager calculates the Net Asset Value
<b>Distributor</b>	The Fund Manager <b>Points of Distribution</b> Locations designated by the Distributor for the sale of the Fund's units. The list of Distribution Points is available on the Fund Manager's website: <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>Kbftv.</b>	Act XVI of 2014. on Collective Investment Trusts and Their Managers, and on the Amendment of Financial Regulations
<b>Fund Rules</b>	regulation prepared pursuant to Kbftv. containing the special rules of Fund Management, including the general terms and conditions between the Fund Manager and the Investors
<b>Auditor</b>	KPMG Hungária Kft
<b>Points of Publication</b>	the <a href="https://www.vigam.hu/">https://www.vigam.hu/</a> and the <a href="https://kozzetetelek.mnb.hu/">https://kozzetetelek.mnb.hu/</a> website
<b>Custodian</b>	Erste Bank Hungary Zrt.
<b>Commission</b>	Purchase, redemption and /or conversion order of investment units.
<b>MNB</b>	National Bank of Hungary
<b>Net value of assets</b>	the value of the assets in the investment fund's portfolio, including lending claims, less all liabilities in the portfolio, including accruals and

	deferrals
<b>OECD</b>	Organization for Economic Cooperation and Development
<b>PAI</b>	Principal Adverse Impact indicator
<b>SDG</b>	Sustainable Development Goal(s)
<b>Civil Code</b>	Act V of 2013 on the Civil Code
<b>Equity</b>	the equity of the investment fund is equal to the product of the nominal value and the number of units at the beginning, during its operation the equity is equal to the total net asset value of the investment fund
<b>Series</b>	Units of one or more series with the same denomination and the same rights within the same series may be issued on behalf of an investment fund. The Fund Rules and the Prospectus specify in detail the characteristics in which individual series differ 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>	document prepared pursuant to Kbfvtv. for the public offering of the units <b>Target currency</b> EUR, i.e. euro. The target currency is the currency in which the Fund may hedge its investments denominated in different currencies.
<b>T-Day</b>	the date of submission of the order for the conclusion of the transaction
<b>Tpt.</b>	Act CXX of 2001 on the capital market
<b>Client Account</b>	an account held for a client for the sole purpose of executing orders placed against the balance of an investment service, a commodity exchange service and a payment based on an obligation contained in a security.



## **I. Basic information related to the investment fund**

### **1. Basic data of the investment fund**

#### **1.1. Name of the investment fund**

VIG GreenBond Kötvény Befektetési Alap

*English name: VIG GreenBond Investment Fund*

*Czech translation of the Fund's name: VIG Zelené Dluhopisy Investiční Fond*

*(The Czech translation of the Fund's designation is not registered by the National Bank of Hungary, and is not to be considered as an official designation of the Fund)*

#### **1.2. Short name of the investment fund**

VIG GreenBond Fund

#### **1.3. Headquarters of the investment fund**

1091 Budapest, Üllői út 1.

#### **1.4. Date of registration and registration number of the investment fund**

Date of registration of the Fund: 26. August 2024

Fund registration number: 1111-895

#### **1.5. Name of the investment fund manager**

VIG Asset Management Hungary Closed Company Limited by Shares

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

Erste Bank Hungary Zrt.

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

VIG Asset Management Hungary Closed Company Limited by Shares further distributors:

Conseq Investment Management, a. s.

#### **1.8. Form of operation of the investment fund (public) range of potential investors (professional or retail)**

The investment fund is public.

Scope of potential investors: both professional and retail.

#### **1.9. Type of the investment fund (open-ended or close-ended)**

The investment fund is open-ended.

#### **1.10. Maturity of the investment fund (indefinite or definite), in the case of a definite maturity, indication of the date of maturity**

The investment fund has an indefinite term.

#### **1.11. Indication of whether the investment fund is a harmonized fund under the UCITS Directive or the AIFMD**

The investment fund is harmonized under the UCITS Directive.

#### **1.12. Number and marking of the series issued by the investment fund, indication of the characteristics in which each series differ from each other**

<b>Series</b>	<b>Difference</b>
VIG GreenBond Investment Fund (series A, HUF)	fund management fee rate
VIG GreenBondInvestment Fund (series E, EUR)	currency, fund management fee rate
VIG GreenBondInvestment Fund (series C, CZK)	currency, fund management fee rate, hedged series
VIG GreenBondInvestment Fund (series CI, CZK)	currency, fund management fee rate, hedged series, eligible investors
VIG GreenBondInvestment Fund (series U, USD)	currency, fund management fee rate
VIG GreenBondInvestment Fund (series EI, EUR)	currency, fund management fee rate, eligible investors
VIG GreenBondInvestment Fund (series I, HUF)	fund management fee rate, eligible investors
VIG GreenBondInvestment Fund (series UI, USD)	currency, fund management fee rate, eligible investors

In respect of series “A”, “C”, “E” and “U”, the Fund Manager determines the range of potential investors among Retail Investors.

In respect of series “I”, “CI”, “EI” and “UI”, the Fund Manager determines the range of potential investors among Professional Investors.

**1.13. Primary category of assets defined by legislation in which the investment fund may invest**  
The investment fund is securities fund.

**1.14. Indication of whether the promise to preserve the capital of the investment fund or the return is provided by a bank guarantee or suretyship (capital or return guarantee) or is supported by a detailed investment policy of the investment fund (capital or return protection); an indication of the point detailing the conditions in the code of conduct**  
Not applicable.

**2. Other basic information related to the investment fund**

Scope of distributors:

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 (Czech Republic, Poland, Latvia, Estonia, Lithuania, Slovakia). These Fund rules contain the special conditions for distribution abroad, which are highlighted in the relevant items.

**3. List of legal provisions applicable to investment fund management, marketing and distribution of units, as well as legal provisions determining 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 (Fttv.)
- Act CXXXVIII of 2007 on Investment Firms and Commodity Dealers, and on the Regulations Governing their Activities (Bszt.)
- Act LIII. of 2017 on the Prevention and Combating of Money Laundering and Terrorist Financing (Pmt.)
- Act XXV of 2005 on Financial Service Contracts made through Distance Marketing
- Act CXX of 2001 on Capital Markets (Capital Market Act)
- Act CLV of 1997 on Consumer Protection
- Act LXVII of 2019 on the encouragement of long-term shareholder engagement and the amendments of certain acts for legal harmonisation purposes
- Act LII of 2017 on the Implementation of Financial and Asset-related Restrictive Measures Ordered by the European Union and the UN Security Council
- Act CXVII of 1995 on the Personal Income Tax
- Act LIX of 2006 on the Special Tax and Annuities Improving the Balance of Public Finances
- Act C of 2000 on Accounting
- Act LII of 2018 on Social Contribution Tax

#### Government Decrees

- 78/2014. (III. 14.) on the rules of investing and borrowing of collective investment forms
- 79/2014. (III. 14.) on the organizational, conflict of interests, business and risk management requirements applicable to the UCITS Fund Manager
- Government Decree 82/2010 (III.25.) on calculating and announcing deposit interest rates and returns
- Government Decree 153/2009. (VII. 23.) on certain issues necessary to increase efficiency of customer protection in the financial sector
- Government Decree 22/2008 (II.7.) on the mandatory elements of the business terms at business organizations 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 438/2016 (XII. 16.) on the Detailed Rules relating to the UCITS Fund Manager's Complaints Handling Procedure and Complaints Handling Policy
- Government Decree 215/2000 (XII 11.) on the Special Provisions regarding the Annual Reporting

## and Bookkeeping Obligations of Investment Funds

### Decreases by the Minister of Finances/Minister of National Economy

- NGM Decree 16/2017. (VI. 30.) on the product approval process to be followed by the investment undertaking
- Decree No. 6/2002 (II.20.) of the Ministry of Finances on the notification obligation of investment service providers, organizations engaged in clearing house operations and the stock exchange

### Supervisory Decreases

- 66/2021. (XII. 20.) MNB Decree on the Detailed Rules Regarding the Form and Method of Complaint Handling for Certain Financial Organizations
- Government Decree 26/2020 (VIII. 25.) on the detailed rules concerning the implementation of the Act on the Prevention and Combating of Money Laundering and Terrorist Financing, as applicable to service providers supervised by the MNB, and concerning the minimum requirements for the development and operation of the screening system under the Act on the Implementation of Restrictive Measures Imposed by the European Union and the UN Security Council Relating to Liquid Assets and Other Financial Interest

### European Union Regulations

- 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 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 (MiFID II Policy)
- Commission Delegated Regulation (EU) 2017/565 supplementing Directive 2014/65/EU (25 April 2016) of the European Parliament and of the Council as regards organisational requirements and operating conditions for investment firms and defined terms for the purposes of that Directive
- 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
- 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 ("SFDR RTS")

- 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
- 648/2012 Regulation (EU) No 648/2012 of the European Parliament and of the Council of 4 July 2012 on OTC derivatives, central counterparties and trade repositories
- Commission Delegated Regulation (EU) 2016/2251 of 4 October 2016 supplementing Regulation (EU) No 648/2012 of the European Parliament and of the Council on OTC derivatives, central counterparties and trade repositories with regard to regulatory technical standards for risk-mitigation techniques for OTC derivative contracts not cleared by a central counterparty
- 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
- 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)
- Commission Delegated Regulation (EU) 2017/653 of 8 March 2017 supplementing Regulation (EU) No 1286/2014 of the European Parliament and of the Council on key information documents for packaged retail and insurance-based investment products (PRIIPs) by laying down regulatory technical standards with regard to the presentation, content, review and revision of key information documents and the conditions for fulfilling the requirement to provide such documents (PRIIPs RTS)
- Commission Regulation (EU) No 583/2010 of 1 July 2010 implementing Directive 2009/65/EC of the European Parliament and of the Council as regards key investor information and conditions to be met when providing key investor information or the prospectus in a durable medium other than paper or by means of a website

Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC.

The above list is not exhaustive, so in addition to the above, there are legal provisions in force that regulate the internal processes of fund management and distribution activities, as well as other obligations arising from the exercise of data reporting, data provision and supervisory authority powers.

#### **4. Description of main legal consequences of the investment, including information on jurisdiction, applicable law and the existence or absence of any legal instrument providing for the recognition and enforcement of judgments given in the country where the AIF is established**

Units are units issued by an open-ended fund, i.e. they can be purchased (bought) or sold (redeemed) by the Investors during the continuous distribution during the term of the Fund. The condition for this is that the Investor has a securities account with a Distributor of the Fund. As the Fund does not pay returns, the Investor may realize profit on the difference between the purchase and redemption prices. The purchase and redemption order will be executed on the basis of the current net asset value (as determined in accordance with these Fund Rules).

Opening and maintenance of the securities account and execution of purchase and redemption orders are governed by the provisions of the Distributors' Business Rules and the legislation of the country specified therein.

At the time of issuing these Fund Rules, these transactions are governed by the Hungarian law in accordance with the relevant Business Rules of the Fund Manager, which is the same as the law

applicable to this Fund.

## **II. Information related to the investment fund unit (for each series)**

### **5. ISIN ID of the investment fund unit**

<b>Series</b>	<b>ISIN</b>
VIG GreenBond Investment Fund (Series A, HUF)	HU0000732136
VIG GreenBond Investment Fund (Series E, EUR)	HU0000734314
VIG GreenBond Investment Fund (Series C, CZK)	HU0000732144
VIG GreenBond Investment Fund (Series CI, CZK)	HU0000732151
VIG GreenBond Investment Fund (Series U, USD)	HU0000733324
VIG GreenBond Investment Fund (Series EI, EUR)	HU0000732177
VIG GreenBond Investment Fund (Series I, HUF)	HU0000732169
VIG GreenBond Investment Fund (Series UI, USD)	HU0000733332

### **6. Face value of the investment fund unit**

<b>Series</b>	<b>Face value</b>
VIG GreenBond Investment Fund (Series A, HUF)	1 HUF
VIG GreenBond Investment Fund (Series E, EUR)	1 EUR
VIG GreenBond Investment Fund (Series C, CZK)	1 CZK
VIG GreenBond Investment Fund (Series CI, CZK)	1 CZK
VIG GreenBond Investment Fund (Series U, USD)	1 USD
VIG GreenBond Investment Fund (Series EI, EUR)	1 EUR
VIG GreenBond Investment Fund (Series I, HUF)	1 HUF
VIG GreenBond Investment Fund (Series UI, USD)	1 USD

### **7. Currency of the investment fund unit**

<b>Series</b>	<b>Currency</b>
VIG GreenBond Investment Fund (Series A, HUF)	HUF, i.e. Hungarian Forint
VIG GreenBond Investment Fund (Series E, EUR)	EUR, i.e. euro
VIG GreenBond Investment Fund (Series C, CZK)	CZK, i.e. Czech Koruna
VIG GreenBond Investment Fund (Series CI, CZK)	CZK, i.e. Czech Koruna
VIG GreenBond Investment Fund (Series U, USD)	USD, i.e. American dollar
VIG GreenBond Investment Fund (Series EI, EUR)	EUR, i.e. euro
VIG GreenBond Investment Fund (Series I, HUF)	HUF, i.e. Hungarian Forint
VIG GreenBond Investment Fund (Series UI, USD)	USD, i.e. American dollar

### **8. Method of producing the unit, information on the issue and sale**

Units are produced in dematerialized form, they are not physically produced (printed). The issuance (creation) of the units is performed by KELER Központi Értéktár Zrt. based on the commission of the Fund Manager. The Distributor may sell the Fund's units in accordance with its own Business Rules. Units issued by the investment fund can be purchased by the Investors during the continuous distribution.

### **9. Method of verifying and registering the ownership of the unit**

In order to prove the ownership of the units and the method of their registration, volume Six of the Civil Code and provisions set forth in § 138 - § 146 of the Tpt. shall apply.

According to the provisions of Tpt., the acquisition and transfer of dematerialized securities may take place only by debiting or crediting a securities account. Pursuant to the Civil Code, the transfer of the dematerialized security also requires a contract of transfer or other title. Ownership of the Units is confirmed by an account statement issued by the Investor's securities account manager.

Unless proven otherwise, the holder of the securities shall be deemed to be the person in whose account the securities are registered.

### **10. The investor's rights under the unit, a description of how the AIFMD ensures fair treatment of investors and, if an investor receives or acquires the right for preferential treatment, a description of the preferential treatment, identification of the types of investors receiving preferential treatment and - where applicable - description of their legal and economic relationship with the AIF or the AIFMD; other information on the subject**

Holders of the 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;

Holders of the units have all the additional rights set out in these Fund Rules, the Prospectus, as well as in the law.

The Fund Manager does not differentiate between Investors, all Investors have the same rights. The Fund Manager also ensures fair treatment of investors by handling the purchase and redemption orders of all Investors under the same conditions, and in the manner specified in these Fund Rules. Accordingly, no investor of the Fund will be granted preferential treatment compared to the other investors.

## **III. Policy and objectives of the investment fund**

### **11. Description of the investment objectives and specialization of the investment fund, including financial objectives (e.g. capital increase or income, geographical or industry specification)**

The primary objective of the Fund is sustainable investment, i.e. to have a positive impact on the environment. In this way, it goes beyond mitigating environmental damage and seeks to be a catalyst for environmental change. Although the Fund's key environmental objective is to mitigate climate change, it may also contribute to the achievement of its sustainability objective through other environmental or social objectives. In addition to achieving sustainable investment, the Fund also defines as its objective, to achieve capital growth through active portfolio management by investing in green bonds issued by governmental and corporate issuers in developed and emerging market countries.

The Fund Manager integrates sustainability risks and their management into the Fund's investment decision-making processes. As the Fund aims at sustainable investment, it is subject to Article 9 of the

SFDR Regulation.

The Fund's credit rating limitation is that it may only purchase bonds with a credit rating recommended for investment. The Fund aims for the highest possible capital growth alongside reasonable risk-taking. It intends to achieve this objective through an asset allocation in fundamentally green bonds available in global bond markets.

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

The Fund's investment strategy is based on sustainable value creation, aiming to build an actively managed and sufficiently diverse portfolio that takes into account both sustainability criteria and the fundamentals of the assets held. To achieve this, it primarily buys developed-market green corporate and government bonds issued in foreign currencies, and may also hold emerging-market green corporate and government bonds. The bond portfolio may also include short-term, long-term, fixed or floating-rate bonds issued by mortgage credit institutions, other credit institutions, local governments or other business entities.

The Fund aims at sustainable investment, which it intends to achieve primarily, but not exclusively, through a positive impact on environmental factors within the ESG universe. In order to achieve this, it intends to invest primarily in bonds issued by countries with low intensity of greenhouse gas emissions, adequate opportunities to exercise freedoms, and a low level of violations of social laws. In addition, the Fund is also planning to invest in bonds issued by companies with a low ecological footprint, thereby ensuring that their operation contributes to solving global environmental problems, such as the transition to a low carbon emission economy or to a circular economy model.

In its investments, the Fund leverages the Fund Manager's regional expertise and makes asset allocation decisions based on regular market analysis and situation assessments based on four pillars (fundamentals, valuation levels, market sentiment and technical factors). The primary source of return for the Fund is asset allocation across bond-type asset classes. The asset allocation is based on an "investment clock" approach that uses economic data analysis to determine the position of major regions within a growth cycle. This is complemented by the forecasting of expected movements in real interest rates and inflation expectations, which are also crucial for the allocation across bond markets. Portfolio managers use all these as the basis for making allocation decisions, overweighting the best performing bond asset class in any current economic cycle based on experience and expectations. In the investment process, portfolio managers optimise the interest rate and credit risk of the overall fund and of the exposures to individual bond markets in order to achieve the investment objective by taking into account the achievement of sustainability objectives.

In constructing the Fund's portfolio, the Fund Manager aims to achieve a medium risk level. The minimum level of the credit rating limit in the Fund is 'recommended for investment'. The Fund may conclude derivative transactions for hedging purposes.

The Fund may also hold non-leveraged bond-type collective investment forms.

The Fund may hold 100% of assets with an exposure other than the target currency. The Fund Manager will hedge 100% of currency exposures to the target currency (EUR) as a default, but may also hold open currency positions, depending on market expectations.

The Fund has no benchmark for either performance measurement or sustainability objectives. The Fund's primary, sustainability-related objective is measured by the Fund Manager using sustainability indicators.

These sustainability indicators do not constitute sustainability benchmarks as they are used to assess the achievement of the Fund's sustainable investment objective, i.e. indicators within the meaning of Article 9(2) of the SFDR Regulation (Regulation (EU) No 2019/2088 of the European Parliament and of the



Council of 27 November 2019 on sustainability-related disclosures in the financial services sector). Consequently, by applying these indicators in the Fund's periodic reports, the Fund Manager will only illustrate the sustainability-related impact of the Fund in accordance with Article 11(1)(b)(i) of the SFDR Regulation.

The Fund records its assets in HUF.

The Fund does not constitute a money market fund authorised and operating in accordance with Regulation (EU) 2017/1131 on money market funds.

The Fund invests at least 80% in assets that are issued and traded outside Hungary.

Achieving the sustainable investment objective  
(to demonstrate compliance with Article 9 of the SFDR)

In the case of this VIG GreenBond Investment Fund, the Fund Manager informs investors that the Fund is classified as a financial product that has sustainable investment as an objective, as defined in the SFDR Regulation (EU 2019/2088).

ESG principles are integrated into the making of investment decisions. Our aim is to rely on ESG considerations in order to identify long-term winners able to achieve sustainable profits through sustainable operations.

The Fund intends to invest 100% of its assets in sustainable investments, which ratio does not include cash (liquidity) and assets used for hedging purposes. The maximum ratio of assets used for liquidity purposes may be 20%, but these assets will also be subject to minimum environmental or social safeguards linked to sustainability. Compliance with these safeguards is ensured by the Exclusion List, which the Fund fully complies with. This includes – inter alia – that the Fund will not invest in a sovereign currency that is indicated on the Fund Manager's Exclusion List and that the base product of a hedging derivative contract cannot be a currency issued by a country that is a member of the periodically reviewed Exclusion List. In this way, the Fund Manager also ensures that the DNSH (Do No Significant Harm) principle also applies to these instruments.

In managing the Fund, the Fund Manager follows the following investment process in the case of corporate bonds:

1. Creation of a potential investment universe

As the Fund may select its investments from any part of the world and from any industry, the first step is to narrow down this universe by applying negative screening: in line with the Exclusion List based on the Fund Manager's internal rules and the PAI indicators considered by the Fund.

Issuers that derive a significant part of their revenues from activities that are harmful to the environment or society – such as thermal coal exploration and energy production, unconventional oil and gas exploration and production, conventional oil and gas production, nuclear energy production, conventional weapons and small arms, military contract arms and arms-related products and services, tobacco production, activities related to adult entertainment, gambling, genetic modification activities – and would therefore violate the Fund's environmental objective, will also be excluded.

2. Use of positive screening

From the resulting universe, a selection is made of issuers that are actively addressing environmental or social problems in whatever way. We do this through the SDGs, while also ensuring that no

environmental objective that corresponds to the taxonomy is violated by investing in a particular issuer.

In the case of government bonds, issuers with low/decreasing greenhouse gas emissions intensity are selected, although the Fund's portfolio manager may also take into account other criteria, such as changes in legislation regulating sustainability, whose impact is not yet discernible.

The further reduced portfolio may comprise companies in the case of which at least 50% of the revenue, EBIT, EBITDA, operating expenses (OPEX), capital expenditures (CAPEX) or goodwill, calculated at portfolio level and weighted, can be matched to taxonomy eligible environmental activity, and this is supported by facts or available data estimated by an external service provider (e.g. Bloomberg or MSCI ESG Manager). This ensures that companies that operate safely and have a significant environmental exposure are included in that part of the basket of investments for which the Fund is committed to achieve an environmental objective.

Given that there is currently a lack of regulation regarding the social objective, and there is no well-defined objective associated with this in the taxonomy, we consider socially sustainable investments to be those that are aligned with a chosen socially focused SDG (1, 2, 3, 4, 5, 10 and 16).

### 3. Analysis of the issuer's fundamentals and ESG profile

The ESG profile is analysed based on data from MSCI ESG Manager or a similar service provider, then 20% of the issuers rated as the weakest are removed.

Throughout the management of the Fund, the Fund Manager will monitor the ESG profile of issuers included or potentially included in the portfolio, mainly using MSCI ESG Manager, but also using other external and internal analyses. On the basis of these analyses, it can remove or add companies to the universe at any time, provided they comply with the ESG profile and the other criteria described above.

### 4. Even within the group of issuers selected in this way, those with which the Fund Manager or its external representative, acting on behalf of the Fund Manager, proves a successful and active engagement will be given priority. This move is not applicable to government bonds.

In the case of both government and corporate bonds, the Fund takes into account whether the bond complies with the standards of the Green Bond Principles or the Climate Bonds Initiative. In selecting green bonds as well as at regular intervals during the management of the Fund, the Fund will assess whether the bond complies with the standards mentioned above. The purchase/holding of a specific bond is only possible if it meets these criteria.

The Fund's primary objective is sustainable investment, which also includes ESG and impact investing objectives.

The Fund achieves its ESG objective with the help of the so-called negative screening, which on the one hand ensure that seriously damaging activities and industries are not included in the Fund (Exclusion List), and on the other hand, taking into account the ESG rating of the issuers, the Fund strives to have exposures with the best possible ESG rating.

The Fund Manager ensures the achievement of the sustainability objective primarily through the use of

the Sustainable Development Goals (SDGs). These goals, set by the United Nations and agreed by member countries, are the pillars of sustainability, so no company should be included in the Fund that does not demonstrate alignment with an SDG designated by the Fund.

Within sustainability, with regard to the environmental objectives referred to in the Taxonomy Regulation, the Fund seeks to promote environmental characteristics in accordance with the framework of the Taxonomy Regulation, to the extent defined in Article 9(a) of the Taxonomy Regulation (Regulation (EU) No 2020/852 of the European Parliament and of the Council of 18 June 2020 amending Regulation (EU) 2019/2088).

The Fund partially seeks to invest in economic activities that are considered environmentally sustainable under the Taxonomy Regulation. Essentially, 50% of the Fund's investments may be aligned with environmentally sustainable economic activities within the meaning of the Taxonomy Regulation, a minimum of 0% with socially sustainable economic activities and a minimum of 5% proven to meet the requirements of the Taxonomy (aligning). However, the possibility that the Fund invests a higher proportion in environmentally or socially sustainable economic activities under the Taxonomy Regulation cannot be ruled out.

In addition to the above, the Fund also has an impact investment objective, i.e. it seeks to have an impact, directly or indirectly, on the ESG activities of the issuers included in the Fund or to increase the positive environmental impact of the Fund. These objectives will be achieved through active shareholder engagement and the application of the MSCI Overall Sustainable Impact indicator.

### **The Fund's ESG criteria**

The Fund plans to achieve its environmental objective by investing primarily, but not exclusively, in green bonds issued by countries with low intensity of greenhouse gas emissions, adequate opportunities to exercise freedoms, and a low level of violations of social laws. In addition to green government bonds, the Fund will take exposure to corporate bonds issued by companies with a low ecological footprint, thereby ensuring that their operation contributes to solving global environmental problems, such as the transition to a low carbon emission economy or to a circular economy model.

The Fund invests mainly, but not exclusively, in companies with a significant part of their activities linked to energy efficiency, renewable and clean energy, environmental pollution control, water supply and the related technology, waste management and waste recycling, sustainable agriculture and forestry and the sharing economy.

Along these principles, the Fund will make a substantial contribution to **climate change mitigation**, one of the environmental objectives set out in Article 9 of Regulation (EU) 2020/852,

and may also take into account, but in no way significantly harm, the other environmental objectives set out in Article 9 of Regulation (EU) No 2020/852 (do no significant harm - DNSH), namely:

- climate change adaptation
- sustainable use and protection of water and marine resources
- transition to a circular economy
- pollution prevention and control
- protection and restoration of biodiversity and ecosystems

### **13. Indication of asset categories, in which the investment fund may invest, with a specific indication**

**as to whether the investment fund is authorized to use derivatives**

The Fund holds a portfolio of foreign and domestic government securities, bonds and mortgage bonds. The Fund may enter into deposit and repo transactions, purchase collective investment securities and may also use derivatives for hedging purposes only. The risk exposure that is present in each instrument underlying the derivative transactions – also taking into account the net risk exposure in derivative transactions relating to the given instrument – may not exceed the investment limits specified for the given instrument in Government Decree 78/2014 (III.14.) on the investment and borrowing rules applicable to collective investment undertakings.

**14. The maximum, minimum or planned ratio of each portfolio item**

ASSET CATEGORY	PLANNED RATIO
Government securities issued by EU, OECD or G20 countries (non-Hungarian), and bonds guaranteed by the Hungarian State	40-100%
Debt securities – issued by credit institutions, companies or municipalities in EU, OECD or G20 countries – securities,	0-50%
Bonds issued by the European Central Bank or the central bank of another Member State of the European Union	0-50%
Mortgage bonds	0-50%
Emerging market corporate and government bonds, investment grade	0-30%
Cash, deposits, repo	0-20%
Bond funds and ETFs (SFDR Article 8 and 9)	0-20%
Assets denominated in a currency other than the target currency	0-100%
Derivative transactions (exchange-traded and OTC foreign currency and interest rate derivatives)	0-100%
Instruments issued and traded outside Hungary	80-100%

Together, the Fund's investment policy and the planned proportion of asset categories ensure compliance with Government Decree 78/2014 and that the Fund holds 100% sustainable investments.

The Fund intends to invest 100% of its assets in sustainable investments, which ratio does not include cash (liquidity) and assets used for hedging purposes. The maximum ratio of assets used for liquidity purposes may be 20%, but these assets will also be subject to minimum environmental or social safeguards linked to sustainability. Compliance with these safeguards is ensured by the Exclusion List, which the Fund fully complies with. This includes – inter alia – that the Fund will not invest in a sovereign currency that is indicated on the Fund Manager's Exclusion List and that the base product of a hedging derivative contract cannot be a currency issued by a country that is a member of the periodically reviewed Exclusion List. In this way, the Fund Manager also ensures that the DNSH (Do No Significant

Harm) principle also applies to these instruments.

**15. Any restrictions on the investment policy and any techniques, instruments or borrowing rights that may be used to manage the investment fund, including leverage application, limitation, re-use agreements for guarantees and assets and the maximum level of leverage that may be used, indicating that in the case of AIF, the annual and half-yearly reports shall include the information set out in Annex 6, Part XI.**

Transactions between the Funds and portfolios managed by the Fund Manager:

The portfolios (including related companies) and Funds managed by the Fund Manager may enter into transactions with each other, in which case the Fund Manager will follow the specific provisions set out in its internal regulations to avoid any potential conflict of interest. Such transactions will only be initiated by the Fund Manager if the transaction is not prejudicial to the interests of the parties to the transaction and is consistent with the principle of best execution from the point of view of both parties. The Fund Manager shall always execute transactions between the managed portfolios and Funds at market (fair) prices and document the price for each transaction.

General investment restrictions for the Fund

*Pursuant to Section 14 of Government Decree No 78/2014:*

- (1) The Fund Manager may not invest the Fund's own capital in investment units issued by the Fund.
- (2) The Fund Manager may not purchase for the Fund the following:
  - a) securities issued by the Fund Manager;
  - b) securities issued by related companies of the Fund Manager, with the exception of publicly quoted securities, including securities issued by a public open-ended collective investment undertaking and securities to be newly listed on the stock exchange.
- (3) The Fund may not purchase financial instruments owned by the Fund Manager, and may not sell financial instruments to the Fund Manager.
- (4) In the case of transactions between the Fund and collective investment undertakings managed by the Fund Manager's related companies, between the Fund and other collective investment undertakings, as well as between the portfolios, the market price valid at the time that the transaction was entered into shall be documented.

Investment limits in relation to the assets of the Fund

*Pursuant to Sections 8-11 of Government Decree No 78/2014:*

- (1) Of all the Fund's assets, not more than
  - (1) Ten (10) percent may be invested in transferable securities or money market instruments issued by the same issuer,
  - (2) 20 percent may be invested in the deposits of the same credit institution.
- (2) The Fund's counterparty risk exposure against a party under an OTC derivative transaction may not exceed 5 percent of its assets or, if the other party to the transaction is a credit institution as defined in Article 2(1)(f) of Government Decree 78/2014, then 10 percent of its assets.
- (3) The total value of the transferable securities and money market instruments of issuers in which the value of investments by the Fund individually exceeds 5 percent of the Fund's assets may not exceed 40 percent of the Fund's assets. This shall not apply to deposits with credit institutions subject to prudential supervision, or to OTC derivatives with credit institutions subject to prudential supervision.

- (4) Notwithstanding the limits applicable to individual issuers under paragraph (1), the Fund's combined exposures to a specific institution resulting from investments in transferable securities or money market instruments issued by the given institution, from deposits placed with the given institution, and from OTC derivatives with the given institution may not exceed the value of 20 percent of the Investment Fund's assets.
- (5) Contrary to the limit specified in paragraph (1), point a), a limit of 35 percent may be applied in the event that the issuer or guarantor of the transferable securities or money market instruments is a Member state or any of its local authorities, a third country, or a public international body of which one or more EEA States are a member. These securities and money market instruments shall not be taken into account for the purposes of applying the 40 percent limit referred to in paragraph (3).
- (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. If more than 5 percent of the Fund's assets are invested in securities issued by one issuer covered by this paragraph, the total value of these investments may not exceed 80 percent of the Fund's assets. These securities and money market instruments shall not be taken into account for the purposes of applying the 40 percent limit referred to in paragraph (3).
- (7) The limits provided for in paragraphs (1)–(6) may not be combined, and therefore investments in transferable securities and money market instruments issued by the same issuer or in deposits and derivative instruments that can be placed with such companies may not exceed 35 percent of the assets of the Fund.
- (8) Companies belonging to the same group of companies for the purposes of drawing up consolidated annual accounts or in accordance with accepted international accounting rules shall be considered as one person for the purposes of calculating the limits referred to in paragraphs (1) to (7), provided that the aggregate value of investments in transferable securities and money market instruments issued by the same group of companies may not exceed 20 percent of the assets of the Fund.
- (9) As opposed to the limit determined in paragraph (1)(a), a limit of 20 percent is to be applied in the event that the investment policy of the Fund is to track the composition of an equity or bond index where the composition of the index is sufficiently diversified, represents an appropriate benchmark for the market to which it applies and its performance is published in a publicly comprehensible manner.
- (10) Instead of the limit determined in paragraph 9, a limit of 35 percent may be applied in respect of an issuer if it is highly relevant in the case of the regulated markets and indices concerned.
- (11) By way of derogation from the limits indicated in paragraphs (1)-(8), the Fund may, subject to the authorisation of the Supervisory Authority, invest even up to 100 percent of its assets in different transferable securities and money market instruments issued or guaranteed by an EEA State, its municipalities, a third country or an international organisation of which one or more Member States are members. The Supervisory Authority may authorise a derogation if the investors of the Fund are granted the same level of protection as the investors of a UCITS applying the limits under paragraphs (1)-(8), and the Fund has securities originating from at least six different issues and invests up to 30 percent of its assets in securities within the same series.

- (12) In the Fund's management regulations, reports and all other commercial communications attention must be drawn to the authorisation under paragraph (11) and it is necessary to designate those States, municipalities or international organisations issuing or guaranteeing securities in whose securities the Fund invests more than 35 percent of its assets.
- (13) The Fund may invest up to 20 percent of its assets in collective investment securities of a UCITS regulated by Article 2(1)(e) of Government Decree 78/2014 or in securities of any other collective investment undertaking.
- (14) The aggregate value of the investment units of an investment fund classified as UCITS and of other collective investment securities may not exceed 30 percent of the assets of the Fund.
- (15) Where the Fund invests in securities issued by another collective investment undertaking which is managed directly or by authorisation by the Fund Manager of the UCITS concerned or by another investment fund manager closely related to it – including where the investment fund manager manages that collective investment undertaking as a subcontractor – no sales or redemption commission may be charged to the UCITS concerned in connection with the investment or its termination.
- (16) If the Fund invests at least 20 percent of its assets in other collective investment undertakings, it must disclose in its prospectus the maximum amount of the fund management fees charged, in addition to its own management fee, to the other collective investment undertakings included as investment targets. In addition, the Fund must publish in its annual report the maximum amount of the investment management fees charged – in addition to its own management fee – to other collective investment undertakings as actual investments

#### Investment limits as regards acceptable assets

*Pursuant to Section 12 of Government Decree No 78/2014:*

- (1) A Fund may not acquire qualified influence in any issuer, nor may it acquire such influence in a public joint-stock company that gives rise to the obligation to make a public takeover bid.
- (2) In addition to those set out in paragraph (1), the Fund may acquire
  - a) up to 10 percent of an issuer's non-voting shares,
  - b) up to 10 percent of an issuer's debt securities,
  - c) up to 25 percent of the collective investment securities of another UCITS or the collective investment securities of another collective investment undertaking,
  - d) up to 10 percent of an issuer institution's money market instruments
- (3) The limits specified in paragraph (2) may be disregarded at the time of acquisition if the gross value of the debt securities or money-market instruments or the net value of the securities to be issued cannot be determined at that time.
- (4) The limits specified in paragraphs (1) and (2) shall not be taken into account:
  - a) in the case of transferable securities and money market instruments issued or guaranteed by an EEA State or a municipality thereof,
  - b) in the case of transferable securities and money market instruments issued or guaranteed by a third country,
  - c) in the case of transferable securities and money market instruments traded by public international organisations of which one or more EEA States are members,
  - d) in respect of shares in a company incorporated in a third country which invests primarily in the securities of issuers whose registered office is located in the relevant State, provided that, under the laws of the State concerned, such ownership is the only possible way for the Fund to invest in the securities of issuers incorporated in that State.
- (5) The derogation provided for in paragraph (4)(d) may be applied only if the investment policy of the

company situated in the territory of the third country complies with the Fund's investment limits and with the rules governing the exceeding of those limits.

The Fund's total (net) exposure to derivative transactions may not exceed the net asset value of the Fund. The exposure must be calculated taking into account the current market value of the assets underlying the derivative transactions, the risk of the other party to the transaction (counterparty risk), the expected future market movements and the time available to close the transactions.

Thus, the maximum value of the leverage that the Fund may assume is 2. The Fund's investment policy has no other restrictions.

The total amount of leverage applied by the Fund and changes in the level of leverage are disclosed in the Fund's annual and semi-annual report.

#### **16.Currency exposure of the portfolio**

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

#### **17.If the promise of capital or return is supported by the investment policy of the investment fund, a description of the underlying planned transactions**

Not applicable.

#### **18.Borrowing rules**

The Fund may borrow up to 10 percent of its assets for a term of less than 3 months. The Fund is entitled to provide collateral for borrowing. The Fund may not issue bonds or other debt securities. For the purpose of *Government Decree 78/2014*, the option for deferred payment for no more than 15 days ensured by the distributor for the payment obligation of the Fund is not considered as borrowing.

The Fund may not lend money or provide surety. This prohibition does not apply to the purchase of financial instruments that have not yet been fully paid.

The Fund may not enter into uncovered sales transactions.

The Fund is entitled to provide collateral for its derivative transactions.

#### **19.States, municipalities or international organizations issuing or guaranteeing securities in the securities of which the fund invests more than 35% of its assets**

Member states of the EU, OECD or G20.

#### **20.Presentation of the mapped index and the maximum size of the deviation of each security from its weight in the index**

Not applicable.

#### **21.Investment policy of the investment fund in which it intends to invest more than 20% of the assets of the investment fund investing in the investment fund**

Not applicable.

#### **22.Name of the target UCITS and/or its sub-fund**

Not applicable.

#### **23.Other information on the subject, e.g. information on the establishment of the underlying funds, if the AIF is a fund of funds**

In compliance with Section 2 (1) of *Government Decree 78/2014*, Annex 2 to these Fund Rules contains a list of stock exchanges and trading platforms on which the Fund may invest in transferable securities and money market instruments listed or traded on a third country market.



## **24. Information relate to derivative transactions**

For the purposes of these Management Regulations, derivative transactions are defined as futures, foreign exchange futures transactions and interest rate swaps on securities, exchange-traded standardised derivatives based on securities, excluding REPO and reverse REPO transactions on government securities. The Fund Manager may conclude derivative transactions on behalf of the Fund in compliance with the legal requirements. The value of a derivative transaction can be determined on the basis of public price information in accordance with the frequency of the net asset value calculation, furthermore, the derivative transaction can be closed out and settled in due time at the appropriate market price, taking into account the redemption conditions of the investment units.

Pursuant to the provisions of the Kbfv relating to investment unit series, the Fund Manager may divide certain assets of the Fund between several investment unit series in the case of any foreign exchange risk hedging transactions whose purpose is to reduce the currency risk of the given series of the Fund against the Fund's target currency.

### **24.1. In the case of the use of derivatives, information that the use of derivatives is possible for hedging purposes or for investment purposes**

The Fund uses derivatives exclusively for hedging purposes. The risk exposure that is present in each instrument underlying the derivative transactions – also taking into account the net risk exposure in derivative transactions relating to the given instrument – may not exceed the investment limits specified for the given instrument in Government Decree 78/2014 (III.14.) on the investment and borrowing rules applicable to collective investment undertakings.

In order to reduce the currency risk of the Fund against the target currency of the C and CI series, it also enters into hedging transactions.

### **24.2. Potential scope of derivative products and/or derivative transactions**

The Fund may enter into derivative transactions for the following assets:

- a) securities
- b) securities-based standardized exchange-traded derivatives
- c) interest rate
- d) currency
- e) commodity market products, provided that the derivative transaction cannot be completed by physical delivery

Derivatives can be exchange-traded futures, over-the-counter foreign exchange futures, and interest rate derivatives.

### **24.3. Indication of the legal provision, under which the investment fund applied a derogation option** Not applicable.

### **24.4. Investment restrictions relate to the derivate transactions**

The Fund Manager minimizes the currency risk of the Fund's C and CI series against the target currency through currency forward contracts allocated exclusively to this series (for the CZK series, EURCZK hedging contracts are implied). The daily result of the concluded forward contract, adjusted for the previous day's result, forms part of the net asset value of the hedged series on the given day. The Fund Manager undertakes to maintain the hedging ratio between 90% and 110% of the net asset value of the given series, which is considered effective hedging.

Considering the operational constraints of market hedging, the Fund Manager is not obliged to adjust open currency positions (both long and short) that do not reach the equivalent of 10,000 euros per

currency to be hedged. In such cases, the hedging ratio for the given currency may fall outside the above-defined limits for effective hedging.

*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 for positions in each asset**

Netting rules for positions in each asset of the Fund are as follows:

The Fund Manager may offset the non-derivative long (short) position of the Fund in a foreign currency or investment instrument against its short (long) derivative position based on the same currency or investment instrument, as well as the long and short derivative positions in the same underlying asset against each other.

Existing positions in the same underlying security may be netted if the following conditions are met simultaneously:

- the issuers of the securities, the nominal interest rate, the maturity date are the same, and
- the securities are denominated in the same currency.

The position in a convertible security may not be offset against the opposite position in a security to which the security is convertible.

For the purpose of complying with the limit on the Fund's total netted risk exposure, any currency-risk hedging transactions intended to reduce the currency risk of the Fund's C and CI series in accordance

with the Fund's investment policy may be disregarded.

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

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

#### **24.7. The source of price information to use for evaluation**

For the valuation, the price data published by Államadósság Kezelő Központ Zrt. (ÁKK) [Government Debt Management Agency Pte. Ltd.], Bloomberg, BAMOSZ, Refinitiv or the data provider providing the price quotation for the instrument concerned must be used.

#### **24.8. If the characteristics of the derivative transaction in which the investment fund invests differ from the general characteristics of the derivative transactions specified by law, a warning to that effect, specifying the characteristics and risk of the particular derivative transaction**

Not applicable.

#### **24.9. Other information related to the given topic**

Not applicable.

#### **25. Special provisions related to the real estate fund and mixed funds**

Not applicable.

#### **25.1. Indication of whether the real estate fund, mixed fund invests in properties to be selected for yield or for value-adding purposes**

Not applicable.

#### **25.2. Indication of the function of the property (residential, commercial, industrial, etc.) in which the real estate fund, mixed fund invests**

Not applicable.

#### **25.3. Indication of the countries in which the real estate fund, mixed fund invests**

Not applicable.

#### **25.4. The maximum value as an amount of a real estate or property right related to real estate**

Not applicable.

#### **25.5. The maximum value compared to the total assets of a real estate or property right related to real estate**

Not applicable.

#### **25.6. Maximum share of properties under construction**

Not applicable.

#### **25.7. Risks imposed on the real estate fund, mixed fund**

Not applicable.

#### **25.8. The way risks imposed on the real estate fund, mixed fund are managed, the risk management strategy and the main principles of its implementation**

Not applicable.

#### **25.9. Detailed presentation of the properties to be contributed in the case of a contribution made in**

## **connection with the placing on the market prior to the registration of the fund**

Not applicable.

## **IV. Risks**

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

**The risks arising from investing in the Fund's units and any potential losses arising therefrom shall be borne solely by the Investors.**

Investing in the Fund's units is risky due to the nature of the money and capital markets. As the bearers of losses due to investment risk are entirely the Investors, it is the responsibility of the Investor to assess, weigh and assume the investment risks. In the following, we would like to draw your attention - on non-exclusive basis - to the risk factors arising from investments in the Fund's units.

#### Detailed rules of suspending continuous distribution of the investment fund units

In the event of suspension of the Fund's continuous distribution, the Fund's investors will not be able to redeem their existing units or purchase new units from the Fund during the period of suspension. The rules for the continuous distribution of investment units and the suspension of continuous distribution are contained in Section 43 of the Fund Rules.

#### Political and economical environment

The current political stability and situation of the target countries in which the Fund invests may change from time to time. Governments of individual countries may make decisions that may adversely affect the value of the investments made by the Fund in these countries during the operation of the Fund and the exchange rates of the currencies used to record these investments against HUF. The policies and measures of Hungarian and foreign governments, as well as the national banks of individual target countries, can have a significant impact on the return on the Fund's assets and business in general, including the performance of companies whose securities may be included in the Fund's portfolio from time to time. The economic growth, external economic position, exchange rate policy, size of the budget deficit and interest rate level of the target countries affect the net asset value of the Fund and may therefore adversely affect it.

#### Inflation, interest rates

As debt and other interest-bearing securities may also be included in the Fund's securities portfolio, the return they provide will have a significant impact on the Fund's performance. However, the yield on these instruments always depends on market interest rates, which in turn are partly in line with inflation expectations. Changes in interest rates may also have an adverse effect on the Fund's net asset value.

#### Issuers of securities

Issuers of the securities held in the fund's portfolio - in unfavorable cases - may produce bad economical results, become subjects to bankruptcy or liquidation procedure - which may negatively impact the fund's portfolio and the investors in form of missing returns, exchange rate loss or low market value.

#### Tax risk

The personal income tax rules for investment units and the regulations for the taxation of investment funds may change in the future. The Fund is subject to possible changes in tax policy (e.g.: tax increase, introduction of a new type of tax)

### Liquidity risk

Although the international investment environment is basically increasing the liquidity situation of the securities markets as a result of general globalization, the liquidity of the Hungarian securities market has not yet reached the level of the developed capital markets. Sale of certain elements of the portfolio - mainly in case of longer term equities - may face difficulty, or is only possible at an unfavorable rate. Liquidity risk may also be a limiting factor when investing the Fund's available cash funds. In addition, the price of securities may be increasingly affected by highly volatile market demand and supply, which affects the price of the Units through the net asset value of the Fund. The lack of liquidity may have an adverse effect on the Fund, the extent of which will always depend on the current 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

The Fund Manager is entitled to make deals on behalf of the Fund for investment units only to achieve goals determined in the Management Rules. Derivative deals by nature carry higher risk, which risks can be reduced with the adequate investment techniques, but cannot be fully eliminated.

### Exchange rate risk

Relative exchange rate of the individual currencies changes as a consequence of the actual demand and offer situation. As a result, value of the assets of the concerned funds expressed in various currencies may change upon conversion to the base currency, depending on the exchange rate fluctuation between the base currency and the currency in question. As a result, Investors buying the Investment units must in certain cases face the risk of exchange rate fluctuation of the currencies forming the portfolio of the funds against Fund's base currency.

### Counterparty risk

There is a risk that in case of derivative or other deals, the counterparty fails or unable to meet its obligations during the transaction.

### Risk of the Fund's termination

The public open-ended investment fund must be liquidated by the fund manager if the fund's own capital does not reach twenty million HUF on average over three months.

### Sustainability risk

A sustainability risk is an environmental, social, or governance (ESG) event or circumstance that, if it occurs or persists, could have an actual or potential material negative impact on the value of an investment. Examples of such sustainability risks include physical risk (e.g., damage due to climate change), transition risk (e.g., legal or market competition issues), or additional costs associated with fossil fuels.

### Risk from sustainability commitments

The Fund applies a number of criteria to achieve its sustainability objective, which may significantly narrow down the group of issuers that the Fund's manager considers suitable for investment. In this way, the Fund may miss out on investments that are "popular" investments – in the short or long term – that could contribute positively to the Fund's performance.

In addition, given that the Fund uses external service providers to comply with the sustainability criteria,

it also bears the risk that, in the event of a possible data error encountered by the external service provider, an issuer implementing an impact investment is not included in the Fund's investments.

Integration of sustainability risks into investment decisions:  
(disclosure as per Article 6 (1) a) of the SFDR):

While managing the Fund's assets, the Fund Manager evaluates potential investment instruments on the basis of its own internal methodology, which includes an assessment of the relevant risks and their management. The Fund Manager sets out its principles for sustainable investment in its Sustainability Policy (<https://www.vigam.hu/fenntarthatosag/>), which requires risks relevant in terms of long-term sustainable development objectives to be identified and taken into consideration in its investment decisions. When making any asset management decision, the responsible portfolio managers review the outcomes of sustainability risk assessments available in respect of potential investment instruments. As part of the risk management process, the sustainability risks are considered together with other investment risks in relation to the level of expected returns. Where exclusion principles are stipulated in the Fund Manager's Sustainability Policy, and where, based on this, a contemplated investment instrument is not favoured, the investment shall only be made subject to the restrictions stipulated in the Sustainability Policy. Where the Fund's investment policy has determined a sustainability risk profile that rules out the assumption of sustainability risks in excess of a certain level, or is explicitly designed to promote sustainability and/or an impact for this purpose, then the sustainability risk of a particular instrument or its contribution to the sustainability risk of the overall portfolio will be assessed in the course of any asset management decision and may limit, in whole or in part, the extent of any such investment made in such assets.

In the case of this VIG GreenBond Investment Fund, the Fund Manager informs investors that the Fund is classified as a financial product that has sustainable investment as an objective, as defined in the SFDR Regulation (EU 2019/2088).

ESG principles are integrated into the making of investment decisions. Our aim is to rely on ESG considerations in order to identify long-term winners able to achieve sustainable profits through sustainable operations.

In managing the Fund, the Fund Manager follows the following investment process in the case of corporate bonds:

1. Creation of a potential investment universe

As the Fund may select its investments from any part of the world and from any industry, the first step is to narrow down this universe by applying negative screening: in line with the Exclusion List based on the Fund Manager's internal rules and the PAI indicators considered by the Fund.

Issuers that derive a significant part of their revenues from activities that are harmful to the environment or society – such as thermal coal exploration and energy production, unconventional oil and gas exploration and production, conventional oil and gas production, nuclear energy production, conventional weapons and small arms, military contract arms and arms-related products and services, tobacco production, activities related to adult entertainment, gambling, genetic modification activities – and would therefore violate the Fund's environmental objective, will also be excluded.

2. Use of positive screening

From the resulting universe, a selection is made of issuers that are actively addressing environmental or social problems in whatever way. We do this through the SDGs, while also ensuring that no

environmental objective that corresponds to the taxonomy is violated by investing in a particular issuer.

In the case of government bonds, issuers with low/decreasing greenhouse gas emissions intensity are selected, although the Fund's portfolio manager may also take into account other criteria, such as changes in legislation regulating sustainability, whose impact is not yet discernible.

The further reduced portfolio may comprise companies in the case of which at least 50% of the revenue, EBIT, EBITDA, operating expenses (OPEX), capital expenditures (CAPEX) or goodwill, calculated at portfolio level and weighted, can be matched to taxonomy eligible environmental activity, and this is supported by facts or available data estimated by an external service provider (e.g. Bloomberg or MSCI ESG Manager). This ensures that companies that operate safely and have a significant environmental exposure are included in that part of the basket of investments for which the Fund is committed to achieve an environmental objective.

Given that there is currently a lack of regulation regarding the social objective, and there is no well-defined objective associated with this in the taxonomy, we consider socially sustainable investments to be those that are aligned with a chosen socially focused SDG (1, 2, 3, 4, 5, 10 and 16).

### 3. Analysis of the issuer's fundamentals and ESG profile

The ESG profile is analysed based on data from MSCI ESG Manager or a similar service provider, then 20% of the issuers rated as the weakest are removed.

Throughout the management of the Fund, the Fund Manager will monitor the ESG profile of issuers included or potentially included in the portfolio, mainly using MSCI ESG Manager, but also using other external and internal analyses. On the basis of these analyses, it can remove or add companies to the universe at any time, provided they comply with the ESG profile and the other criteria described above.

### 4. Even within the group of issuers selected in this way, those with which the Fund Manager or its external representative, acting on behalf of the Fund Manager, proves a successful and active engagement will be given priority. This move is not applicable to government bonds.

In the case of both government and corporate bonds, the Fund takes into account whether the bond complies with the standards of the Green Bond Principles or the Climate Bonds Initiative. In selecting green bonds as well as at regular intervals during the management of the Fund, the Fund will assess whether the bond complies with the standards mentioned above. The purchase/holding of a specific bond is only possible if it meets these criteria.

## **The Fund's ESG criteria**

The Fund plans to achieve its environmental objective by investing primarily, but not exclusively, in green bonds issued by countries with low intensity of greenhouse gas emissions, adequate opportunities to exercise freedoms, and a low level of violations of social laws. In addition to green government bonds, the Fund will take exposure to corporate bonds issued by companies with a low ecological footprint, thereby ensuring that their operation contributes to solving global environmental problems, such as the transition to a low carbon emission economy or to a circular economy model.

The Fund invests mainly, but not exclusively, in companies with a significant part of their activities linked to energy efficiency, renewable and clean energy, environmental pollution control, water supply and the related technology, waste management and waste recycling, sustainable agriculture and forestry and the sharing economy.

Along these principles, the Fund will make a substantial contribution to **climate change mitigation**, one of the environmental objectives set out in Article 9 of Regulation (EU) 2020/852,

and may also take into account, but in no way significantly harm, the other environmental objectives set out in Article 9 of Regulation (EU) No 2020/852 (do no significant harm - DNSH), namely:

- climate change adaptation
- sustainable use and protection of water and marine resources
- transition to a circular economy
- pollution prevention and control
- protection and restoration of biodiversity and ecosystems

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

*(to demonstrate compliance with Article 6(1)(b) of the SFDR Regulation)*

The returns of the financial products offered by the Fund Manager, including the VIG GreenBond Investment Fund, may be affected by sustainability risks (e.g., transition to a lower carbon emission economy or a circular economy model). These impacts typically occur over a longer investment horizon, of 10 years or longer, while their results can have a significant impact on the performance of a financial product and may possibly impair its performance. (For example, the increasing importance attributed to environmental considerations may result in a market disadvantage to a company operating in a particular sector unless it switches from the ‘traditional’ way of doing things to a more modern and environmentally sustainable method within an appropriate time). Such impacts are typically reflected in the market perception of and thus also in the market value of the company over the longer term, which is something the Fund Manager takes into account in its asset selection decisions.

In the case of the VIG GreenBond Investment Fund the inclusion of ESG considerations, as set out in the investment policy, may mitigate the impact of sustainability risks on the sensitivity of returns compared to other funds targeting a similar investment universe but not specifically adopting an ESG approach (with special regard to environmental aspects compatible with the Taxonomy).

Climate change is one of the biggest challenges of our time, but the response to it cannot be immediate and will only show results in years or decades. For this reason, spreads on some bonds – held by the Fund in the VIG GreenBond Investment Fund portfolio – may show a premium or discount simply because the bond is classified as “green”. In addition, these green bonds may also experience lower turnover in the markets, which poses a liquidity risk. In the longer term, however, we believe that issuers and funds that pursue their activity in the framework of this objective and make investments in this approach can work around and even overcome the temporary disadvantage caused by sustainability risks, including the VIG GreenBond Investment Fund.

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

The Fund Manager applies a liquidity management system to the Fund in order to monitor the liquidity risk of the Fund and to ensure that the liquidity profile of the Fund's investments is in line with the Fund's



liabilities.

The Fund Manager regularly performs stress tests under both normal and extraordinary liquidity conditions, which allows it to assess and monitor the liquidity risk of the Fund. The agreement with the Investors for the purchase and redemption order is concluded exclusively by the Distributor. The Fund is an open-ended investment fund, so the Investors may purchase the Fund's Units during continuous distribution in accordance with the rules contained in these Fund Rules, and the order contract concluded with the Distributor, as well as the Distributor's Business Rules, and they may redeem the units.

The order execution confirmation contains the basic information of the purchase and redemption order for the units:

- Identification data of the Fund Manager
- Identification data of the Investor
- Date and time of receiving the order
- Date of executing the order
- Identification data of the Fund
- Invested/redeemed amount
- Amount of the distribution commission

## **V. Evaluation of assets**

### **27. Determination of net asset value, place and time of publication, procedure to be followed in case of incorrect net asset value calculation**

Calculation and publication of the Fund's net asset value is done pursuant to *Sections 62 and 124-126 of Kbtv*.

The net asset value of the Fund and the net asset value per Unit must be determined for each series of units on each distribution day and published on the Fund Manager's (<https://www.vigam.hu>) website and made available to Investors on the Distributor's website.

The net asset value of the Fund is calculated taking into account the market price of the securities in the Fund's portfolio, as well as the value of liquid assets and the costs and liabilities charged to the Fund.

Net asset value calculations are performed by the Custodian for each trading day. The Custodian assesses the assets and liabilities and determines the aggregate value of the Fund and the net asset value per collective investment security in accordance with the law and the Fund's management regulations. The net asset value for the current day (T day) is calculated and published on the distribution day (T + 1 day) following the current day (T day). During the calculation, the Custodian performs the valuation using the current day (T day) and the latest possible market exchange rate information.

The Custodian determines the net asset value per Unit of the Fund for the relevant day (T day) by dividing the net asset value of the Fund for the current day (T day) without the issuance of the Unit on the current day (T day) by the number of Units in circulation on the previous day (T-1 day), and rounds the value thus obtained to 6 decimal places, according to the general rules of rounding. The Custodian shall, on a net pro rata basis, charge the Fund on a pro rata basis and incrementally charge the Fund for each longer period in calculating the Net Asset Value. Unforeseen costs will be charged to the Fund when they become due. The Fund Manager will publish on its website for each distribution day the net asset value of the Fund and the net asset value per Unit from the beginning of the first distribution day following the registration of the Fund. The Fund Manager shall make the Net Asset Value of the Fund and the Net Asset Value per Unit available to Investors at the distribution points.

### **Process of calculating the Fund's net asset value**

#### Process of calculating the Fund's net Asset Value

+	Value of financial assets (current account, bank deposit)
+	Market value of money and capital market instruments
+	Amount of receivables related to securities transactions and distribution
-	Amount of liabilities related to securities transactions and distribution
+	Other receivables (dividends, foreign currency exchange, etc.)
-	Other liabilities (deferred fees, currency exchange, commission fees, etc.)
-	Fixed costs (audit fee, publication fee)
=	Gross Asset Value
-	Variable costs per Asset Value (management fee, custody fee, lead distributor fee)
-	Variable costs per T-1 day Net Asset Value (annual Supervisory Fee)
=	Asset Value before distribution
+/-	Amount of distribution on T-day
=	Net Asset Value

In the event of an error in the calculation of the Fund's net asset value, the incorrect net asset value shall be corrected with retroactive effect to the date of the error when the error is discovered, if the error exceeds **one thousandth** of the investment fund's net asset value. During the correction, the net asset value for each day that was subsequently affected by the discovered error shall be adjusted to the extent in effect at the time the identified error occurred. The revised net asset value shall be published. If the net asset value of the Fund is determined incorrectly in excess of the above margin of error and the client or the Fund suffers damage as a result, they will receive compensation, unless the amount of the damage does not reach HUF 1,000 per client. In no case shall the compensation be borne by the Fund, it shall be borne by the Fund Manager or the Custodian - in proportion to their agreement.

In the event of an incorrect Net Asset Value, the revised Net Asset Value of the Investment Fund and the adjusted Net Asset Value per Unit shall be published on the Fund Manager's (<https://www.vigam.hu>) website and made available to Investors on the Distributor's website at the time of publication of the next Net Asset Value.

#### 28.Valuation of the elements of the portfolio, a description of the valuation procedure and the

**pricing method used in valuing the assets, including the methods used in valuing hard-to-value assets in accordance with Article 38**

The valuation of the elements of the portfolio is performed by the Custodian according to the following rules:

1. *Current account of the given Fund:* the closing balance of the assets on the account (s) earned but not settled, increased by time-proportionate interest, for the current day is credited.
2. *Time deposit:* in the case of time deposits, the closing stock of the amount of the deposit for the current day, increased by the earned but not settled time-proportional interest.
3. *Credit-based securities:*
  - a) Hungarian government securities first issued by auction with a maturity of less than one year, including securities with a state surety, must be valued at the purchase price until they are issued.
  - b) For HUF-denominated Hungarian government securities with a residual maturity of less than 3 months, including government-guaranteed securities, at the present value calculated using the 3-month reference yield published by ÁKK on the relevant day and the last preceding business day, and the net price calculated for the current day the market value shall be determined as the amount of interest accrued up to the relevant date.
  - c) *All other Hungarian government securities* must be valued using the central rate (bid-ask average) published by ÁKK on the date corresponding to the relevant day (in the absence thereof, the most recent prior). The return calculated from the average of the buying and selling rates published by ÁKK for the relevant day (in the absence thereof, the most recent before that) shall be considered as the basis for the valuation, and the net and gross exchange rates for the current day shall be calculated.  
In the lack of this, the provisions of point (d) shall apply.
  - d) *Other discount securities* shall be valued at the present value calculated using the yields calculated on the basis of the most recent exchange rate listed below. *In the case of other interest-bearing securities*, the most recent of the following net exchange rates shall be taken into account in the valuation with interest accrued up to the relevant date. If several latest exchange rate data are published from these for the same day, the selection of the data provider must be coordinated with the Fund Manager. In the case of bilateral quotations, the central rate (bid-ask average) applies. If one side of a bilateral quotation is missing for a given day, no middle exchange rate can be calculated for that day. In this case, the latest calculable middle rate shall apply.

Exchange rate for the relevant day (or the last one before that in the lack thereof), as published by or on behalf of a representative securities market data provider (*Bloomberg, Refinitiv, professional organizations or media websites, stock quotes, supervisory disclosures, official websites of national banks, ÁKK's homepage.*) including the prices published on these data providers or in the quoted quotation systems. When using exchange rates, the difference between the value date of the quotation and the current day must be taken into account, therefore the valuation is based on the yield calculated from the quoted price, and the exchange rates corresponding to the current day must be calculated using this yield.

If no price is available for a given security, or if the price determined on the basis of the above order does not, in the opinion of the Fund Manager, adequately reflect the reasonably approximate value of the given asset, it shall make a proposal to the Custodian to determine the fair value.

The Fund Manager's proposal should be based on publicly available or other properly

documented information about the asset. The best estimate of the Fund Manager will be used by the Custodian in its sole discretion during the valuation process. The value estimated in this way may be used for valuation for a maximum of 30 days, after which the Custodian shall re-evaluate the asset after taking into account the proposal of the Fund Manager.

**4. Units:**

- a) The units of an open-ended investment fund shall be taken into account at the net asset value of the last unit published by the fund manager.
- b) In the case of a unit of a closed-ended investment fund,
  - if there has been a stock exchange quotation within the last 5 trading days, the lower of the last stock exchange closing price and the last published net asset value shall be taken into account;
  - in the lack of this, the last published net asset value shall be taken into account.

**5. Evaluation of foreign investments:**

The value in foreign currency of assets denominated in a currency other than the Fund's valuation currency (the base currency in which the Fund's net asset value is calculated) shall be converted into the Fund's valuation currency using the latest published official middle rate published on the relevant date. In all cases, the conversion into the valuation currency of the fund takes place at the central rates of the National Bank of Hungary and at the cross rates formed from them.

**6. Collateral repo and reverse repo transactions:**

- a) The value of a repo transaction is the market value of the collateral security determined in accordance with the relevant valuation rules and the time-proportionate (linear) part of the price difference of the transaction calculated for the valuation date.
- b) In the case of reverse repo transactions, the transaction shall be valued in two parts. The underlying security shall be valued at the market value determined in accordance with the general valuation rules applicable to the security. The payment obligation arising from the transaction - above the sale price - must be debited to the given Fund on a time-proportionate, linear basis.

**7. If a subscription or redemption order in excess of 10% of the net asset value of the Fund is placed on a Dealing Day, the Custodian may, at the request of the Fund Manager, decide to**

- take into account during the T-day valuation the assets involved in the T-day transactions at the average transaction prices entered into by the fund, or
- deviate from the valuation principles set out above for securities that would be significantly distorted due to liquidity or other significant circumstances.

This is to ensure that the difference between the average transaction prices and the closing prices of the same assets, which has become necessary due to the significant cash flow in relation to the size of the fund, or an instrument that is distorted due to unforeseen circumstances does not adversely affect the fund's investors.

**8.** The Fund Manager considers the provisions of the MNB's Executive Circular No. 65675-20/2020 to be the guiding principles for the fair and prudent valuation of hard-to-value assets. Non-real property assets for which no market data more recent than 30 days is available to determine the price, or in respect of which there is a risk that they may become illiquid or the issuer/counterparty may become insolvent, are to be treated as 'hard to value'.

The value of hard-to-value assets is calculated by multiplying the discount factor, determined by the Valuation Committee on a monthly or more frequent basis, by the available price, if any. The Valuation Committee calculates the discount factor in accordance with the provisions of the Executive Circular No. 65675-20/2020 issued by the MNB. Accordingly, the following principles shall be applied in determining the value of assets that are hard to value or are illiquid, for the purpose of calculating the net asset value:

- The determination of the value of these assets is given special attention by the Fund Manager.
- the Fund Manager shall regularly review the valuation of such assets, subject to approval by the Head of Risk Management and the Valuation Committee;
- in the regular review, the Fund Manager shall take into account all available information on the asset and also assess the risk of illiquidity and default;
- where such a risk arises, the Fund Manager shall incorporate it into the valuation in proportion to the estimated probability of its occurrence;
- in the event of a price in a market in a market with limited availability, i.e. not accessible to a significant proportion of market participants, the Fund Manager shall apply a discount to compensate for the distorting effect
- in the event that an asset is illiquid and is unlikely to become marketable in the future, or the issuer becomes insolvent, the Fund Manager shall assess the possibility of writing off the asset in full;
- if new relevant information about the asset becomes public or accessible to the Fund Manager, the Fund Manager shall revalue the asset;
- the interval between two valuations shall not exceed 30 days;
- the Fund Manager shall also consult with the Custodian, while providing the relevant documentation, regarding the asset value determined based on the above principles, and only the value approved by the Custodian may be taken into consideration for the purpose of determining the net asset value.

## **29. Evaluation of derivative transactions**

### **1. *Exchange traded futures.***

Gains and losses on open positions at the relevant date are measured as the difference between the current published or, in the absence thereof, the last officially published settlement price and the strike price.

### **2. *Over-the-counter foreign exchange futures:***

Gains and losses on open positions at the relevant date are valued at forward rates calculated on the basis of interbank interest rates quoted in the currencies of the instrument. Interest to be used in the calculation shall be calculated as the day-weighted average of the interbank interest rates at the two maturities closest to the remaining term of the futures contract.

### **3. *(Interest rate swap):***

To evaluate an IRS transaction, the Fund Manager calculates the fixed and floating rates of the transaction individually using discount factors calculated from the market swap curve.

**30. Other information related to the given topic**

Not applicable.

**VI. Information concerning the yield**

**31. Conditions and procedure for determining and paying the yield**

Not applicable.

**32. Yield payment days**

Not applicable.

**33. Other information related to the given topic**

The Fund will not pay yield on the debit of the capital increase, the entire capital increase will be reinvested in accordance with the Fund's investment policy. Investors may realize the capital increase as the difference between the purchase and redemption prices of the Units they own as an exchange gain.

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

**34.A promise to preserve capital and promise related to the return**

**34.1. Bank guarantee or surety insurance (capital or yield guarantee) ensuring the delivery of the promise to preserve capital and promise related to the yield**

Not applicable.

**34.2. Investment policy in support of the promise of capital protection and of the yield (capital or yield protection)**

Not applicable.

**35. Other information related to the given topic**

Not applicable.

**VIII. Fees and charges**

**36. Fees and charges levied on the investment fund and the manner in which they are charged to the fund**

**36.1. Amount of fees and expenses to be paid by the investment fund to the fund management company, description of their calculation, method of debiting and settling them**

The Fund Manager charges an annual fund management fee for the management of the Fund's assets, the amount of which in proportion to the current day's asset value of the Fund's series is as follows:

Series	Fund management fee rate
VIG GreenBond Investment Fund (Series A, HUF)	1,95%
VIG GreenBond Investment Fund (Series E, EUR)	1,95%
VIG GreenBond Investment Fund (Series C, CZK)	1,95%
VIG GreenBond Investment Fund (Series CI, CZK)	0,80%
VIG GreenBond Investment Fund (Series I, HUF)	0,80%
VIG GreenBond Investment Fund (Series EI, EUR)	0,80%
VIG GreenBond Investment Fund (Series U, USD)	1,95%
VIG GreenBond Investment Fund (Series UI, USD)	0,80%

The Fund Manager may deviate from the amount of the fee specified in these Fund Rules in a direction more favorable for the Investors. The amount of the fee is projected on the Asset Value for the given day (T day) - calculated in the manner specified in the calculation table of the Net Asset Value in Section 27 of the Fund Rules. The fund management fee is charged daily by the Fund Manager. Part of the fund management fee is paid by the fund as a maintenance commission for the sales activity, but this does not increase the total amount of the fund management fee.

### **Performance fee**

The Fund Manager does not charge performance fee for the Fund.

### **36.2. If it is paid directly by the investment fund, the amount of fees and expenses to be paid by the investment fund to the custodian, a description of their calculation, how they are debited to the fund and how they are paid**

In carrying out custody services in relation to the Fund, the Custodian will charge a custody fee, a transaction fee and a safekeeping fee for the performance of the tasks involved in the safekeeping of the securities in the Fund's portfolio, the clearing and settlement of securities, the monitoring of investment limits and the verification of asset value.

The amount of the safekeeping fee applied by the Custodian depends on the place of issue of the securities held by the Fund. A flat fee, comprising the custody fee and safekeeping fee, is accrued from the net asset value of the Fund on a daily basis. The flat fee is based on the asset value established on the day preceding the day in question (Day T-1) and is set at a maximum rate of 0.15% per annum.

The Custodian will invoice the actual amounts to be charged to the Fund, depending on the place of issue of the securities, on a monthly basis, based on the Fund's cleared positions at the end of each month. The amount of the fees and expenses passed on by the Custodian cannot be calculated in advance and are payable at the same time as the custody fee.

The Custodian will charge a transaction fee for the clearing of securities, which will be charged daily on the trade date of the relevant transactions and will depend on the place of issue of the security that is the subject of the transaction. The fee is payable monthly against an invoice to be issued by the Custodian.

### **36.3. If it is paid directly by the investment fund, the amount of fees and expenses to be paid by the investment fund to other parties, third persons, a description of their calculation, how they are debited to the fund and how they are paid**

The Fund pays a lead distributor fee to the Fund Manager for the lead distributor activity related to the

distribution of the Fund, who coordinates the distribution activity, aggregates the distribution of the Fund and settles the securities and cash movements related to the distribution. For this activity 0.05% per annum of the Fund's assets on a given day (Day T) will be paid.

For the audit activities related to the Fund, the Auditor will charge an audit fee. The amount of the fee is determined annually, the amount of the annual fee depends on the degree of responsibility, the required professional knowledge and the time spent on the work. The audit fee is paid by the Fund against an invoice, in the amount and on the dates specified in the audit contract. The maximum audit fee of the Fund is 0.1% of the Fund's average annual asset value.

The Inspectorate charges an annual supervisory fee in accordance with applicable law, which is also borne by the Fund. Its annual rate is 0.35 thousandths of the Fund's average annual net asset value at the date of entry into force of the fund rules. The Fund Manager shall not charge to the Fund the administrative service fee payable to the Supervisory Authority for supervisory authorisation procedures in relation to the Fund.

The current custody, sub-custodian custody, transaction and other fees in the case of Hungarian securities are charged by KELER Központi Értéktár Zrt., and in the case of foreign securities the fees charged by the Custodian's sub-custodians and account managers are passed on to the Fund. The amount of these fees depends on the type and number of transactions concluded by the Fund, the value of each transaction and the method of their settlement. The maximum of these fees is 0.2% of the Fund's average annual asset value.

### **37. Other possible costs or fees to be charged to the investment fund and investors (maximum amount of the latter), except for the costs referred to in point 36**

The Fund Manager shall also pass on to the Fund other direct costs incurred in the Fund's transactions, if and unless they are settled directly by the Fund with the service provider, in particular investment service fees, bank charges, settlement costs, costs related to the management of the Fund's accounts, as well as marketing and other costs related to disclosure and information to existing and potential Investors, as well as other direct costs related to the operation of the Fund, which should be included here. The maximum amount of other fees charged to the Fund for a business year is 0.50% of the Fund's net asset value.

Investors will be charged other fees and expenses as a result of the purchase, holding or redemption of units:

- The Distributor chosen by the Investor shall charge the distribution commissions established by the fee regulations of this Distributor during the continuous distribution of the Fund's Units. The distribution commission rate is maximum 5% of the order amount.
- The financial institution chosen by the Investor may charge various fees and commissions for the services related to the units, such as securities account management fees and commissions, securities transfer fee, transfer fee, cash withdrawal fee, etc. These fees are determined by the fee regulations of the given financial institution, the Fund Manager does not have any relevant information.

### **38. If the investment fund invests at least 20% of its assets in other forms of collective investment, the maximum level of management fees for other forms of collective investment intended for investment purposes**

Not applicable.

### **39. Terms and conditions for switching between sub-funds**

Not applicable.



#### **40. Other information related to the given topic**

The costs are itemized in the semi-annual and annual reports. When determining the net asset value, the Fund Manager will gradually charge the given Fund for each longer period, if possible, with accruals. The Fund Manager seeks to ensure that the annual operating costs, excluding investment service fees, do not exceed 2% of the average annual capital of the Fund. (Success fees are not considered operating costs.)

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

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

##### **41.1. Acceptance, settlement, execution of purchase orders, deadline for their acceptance within the 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.

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

The trade date is the day on which an order is executed based on the net asset value and net asset value per investment unit valid on that day, i.e. on which the number of investment units that the given Investor will receive when the purchase order is settled is calculated.

The Fund determines the net asset value for each **Hungarian** working day; this rule may only be departed from in the cases and in the manner specified in the law; in other words, besides these latter exceptions, every working day in Hungary is a distribution (trading) day, with the Investors permitted to place purchase orders on any such day.

Purchase orders for Investment Units are executed by 16:00 hours on the trade day (day T); any orders received after that time are executed on day T+1. In other words, the trade date for orders received before the above cut-off time shall be day T, and shall be executed at the price prevailing on day T, whereas orders received after that cut-off time **shall be executed** on the following day (T+1), at the price prevailing on that day.

In the case of **foreign distribution**, the trade date shall also be as described above, i.e. orders received by the above cut-off time shall be executed on that day.

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

The settlement date is the day on which the order is actually fulfilled, i.e. when the securities purchased by the Investor are credited on his/her securities account and when the amount of the purchase order is credited on the Fund's account. In the case of **purchase orders**, the trading and settlement date of the Investment units for each series is T+2 days.

The trading settlement dates shall be understood as trade days, taking into account the deadline for placing orders on the trading and settlement date.

In the case of **foreign distribution**, the settlement of money for a series traded in another country may differ from the value indicated in the table above due to the difference in transfer days, as the Fund receives the subscription amount 1 day later, considering the additional cross-border transfer time, thus the time of arrival of the transfer to the Fund's account will be T+3 days. 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 fund units**

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

During the period of continuous distribution, the Investors may redeem the Units by concluding an assignment agreement with the Distributor for the redemption of the Units. The deadline for the acceptance of the Investors' order and the rules for the provision of redeemable units by the Investor to the Distributor, both in terms of domestic and foreign distribution, shall be governed by the agreement between the two parties. The business hours and the terms of business of the Distributors may differ, and Investors should enquire about these at the Distributor.

### **42.2. Distribution settlement date for redemption orders**

The distribution settlement day is the day on which the given order is settled on the basis of the net asset value valid on a day and the net asset value per unit, i.e. the amount received by the Investor upon the execution of his redemption order is calculated.

The Fund determines the net asset value for each Hungarian business day, it may deviate from it only in the cases and in the manner specified by the law, i.e. with the above exceptions every **Hungarian** business day is a distribution (distribution settlement) day on which the Investors can place a redemption order. Redemption orders for Units are settled on the distribution day, i.e. distribution settlement day (T day) by 16:00, in the case of orders reaching or exceeding HUF 100 million by 12:00 on the T day, after which the orders placed will already be settled on the T+1 day. This means that orders placed before the above deadline will be settled on the T-day, i.e. at the exchange rate valid on the T day, while orders submitted after the deadline will be settled on the T+1 day.

Also in the case of foreign distribution, the distribution settlement days specified above shall apply, i.e. orders accepted in accordance with the above deadline shall be settled.

### **42.3. Distribution execution date for redemption orders**

The settlement date is the day on which the investor's order is actually fulfilled, and the redeemed investment units are credited to the Fund's account. In the case of **redemption orders**, the settlement date for Investment units is defined as T+3 days.

The trading settlement dates shall be understood taking into account the deadline for placing orders on the trading and settlement date.

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: Kbfvtv), 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 settlement of money for a series redeemed in another country

differs from the value shown in the above table, due to the difference in transfer days, as the Fund launches the redemption amount to the Distributor on the above date, but the Distributor will receive the amount 1 day later, due to the additional cross-border transfer time. 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. Detailed rules of continuous distribution of the investment fund units**

Continuous distribution by the Fund may be suspended for a maximum of 3 business days. The Fund Manager shall inform the Investors about the suspension by means of an extraordinary announcement.

The continuous management of the Fund may be suspended by the Fund Manager or the Inspectorate for the benefit of Investors. The Fund Manager shall inform the Investors and the Inspectorate about the suspension by means of an extraordinary announcement.

The Fund Manager provides for the possibility of withdrawing a submitted order in accordance with Section 108(4) of the Kbtv, 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.

For the suspension or discontinuation of continuous distribution provisions of Kbtv. on the suspension or interruption, in particular Section 76 (2) (b), Section 95 (2), Section 108 (1) and (4), and Sections 113-116.

##### **43.1. Amount of the maximum 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 Units's purchase and/or redemption price**

The purchase or redemption price of one Unit is the net asset value per Unit, which is rounded to 6 decimal places for each distribution day.

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

On every T+1 distribution settlement day, the Fund Manager is obliged to calculate the net asset value per one Unit valid for the T distribution settlement day (distribution rate).

##### **44.2. Maximum amount of distribution commissions charged in connection with the purchase and redemption of units and indication of whether this is due, in whole or in part, to the investment fund, the distributor or the investment fund manager**

During the continuous distribution of the Fund's Units, the Distributor may charge the following distribution (purchase/redemption) commissions. The distribution commission charged by the Distributor to the Investors is due upon the execution of the orders. The Distributor may also set a minimum fee for the amount of the commission, the value of which may not be higher than HUF 15,000 in the case of a series of HUF currencies; for foreign currency series, 1300 CZK, 50 EUR, and 65 USD, respectively, depending on the currency.

##### *Purchase commission*

The purchase commission as a percentage of the amount to be invested is maximum 5.00%.

#### *Redemption commission*

Upon redemption of the Units, the Distributor may charge a redemption commission as a percentage of the amount to be redeemed, which may not exceed 3.50%.

The Distributor may set the purchase and redemption commissions as determined in the Table of Fees and Costs, i.e. as more favorable for the Investor. The distribution commission is due to the Distributor.

**If a unit owner issues a redemption order within 10 trading days (T + 10) from the date of the purchase of the same fund, then the Distributor will charge a 2% penalty fee in addition to the normal exit and switching charges which goes to the Fund. The time interval required to set the penalty charge shall be taken into account using the FIFO principle. The purpose of the penalty commission is to protect the investment fund's investors from other, very short-term investors who, through frequent transactions, create a significant operational burden and financial cost for the fund and thus for other investors. The commission is charged by the fund when the investment units are sold, which may be on redemption or on conversion to another fund.**

#### **45. Indication of the regulated markets where the units are listed or traded**

Not applicable.

#### **46. Indication of the states (distribution areas) where the units are traded**

Hungary

The Fund's series of investment units will also be available in the following Member States of the European Union (Czech Republic, Poland, Latvia, Estonia, Lithuania, Slovakia) once the Fund has been registered and passported and the reporting obligations stipulated by the applicable legislation have been fulfilled.

#### **47. Other information related to the given topic**

##### **Conversion of Units**

During the continuous distribution period of the Units, Investors have the opportunity to convert their existing Units into units of another open-ended investment fund of the same currency managed by the Fund Manager. Conversion is only possible in case of Distributors whose Business Rules provide for this type of transaction. Transferring or blocking the units to be converted on behalf of the Investor to the Distributor shall be performed on the basis of an agreement between the two parties, taking into account the observance of the terms of conversion.

Deadline of conversion orders for Units is 4 p.m. on the T day, in the case of orders reaching or exceeding HUF 100 million by 12:00 on the T day, after which the orders placed will be considered as orders posted on the T+1 day. Orders received before the above deadline have a distribution settlement date of the T day, orders placed after the deadline have a settlement date of T + 1 day. The fund manager at its sole discretion may accept orders received after the deadlines on the T-day trading settlement day, depending on the liquidity situation of each fund. In its Business Rules, the Distributor may close the deadlines for taking T-day orders earlier than the above deadline.

Conversion orders given by the Investors in an irrevocable form on the day of the order (T day) are executed by the Distributor on the basis of the net asset value per Unit valid on the T day. The conversion price of one Unit is the net asset value per Unit, which is rounded to 6 decimal places for each distribution day.

In the case of a conversion order, the Investor will convert the Investment units to be converted into the

Investment units designated as the target of the conversion, and, in view of the different exchange rates of the investment units, the conversion may result in a cash settlement by the investor for a minor differential amount, if any. The redemption date of the Units is determined by the redemption date valid for the redemption of the Units to be converted, which is included in the table below for the VIG GreenBond Fund series, the data in the table being for distribution days.

Series	Delivery of securities
Series "A"	T+3
Series "E"	T+3
Series "C"	T+3
Series "CI"	T+3
Series "I"	T+3
Series "EI"	T+3
Series "U"	T+3
Series "UI"	T+3

In the case of foreign distribution, the execution dates for the currency conversion do not differ from the days specified in the table.

#### *Conversion commission*

During the continuous distribution of the Fund's Units, the Distributor may charge the following conversion commissions. The conversion commission charged by the Distributor to the Investors is due upon the execution of the orders. The Distributor may also set a minimum value for the amount of the commission, the value of which may not be higher than HUF 15,000 in the case of a series of HUF currencies; for foreign currency series, 1300 CZK, 50 EUR, and 65 USD, respectively, depending on the currency.

Upon conversion of the Units, the Distributor may charge a conversion commission as a percentage of the amount to be converted, which may not exceed 3.50%-.

The Distributor may set the conversion commission as determined in the Table of Fees and Costs, i.e. as more favorable for the Investor. The distribution commission is due to the Distributor.

**If a unit owner issues a redemption or conversion order within 10 trading days (T + 10) from the date of the purchase or conversion of the same fund, then the Distributor will charge a 2% penalty fee in addition to the normal exit and switching charges which goes to the Fund. The time interval required to set the penalty charge shall be taken into account using the FIFO principle. The purpose of the penalty commission is to protect the investment fund's investors from other, very short-term investors who, through frequent transactions, create a significant operational burden and financial cost for the fund and thus for other investors. The commission is charged by the fund when the investment units are sold, which may be on redemption or on conversion to another fund.**

## **X. Additional information related to the investment fund**

**48. Past performance of the investment fund - such information may be included in or attached to the management policy**

Past performance cannot be relied on as a guide to future performance. The Fund's performance figures are not yet available for a full calendar year, and thus we cannot provide our investors with useful information on historical performance.

**49. If it is possible to include units in the case of the given fund, the conditions of this**

Not applicable.

**50. Circumstances leading to the termination of the investment fund, the effect of the termination on the rights of the investors**

Rules on the termination of the Fund, on the sale of the Fund's assets and on the payment of assets are set out in Sections 75-79 of the Kbtv.

**51. Any additional information on the basis of which investors can make an informed decision about the investment opportunity offered**

Pursuant to the requirements set forth in 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, the Fund Manager provides the following information regarding the Fund:

<b>General description of any securities-financing transactions and total return swap transactions used, and an explanation as to why they are used</b>	The Fund does not conclude any total return swap transactions. For a general description of securities-financing transactions (repos and reverse repos) used by the Fund, see points 14 and 24 of the Management Regulations. The reason for concluding these transactions is to ensure compliance with the provisions of the investment policy.
<b>Key data to be provided in relation to the individual types of securities-financing transactions and total return swap transactions</b>	
<b>Types of assets that may be used for the transactions</b>	Government securities, or equities listed on a regulated market/stock exchange
<b>Maximum share of assets that can be used for the transactions as a percentage of the Fund's assets under management</b>	20%
<b>Expected share of assets that can be used for the various transactions as a percentage of the Fund's assets under management</b>	0-20%
<b>Criteria for the selection of counterparties (including their legal status, country of origin</b>	In selecting the contracting parties (performance partners), the Fund Manager will assess at least

<p><b>and required minimum credit rating)</b></p>	<p>the following criteria:</p> <ul style="list-style-type: none"> <li>a) sanction exposure and money laundering risk</li> <li>b) geographical risk factors</li> <li>c) reputational information (contracting party and the related group)</li> <li>d) ownership background</li> <li>e) financial strength (size of equity and financial strength of ownership group)</li> <li>f) creditworthiness</li> <li>g) nature of risk exposure</li> <li>h) Exclusion List.</li> </ul> <p>The criteria applicable to counterparties are specified in the Fund Manager’s internal regulations. The counterparties are generally credit institutions and other financial institutions headquartered in EU or OECD countries and subject to prudential supervision. With counterparties that have an investment-grade credit rating, the Fund Manager may conclude transactions for higher amounts, and for lower amounts with non-investment grade counterparties.</p>
<p><b>Eligible collaterals: a description of the eligible collateral, including types of asset, issuer, maturity, liquidity, collateral diversification and the correlation rules</b></p>	<p>Cash and securities issued by a Member State of the European Union, free and clear of all claims and encumbrances and without restrictions on transferability, which are the property of the collateral obligor.</p>
<p><b>Valuation of collaterals: a description of the collateral valuation method used and the reason for using it, and information on whether daily mark-to-market valuation and daily variation margin are used</b></p>	<p>Collateral is valued on a daily basis in accordance with the valuation method specified in detail in the Fund’s Management Regulations. A daily variation margin is used, as described in detailed in point 15.</p>
<p><b>Risk management: a description of the risks associated with securities-financing transactions, total return swap transactions and collateral management, such as operational, liquidity, counterparty, custody and legal risks and, if relevant, the risk associated with the re-use of</b></p>	<p>Counterparty risk refers to the risk of non-performance (default) by a counterparty and is limited by the Fund Manager through counterparty limits assigned on the basis of the counterparty’s credit rating.</p> <p>Credit risk and liquidity risk arise in connection</p>

<b>collateral.</b>	with the provision of collaterals, which is limited by the Fund Manager by restricting admissible collaterals to government securities.  The collaterals received are never re-used by the Fund.
<b>A detailed description of how the assets used for securities-financing transactions and for total return swap transactions and the collaterals received are held in safekeeping (for example, at the Fund's custodian).</b>	The assets used for securities-financing transactions and the collaterals received are held in safekeeping at the Fund's custodian.
<b>Details of any restrictions (regulatory or voluntary) on the re-use of collateral.</b>	As the collateral received is not re-used by the Fund, no restrictions apply.
<b>Strategy related to the sharing of gains from securities-financing transactions and total return swap transactions: a description of the income achieved on securities-financing transactions and total return swap transactions and returned to the collective investment scheme, as well as the costs and fees incurred by the Fund Manager or third parties (e.g. the lending agent). The prospectus or the information provided to investors (KIID) should also specify the nature of the relationship between the fund manager and these parties.</b>	The revenues (yields, fees, interest income) from securities-financing transactions as well as the costs/expenses related to them are incurred entirely by the Fund and are not shared with third parties.

In all respects set out in the table above, the Fund Manager agrees – with special regard to the selection of counterparties, the securities financing transactions, the eligible collateral and the types of assets that may be used – to comply with the Exclusion List and to ensure that the sustainability safeguards are in place. With regard to eligible collateral and securities financing transactions, this means that the Fund Manager will not accept any collateral issued by an entity on the Exclusion List. With regard to Contracting Parties, in addition to the Exclusion List, the Fund Manager will also comply with its own internal regulations for the selection of counterparties and, regarding the types of assets that may be used for transactions, other criteria in addition to the Exclusion List, as detailed in Annex 1 (SFDR Template), will also apply.

Pursuant to Govt Decree 205/2023. (V. 31.) on the alternative application during the state of emergency of Act LII of 2018 on the Social Contribution Tax, natural persons are subject to an obligation to pay social contribution tax on the amount of their interest income as per Section 65 of Act CXVII of 1995 on Personal Income Tax taken into account as the base for the personal income tax payable on interest income – this emergency regulation is in force until 31.07.2024.

Act LII of 2018 on social contribution tax was amended as from 01.08.2024. Pursuant the amendment, the previous temporary emergency rule has been upgraded to statutory status, and, accordingly, natural persons are still subject to an obligation to pay social contribution tax on the amount of their interest



income as per Section 65 of Act CXVII of 1995 on Personal Income Tax taken into account as the base for the personal income tax payable on interest income – although no longer under Government Decree 205/2023. (V.31.), but as per Section 1(5) of Act LII of 2018 on the Social Contribution Tax.

**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 principal adverse impact indicators (PAIs) can be used to measure the sustainability factors that can have a potential negative effect on the investments. 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. In order to take into account PAI indicators, the Fund Manager uses data provided by external partners (e.g. Bloomberg, MSCI ESG Manager). Based on this data, it uses its internal valuation system to determine the PAI limits applied by the Fund.

The Fund Manager shall prepare a periodic report as referred to in Article 25(6) of Directive 2014/65/EU on the basis of Article 11(2) of Regulation (EU) 2019/2088, which shall be published under the title “Declaration regarding the adverse effects of investments on sustainability factors” also on its website, at: <https://www.vigam.hu/wp-content/uploads/2023/01/PAI2023120.pdf>, and <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 making its investment decisions, VIG GreenBond Investment Fund takes into account and measures the PAI indicators for the entire portfolio, as follows:*

Consideration of PAI indicators via ESG rating: The principal adverse impact indicators (PAIs) can be used to measure the sustainability factors that can have a potential negative effect on the investments. The Fund Managers considers these indicators as risk factors, integrating them into its investment decisions via the ESG rating. 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 above 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, although it reserves the right to replace the MSCI ESG Manager platform with another provider at its discretion in the future.

Consideration of PAI indicators during portfolio management: The Fund Manager monitors the PAI indicators for individual companies, individual ETFs and the portfolio as a whole and incorporates its findings into the decision-making process. In its methodology, it relies on factual data but may also take into account estimated figures. The Fund Manager accesses data through external data providers, relying mainly on the MSCI ESG Manager platform at the time of the Fund’s inception, but reserves the right to replace it with other providers at its discretion.

Details of principal adverse impacts

## CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS

### *Greenhouse gas emissions*

#### 1. GHG emissions

- Metrics: Scope 1 GHG emissions, Scope 2 GHG emissions, Scope 3 GHG emissions, total GHG emissions
- The Fund Manager measures Scope 1, Scope 2, Scope 3 and total GHG emissions. Scope 1 emissions are direct emissions from company-owned and controlled resources. Scope 2 emissions are indirect emissions from the generation of purchased electricity, steam, heating and cooling. Scope 3 emissions are all other indirect emissions that occur in the value chain of the company, while total GHG emissions mean the sum total of the above three subcategories.
- The Fund Manager agrees to ensure that GHG emissions in Scope 1 and 2 will not exceed 1,000 t/USD million EVIC in respect of any issuer in the portfolio.
- For Scope 3 – and therefore the total GHG emissions – we make no commitment in the absence of clear regulation.

#### 2. Carbon footprint

- Metric: carbon footprint
- The Fund invests in companies that have a focus on climate change and either already have a low carbon footprint or are making efforts to reduce it.

#### 3. GHG intensity of investee companies

- Metric: GHG intensity of investee companies
- We measure this indicator and try to minimise its value

#### 4. Exposure to companies active in the fossil fuel sector

- Metric: Share of investments in companies active in the fossil fuel sector
- The Fund does not invest in companies that produce energy from thermal coal or do not have guidelines in place that set targets to significantly reduce and ultimately eliminate their exposure to thermal coal, thereby reducing their environmental burden.

#### 5. Share of non-renewable energy consumption and production

- Metric: Share of non-renewable energy consumption and non-renewable energy production of investee companies from non-renewable energy sources compared to renewable energy sources, expressed as a percentage of total energy sources
- We measure this indicator and try to minimise its value

#### 6. Energy consumption intensity per high impact climate sector

- Metric: Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector.
- We measure this indicator and try to minimise its value

### *Biodiversity*

#### 7. Activities negatively affecting biodiversity-sensitive areas

- Metric: Share of investments in investee companies with sites/operations located in or near to biodiversity-sensitive areas where activities of those investee companies negatively affect those areas.
- We measure this indicator and try to minimise its value

### *Water*

#### 8. Emissions to water

- Metric: Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average.
- The Fund does not invest in companies that are active in water-intensive industries and are not making efforts to substantially reduce their use of freshwater.

### *Wastes*

#### 9. Hazardous waste and radioactive waste ratio

- Metric: Tonnes of hazardous waste and radioactive waste generated by investee companies per million EUR invested, expressed as a weighted average
- Hazardous substances can cause serious damage to the environment and interfere with natural processes, thereby posing a threat to the quality of life and ultimately to human life.
- Although alternatives are available, hazardous substances are widely used in agriculture and industry.
- The VIG GreenBond Investment Fund does not invest in securities offered by issuers that have a high risk of causing pollution and/or do not have guidelines that set targets in order to significantly reduce the proportion of hazardous and radioactive waste, thereby also reducing the environmental burden.

### **The indicators for social and employee, respect for human rights, anti-corruption and anti-bribery matters**

#### *Social and employee matters*

As the VIG GreenBond Investment Fund focuses on climate change, it has an environmental sustainability objective, while it does not have any social sustainability objective. Nevertheless, we do consider it important, and also measure and take into account the principal adverse impacts on sustainability factors in relation to social issues, although we do not always set a commitment in relation to these.

#### 10. Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises

- Metric: Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises
  - The UN Global Compact sets out ten principles that businesses should embrace, support and implement as core values in their sphere of influence in the ambits of human rights, basic labour standards, the environment and controlling corruption. Businesses commit to abide by those principles and incorporate the principles into their business activities on a voluntary basis.
  - VIG Befektetési Alapkezelő Magyarország Zrt. and thus VIG GreenBond Investment Fund does not invest in issuers that do not comply with the principles of the UN Global Compact.
11. Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises
- Metric: Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance/complaints handling mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises
  - In any case, the Fund ensures that compliance with the principles of the UN Global Compact or the OECD Guidelines for Multinational Enterprises is monitored.
12. Unadjusted gender pay gap
- Metric: Average unadjusted gender pay gap of investee companies.
  - This indicator is measured but no threshold is applied due to the environmental focus of the Fund.
13. Board gender diversity
- Metric: Average ratio of female to male board members in investee companies, expressed as a percentage of all board members
  - This indicator is measured but no threshold is applied due to the environmental focus of the Fund.
14. Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)
- Metric: Share of investments in investee companies involved in the manufacture or selling of controversial weapons
  - VIG Asset Management Hungary Co. and thus VIG GreenBond Investment Fund does not invest in issuers where there is evidence of exposure to controversial weapons.

## **Indicators applicable to investments in sovereigns and supranationals**

### *Environmental*

15. GHG intensity
- Metric: GHG intensity of investee countries
  - We measure this indicator and try to minimise its value

## *Social*

### 16. Investee countries subject to social violations

- Metric: Number of investee countries subject to social violations (absolute number and relative number divided by all investee countries), as referred to in international treaties and conventions, United Nations principles and, where applicable, national law
- We measure this indicator and try to minimise its value

## **Indicators applicable to investments in real estate assets**

### *Fossil fuels*

### 17. Exposure to fossil fuels through real estate assets

- Metric: Ratio of investments in real estate assets involved in the extraction, storage, transport or production of fossil fuels
- The Fund does not invest in real estate assets, so this indicator is measured but no threshold is applied.

### *Energy efficiency*

### 18. Exposure to non-energy efficient real estate assets

- Metric: Ratio of investments in non-energy efficient real estate assets
- The Fund does not invest in real estate assets, so this indicator is measured but no threshold is applied.

## **Other climate and other environment-related indicators**

### *Emissions*

### 4. Investments in companies without any initiatives to reduce carbon emission

- Metric: Ratio of investments in investee companies with no carbon reduction initiative intended to align with the Paris Agreement
- We measure this indicator and try to minimise its value

### *Energy efficiency*

### 5. Breakdown of energy consumption by type of non-renewable energy source

- Metric: Ratio of energy from non-renewable sources used by investee companies, broken down by individual non-renewable energy sources
- We measure this indicator and try to minimise its value

## **XI. Basic information regarding the participating organizations**

### **52. Basic information related to the investment fund manager (company name, company form, company registration number)**

Name of the Fund Manager: VIG Asset Management Hungary Closed Company Limited by Shares  
Company registry number: 01 -10-044261

### **53. Basic information related to the custodian (company name, company form, company registration number), its tasks**

Name of the Custodian: Erste Bank Hungary Zrt.  
Company registration number: 01-10-041054

The Custodian shall perform the functions assigned to it by the Collective Investments Act (Kbftv.), and in particular by Sections 62-63, 75(5), 79(3), and 124-126 thereof.

The Custodian's contractual obligations are as follows:

- a) ensuring that the Fund's cash flows are properly monitored and that payments made by or on behalf of investors during the subscription of units in collective investment undertakings are received;
- b) ensuring that the Fund's cash balance is booked in one or more accounts opened in the name of the Fund in line with the principles laid down in Section 57 of Hungarian Act CXXXVIII of 2007 on Investment Firms and Commodity Dealers ("Bszt.") and maintained by an institution as defined in Section 60(1)(a) to (c) of that Act, or by an institution subject to effective prudential regulation and supervision which have the same effect as Union law and are effectively enforced and in accordance with the principles set out in Article 18(1)(a) to (c) of Directive 2006/73/EC implementing Directive 2004/39/EC of the European Parliament and of the Council as regards organisational requirements and operating conditions for investment firms and defined terms for the purposes of that Directive;
- c) ensuring the safe-keeping and custody of financial instruments held in custody and of documents certifying the rights derived from such financial instruments;
- d) managing the account dedicated to the registration of the Fund's securities, the securities account, the payment account, and the customer account;
- e) based on the information or documents provided and available external evidence, ascertaining, with respect to all other assets, whether the assets concerned are owned by the Fund and keeping up-to-date records of the instruments that are established to be owned by the Fund;
- f) executing the Fund Manager's instructions regarding the Fund's financial instruments, unless such instructions conflict with any statutory provision or the Fund's Management Regulations;
- g) carrying out the evaluation of assets and liabilities and determining the Fund's total net asset value and net asset value per collective investment unit;
- h) checking whether the Fund complies with the investment rules set out in the applicable legislation and in the Fund's Management Regulations;
- i) checking whether units in collective investment undertakings are sold, redeemed or canceled in accordance with the applicable legislation and the Fund's Management Regulations;
- j) ensuring that all compensation resulting from transactions involving the Fund's assets and from trade in units in collective investment undertakings is paid to the Fund within a deadline in line with customary market practice;

- k) checking whether the Fund uses its income in accordance with the applicable legislation and the Fund's Management Regulations;
- l) monitoring the Fund's cash flows based on the information provided by the Fund Manager.

**54. Basic information related to the auditor (company name, company form, company registration number), its tasks**

Auditor's name: KPMG Hungária Kft

Company registration number: 01-10-044261

The Auditor performs the tasks specified in the Kbtv, particularly those described in Section 135 (1).

The Auditor's tasks:

- review of the accounting information provided in the Fund's annual report;
- monitor and supervise that the Fund Manager manages the Fund in accordance with the law;
- inform the Inspectorate on the results of the above audit in cases specified in the Kbtv.

**55. Basic information on the adviser (company name, company form, company registration number) who is remunerated from the assets of the investment fund**

Not applicable.

**56. Basic information related to the distributor (company name, company form, company registration number), its tasks**

VIG Asset Management Hungary Closed Company Limited by Shares

*Company registry number: 01 -10-044261*

Distributor's name: Conseq Investment Management, a. s.

Company registry number: B 7153

The Distributor performs the tasks specified in the Kbtv., i.e. in Sections 106-108.

Tasks of the Distributor:

- Participates in the continuous distribution of open-ended investment units and, where applicable, in the primary marketing of investment units (conducting the subscription procedure).
- Makes continuously available on its website the Fund's documents determined in the Kbtv, regular and extraordinary announcements made by the Fund, and upon requests provides the Investor with one copy of the above free of charge.

**57. Basic information related to the real estate appraiser (company name, company form, company registration number)**

Not applicable.

**58. Information related to the Prime Broker**

**58.1. Name of the prime broker**

Not applicable.

**58.2. Description of the essential elements of the AIF's agreement with the prime broker and of the management of the arising conflicts of interest**

Not applicable.

**58.3. A description of any element of a potential agreement with the custodian relating to the possibility of transferring and re-using the assets of the AIF and description of any liability transferred to the prime broker**

Not applicable.

**59. Description of outsourced activities, presentation of possible conflicts of interest**

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 Általános 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: 3066 Kutasó, Toldi u. 4.

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, a description of the custodian's obligations, a description of any potential conflicts of interest, description of the tasks outsourced by the custodian and a statement that the UCITS fund manager will provide investors with the information detailed in point 53 and this point upon request.**

The Custodian shall act in a fair manner, on high professional level, independently and keeping the interests of the Fund's investors in mind. Obligations of the Custodian are described in Section 5.3. of these Fund Rules. The Custodian is not allowed to perform for the Fund activities that may result in conflict of interest between the Fund, its investors, the Fund Manager or the Custodian itself, except, if the Custodian separates its activities as custodian from other - potentially conflicting - activities from operational and hierarchical points of view, reveals, manages and tracks its potential incompatibility, while disclosing it to the investors of the Fund.

Pursuant to the custody agreement, the custodian may outsource certain tasks to third parties if the conditions specified in the Kbtv are met. The Custodian's liability is not affected by the fact that it has delegated certain custody functions concerning the Fund's assets to a third party. The Fund Manager shall make the information detailed in Clauses 53 and 60 of these Fund Rules and in Section 8 of the Fund Prospectus available to investors by publishing the Fund Rules and the Prospectus.



## Annex I.

### Template pre-contractual disclosure for the financial products referred to in Article 9, paragraphs 1, to 4 a, of Regulation (EU) 2019/2088 and Article 5, first paragraph, of Regulation (EU) 2020/852

**Product name:** VIG GreenBond Investment Fund  
**Legal entity identifier:** 875500VTE5309LQ3U023

#### Sustainable investment objective

**Does this financial product have a sustainable investment objective?**

**Yes**

**No**

It will make a minimum of **sustainable investments with an environmental objective:** 50%

in economic activities that qualify as environmentally sustainable under the EU Taxonomy

in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

It will make a minimum of **sustainable investments with a social objective:** 0%

It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of \_\_\_% of sustainable investments

with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy

with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

with a social objective

It promotes E/S characteristics, but **will not make any sustainable investments**



#### **What is the sustainable investment objective of this financial product?**

The Fund plans to achieve its environmental objective by investing primarily, but not exclusively, in green bonds issued by countries with low intensity of greenhouse gas emissions, adequate opportunities to exercise freedoms, and a low level of violations of social laws. In addition to green government bonds, the Fund will take exposure to corporate bonds issued by companies with a low ecological footprint, thereby ensuring that their operation contributes to solving global environmental problems, such as the transition to a low carbon emission economy or to a circular economy model.

The Fund invests mainly, but not exclusively, in companies with a significant part of their activities linked to energy efficiency, renewable and clean energy, environmental pollution control, water supply and the related technology, waste management and waste recycling, sustainable agriculture and forestry and the sharing economy.

Along these principles, the Fund will make a substantial contribution to **climate change mitigation**, one of the environmental objectives set out in Article 9 of Regulation (EU) 2020/852,

and may also take into account, but in no way significantly harm, the other environmental objectives set out in Article 9 of Regulation (EU) No 2020/852 (do no significant harm - DNSH), namely:

- climate change adaptation
- sustainable use and protection of water and marine resources
- transition to a circular economy
- pollution prevention and control
- protection and restoration of biodiversity and ecosystems

The Fund has no benchmark for either performance measurement or sustainability objectives. The Fund's primary, sustainability-related objective is measured by the Fund Manager using sustainability indicators, a detailed description of which is to be found further below in this Annex. These sustainability indicators do not constitute sustainability benchmarks as they are used to assess the achievement of the Fund's sustainable investment objective, i.e. indicators within the meaning of Article 9(2) of the SFDR Regulation (Regulation (EU) No 2019/2088 of the European Parliament and of the Council of 27 November 2019 on

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

**Sustainability indicators** measure how the sustainable objectives of this financial product are aligned.

sustainability-related disclosures in the financial services sector). Consequently, by applying these indicators in the Fund's periodic reports, the Fund Manager will only illustrate the sustainability-related impact of the Fund in accordance with Article 11(1)(b)(i) of the SFDR Regulation.

The Fund plans to achieve its environmental objective by investing in green bonds issued by countries with a low intensity of greenhouse gas emissions. Moreover, it invests mainly, but not exclusively, in companies whose activities contribute significantly to stabilising greenhouse gas concentrations in the atmosphere at a level that would prevent dangerous anthropogenic interference with the climate system by avoiding or reducing greenhouse gas emissions or enhancing greenhouse gas removals, including through process or product innovation, in line with the long-term temperature objective of the Paris Agreement. Rather than designating one or more specific ways to achieve the above objectives, the Fund allows any of the activities referred to in Article 10(1) (a) to (h) of Regulation (EU) 2020/852 for this purpose, in accordance with Article 16.

● **What sustainability indicators are used to measure the attainment of each of the sustainable investment objective of this financial product?**

The Fund uses the following sustainability indicators:

- **Indicators for the Fund's ESG objective:**
  - ESG rating: Environmental, social and corporate governance characteristics are, in general, measured by the Fund Manager using the aggregate ESG indicator. The Fund uses the MSCI's ESG rating as that methodology collectively takes into account environmental, social and corporate governance factors in a weighted manner. Its approach takes into account the various environmental and social characteristics, with different weightings for each industry. Scale of rating: AAA, AA, (leaders), A, BBB, BB (average) and B and CCC (laggards). The Fund does not invest in B- and CCC-rated companies and aims to achieve a higher overall ESG rating, but at least an A rating on a quarterly average at the Fund level.
  - Principal Adverse Impact (PAI) indicators, such as exposure to issuers with significant activities that seriously violate international standards and have adverse environmental and/or social impacts.  
The following Principal Adverse Impact indicators are also used as the Fund's sustainability indicators:
    - PAI 1 – GHG emissions
    - PAI 2 – Carbon footprint
    - PAI 4 – Exposure to companies active in the fossil fuel sector
    - PAI 5 – Share of non-renewable energy consumption and production
    - 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)
    - of voluntary indicators, PAI 4 – Investments in companies without any initiatives to reduce carbon emission
- **Indicators for the Fund's sustainability objective:**
  - Sustainable Development Goals (SDG): The sustainability objective is examined using SDGs. With regard to investments into sustainability with an environmental objective, we apply the SD Goals 6 (Clean Water and Sanitation), 7 (Affordable and Clean Energy), 11 (Sustainable Cities and Communities), 12 (Responsible Consumption and Production), 13 (Climate Action) and 15 (Life on Land), whereas as far as sustainability investments with a social objective, we use SDG 1 (No Poverty), 2 (Zero Hunger), 3 (Good Health and Well-Being), 4 (Quality Education), 5 (Gender Equality), 10 (Reduced Inequalities) and 16 (Peace, Justice and Strong Institutions). The sustainability objective is met if an 'Alignment' score is achieved for at least one of the SDGs listed, using the MSCI ESG manager methodology first and foremost; however, we reserve the right to replace that approach by another provider at a later stage. In addition, the Fund also reports on its contribution to the environmental (SDGs 6, 7, 11, 12, 13 and 15) or social (SDGs 1, 2, 3, 4, 5, 10 and 16) SDGs based on such external data.  
The Fund intends to invest 100% of its assets in sustainable investments, which ratio does not include cash (liquidity) and assets used for hedging purposes. The Fund's investments are thus limited to ones that are aligned with at least one of the SDGs listed above.
  - The Fund will assume exposure to companies whose earnings and/or earnings before interest and tax (EBIT) and/or enterprise value (EV) and/or other economic activity indicators (e.g. CAPEX, OPEX, revenue) indicate that a significant part of their activities contributes to the Fund's environmental objective of climate change mitigation. That indicator is assessed for the Fund as a whole, with a commitment that at least 50 percent of the Fund's overall assets will meet such criterion.
  - Green Bond Principles and Climate Bond Initiatives: In the case of both government and corporate bonds, the Fund takes into account whether the bond complies with the standards of the Green Bond Principles or the Climate Bonds Initiative. In selecting green bonds as well as at regular intervals during the management of the Fund, the Fund will

The principal adverse impacts of investment decisions are the most significant negative effects on sustainability factors, which relate to environmental, social, and employee issues, respect for human rights, and the fight against corruption and

assess whether the bond complies with the standards mentioned above. The purchase/holding of a specific bond is only possible if it meets these criteria.

- **Indicators for the Fund's impact objective**
  - Percentage of investor meetings where the Fund had the opportunity to exercise its voting rights as a shareholder and actually exercised such rights.
  - Impact score: The impact of investment components with a positive contribution to sustainability objectives is measured in relation to the equity fund as a whole, using the 'MSCI Overall Sustainable Impact' indicator. We measure this indicator, but we do not make a specific commitment due to lack of data.

In terms of their achievement, the commitments assumed with regard to the sustainability indicators listed above should in each case be interpreted collectively.

Besides that, they do not constitute sustainability benchmarks as they are used to assess the achievement of the Fund's sustainable investment objective, i.e. indicators within the meaning of Article 9(2) of the SFDR Regulation (Regulation (EU) No 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector). Consequently, by applying these indicators in the Fund's periodic reports, the Fund Manager will only illustrate the sustainability-related impact of the Fund in accordance with Article 11(1)(b)(i) of the SFDR Regulation.

#### ● **How do the sustainable investments not cause significant harm to any environmental or social sustainable investment objective?**

The fund makes a substantial contribution to the environmental objective set out in Article 9 of Regulation (EU) 2020/852: climate change mitigation and undertakes not to cause significant harm to the other environmental objectives set out in Article 9 of Regulation (EU) 2020/852 (**do no significant harm - DNSH**), as set out in detail in the Taxonomy Regulation.

An investment is considered sustainable if it causes no significant harm to the Fund's environmental objective. This is assessed by the Fund Manager on the basis of qualitative and quantitative indicators measured at the level of each issuer. The assessment is based on general and industry-specific indicators, including exposure to material sustainability risks. Regular reviews and risk audits are in place to monitor implementation.



#### **How have the indicators for adverse impacts on sustainability factors been taken into account?**

The principal adverse impact (PAI) indicators are considered in two steps:

1. PAI indicators are taken into account through the exclusion principles,
2. all mandatory and some voluntary PAI indicators are taken into consideration. In some cases, where the Fund Manager can influence the company and add significant value to the ESG development of the company, it engages in investor engagement dialogue with the company to improve PAI indicators and ESG indicators. Moreover, the Fund Manager may, where possible, confirm its participation through a vote by the General Assembly. For sovereign issuers, that option is irrelevant.

#### **How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?**

Issuers that are found to have serious inconsistencies in areas such as human rights, labour standards, environmental protection and the fight against corruption, as ensured by the exclusion list, are excluded from the range of investments.

#### **How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?**

##### **Does this financial product consider principal adverse impacts on sustainability factors?**



Yes,

Yes, where possible, the Fund takes into account and mitigates the potential negative social and environmental impacts of its investments that are relevant to the investment strategy. This is achieved through its portfolio management decisions, active measures by the owners and the exclusion of issuers with controversial behaviour or activities.

The Fund Manager shall prepare a periodic report as referred to in Article 25(6) of Directive 2014/65/EU on the basis of Article 11(2) of Regulation (EU) 2019/2088, which shall be published under the title "Declaration regarding the adverse effects of investments on sustainability factors" also on its website, at: <https://www.vigam.hu/wp-content/uploads/2023/01/PAI2023120.pdf>, and <https://www.vigam.hu/fenntarthatosag/>.

*In making its investment decisions, VIG GreenBond Investment Fund takes into account and measures the PAI indicators for the entire portfolio, as follows:*

Consideration of PAI indicators via ESG rating: The principal adverse impact indicators (PAIs) can be used to measure the sustainability factors that can have a potential negative effect on the investments. The Fund Managers considers these indicators as risk factors, integrating them into its investment decisions via the ESG rating. 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 above 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, although it reserves the right to replace the MSCI ESG Manager platform with another provider at its discretion in the future.

Consideration of PAI indicators during portfolio management: The Fund Manager monitors the PAI indicators for individual companies, individual ETFs and the portfolio as a whole and incorporates its findings into the decision-making process. In its methodology, it relies on factual data but may also take into account estimated figures. The Fund Manager accesses data through external data providers, relying mainly on the MSCI ESG Manager platform at the time of the Fund's inception, but reserves the right to replace it with other providers at its discretion.

## **CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS**

### *Greenhouse gas emissions*

#### 1. GHG emissions

- Metrics: Scope 1 GHG emissions, Scope 2 GHG emissions, Scope 3 GHG emissions, total GHG emissions
- The Fund Manager measures Scope 1, Scope 2, Scope 3 and total GHG emissions. Scope 1 emissions are direct emissions from company-owned and controlled resources. Scope 2 emissions are indirect emissions from the generation of purchased electricity, steam, heating and cooling. Scope 3 emissions are all other indirect emissions that occur in the value chain of the company, while total GHG emissions mean the sum total of the above three subcategories.
- The Fund Manager agrees to ensure that GHG emissions in Scope 1 and 2 will not exceed 1,000 t/USD million EVIC in respect of any issuer in the portfolio.
- For Scope 3 – and therefore the total GHG emissions – we make no commitment in the absence of clear regulation.

#### 2. Carbon footprint

- Metric: carbon footprint
- The Fund invests in companies that have a focus on climate change and either already have a low carbon footprint or are making efforts to reduce it.

#### 3. GHG intensity of investee companies

- Metric: GHG intensity of investee companies
- We measure this indicator and try to minimise its value

#### 4. Exposure to companies active in the fossil fuel sector

- Metric: Share of investments in companies active in the fossil fuel sector
- The Fund does not invest in companies that produce energy from thermal coal or do not have guidelines in place that set targets to significantly reduce and ultimately eliminate their exposure to thermal coal, thereby reducing their environmental burden.

#### 5. Share of non-renewable energy consumption and production

- Metric: Share of non-renewable energy consumption and non-renewable energy production of investee companies from non-renewable energy sources compared to renewable energy sources, expressed as a percentage of total energy sources
- We measure this indicator and try to minimise its value

#### 6. Energy consumption intensity per high impact climate sector

- Metric: Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector.
- We measure this indicator and try to minimise its value

### *Biodiversity*

7. Activities negatively affecting biodiversity-sensitive areas
  - Metric: Share of investments in investee companies with sites/operations located in or near to biodiversity-sensitive areas where activities of those investee companies negatively affect those areas.
  - We measure this indicator and try to minimise its value

#### *Water*

8. Emissions to water
  - Metric: Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average.
  - The Fund does not invest in companies that are active in water-intensive industries and are not making efforts to substantially reduce their use of freshwater.

#### *Wastes*

9. Hazardous waste and radioactive waste ratio
  - Metric: Tonnes of hazardous waste and radioactive waste generated by investee companies per million EUR invested, expressed as a weighted average
  - Hazardous substances can cause serious damage to the environment and interfere with natural processes, thereby posing a threat to the quality of life and ultimately to human life.
  - Although alternatives are available, hazardous substances are widely used in agriculture and industry.
  - The VIG GreenBond Investment Fund does not invest in securities offered by issuers that have a high risk of causing pollution and/or do not have guidelines that set targets in order to significantly reduce the proportion of hazardous and radioactive waste, thereby also reducing the environmental burden.

### **The indicators for social and employee, respect for human rights, anti-corruption and anti-bribery matters**

#### *Social and employee matters*

As the VIG GreenBond Investment Fund focuses on climate change, it has an environmental sustainability objective, while it does not have any social sustainability objective. Nevertheless, we do consider it important, and also measure and take into account the principal adverse impacts on sustainability factors in relation to social issues, although we do not always set a commitment in relation to these.

10. Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises
  - Metric: Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises
  - The UN Global Compact sets out ten principles that businesses should embrace, support and implement as core values in their sphere of influence in the ambits of human rights, basic labour standards, the environment and controlling corruption. Businesses commit to abide by those principles and incorporate the principles into their business activities on a voluntary basis.
  - VIG Befektetési Alapkezelő Magyarország Zrt. and thus VIG GreenBond Investment Fund does not invest in issuers that do not comply with the principles of the UN Global Compact.
11. Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises
  - Metric: Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance/complaints handling mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises
  - In any case, the Fund ensures that compliance with the principles of the UN Global Compact or the OECD Guidelines for Multinational Enterprises is monitored.
12. Unadjusted gender pay gap
  - Metric: Average unadjusted gender pay gap of investee companies.
  - This indicator is measured but no threshold is applied due to the environmental focus of the Fund.
13. Board gender diversity
  - Metric: Average ratio of female to male board members in investee companies, expressed as a percentage of all board members
  - This indicator is measured but no threshold is applied due to the environmental focus of the Fund.

14. Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)
- Metric: Share of investments in investee companies involved in the manufacture or selling of controversial weapons
  - VIG Befektetési Alapkezelő Magyarország Zrt. and thus VIG GreenBond Investment Fund does not invest in issuers where there is evidence of exposure to controversial weapons.

#### **Indicators applicable to investments in sovereigns and supranationals**

##### *Environmental*

15. GHG intensity
- Metric: GHG intensity of investee countries
  - We measure this indicator and try to minimise its value.

##### *Social*

16. Investee countries subject to social violations
- Metric: Number of investee countries subject to social violations (absolute number and relative number divided by all investee countries), as referred to in international treaties and conventions, United Nations principles and, where applicable, national law
  - We measure this indicator and try to minimise its value.

#### **Indicators applicable to investments in real estate assets**

##### *Fossil fuels*

17. Exposure to fossil fuels through real estate assets
- Metric: Ratio of investments in real estate assets involved in the extraction, storage, transport or production of fossil fuels
  - The Fund does not invest in real estate assets, so this indicator is measured but no threshold is applied.

##### *Energy efficiency*

18. Exposure to non-energy efficient real estate assets
- Metric: Ratio of investments in non-energy efficient real estate assets
  - The Fund does not invest in real estate assets, so this indicator is measured but no threshold is applied.

#### **Other climate and other environment-related indicators**

##### *Emissions*

4. Investments in companies without any initiatives to reduce carbon emission
- Metric: Ratio of investments in investee companies with no carbon reduction initiative intended to align with the Paris Agreement
  - We measure this indicator and try to minimise its value

##### *Energy efficiency*

5. Breakdown of energy consumption by type of non-renewable energy source
- Metric: Ratio of energy from non-renewable sources used by investee companies, broken down by individual non-renewable energy sources
  - We measure this indicator and try to minimise its value



No

**What investment strategy does this financial product follow?**



The primary objective of the Fund is sustainable investment, i.e. to have a positive impact on the environment. In this way, it goes beyond mitigating environmental damage and seeks to be a catalyst for environmental change. Although the Fund's key environmental objective is to mitigate climate change, it may also contribute to the achievement of its sustainability objective through other environmental or social objectives. In addition to achieving sustainable investment, the Fund also defines as its objective, to achieve capital growth through active portfolio management by investing in green bonds issued by governmental and corporate issuers in developed and emerging market countries. The Fund plans to achieve these goals primarily, but not exclusively, through green government and corporate bonds and bond ETFs. The activities of these issuers may be linked, among others, to energy efficiency, renewable and clean energy, environmental pollution control, water supply and the related technology, waste management and waste recycling, sustainable agriculture and forestry and the sharing economy.

The Fund has no benchmark for either performance measurement or sustainability objectives. The Fund's primary, sustainability-related objective is measured by the Fund Manager using sustainability indicators.

The primary investment vehicles for the Fund are bond-type securities. In addition to foreign and domestic government and corporate bonds, the Fund may also invest in SFDR 8 and SFDR 9 bond funds and ETFs, and may enter into deposit and repo transactions and derivatives transactions. The Fund may enter into derivative transactions for hedging purposes. The exposure to derivative transactions may not be higher than 100% of the Fund's net asset value.

In its investments, the Fund makes asset allocation decisions based on regular market analysis and situation assessments based on four pillars (fundamentals, valuation levels, market sentiment and technical factors). The primary source of return for the Fund is asset allocation across bond-type asset classes. The asset allocation is based on an "investment clock" approach that uses economic data analysis to determine the position of major regions within a growth cycle. This is complemented by the forecasting of expected movements in real interest rates and inflation expectations, which are also crucial for the allocation across bond markets. Portfolio managers use all these as the basis for making allocation decisions, overweighting the best performing bond asset class in any current economic cycle based on experience and expectations. In the investment process, portfolio managers optimise the interest rate and credit risk of the overall fund and of the exposures to individual bond markets in order to achieve the investment objective by taking into account the achievement of sustainability objectives. Another key element of the portfolio manager's selection strategy is to take into account ESG aspects, i.e. to select issuers whose activities contribute to the Fund's environmental objective without compromising other environmental or social factors. The Fund exercises its voting rights to the extent possible in order to have a positive impact on the ESG practices of issuers considered suitable for investment.

**The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.**

**What are the binding elements of the investment strategy used to select the investments to attain the sustainable investment policy?**

In managing the Fund, the Fund Manager follows the following investment process in the case of corporate bonds:

1. Creation of a potential investment universe

As the Fund may select its investments from any part of the world and from any industry, the first step is to narrow down this universe by applying negative screening: in line with the Exclusion List based on the Fund Manager's internal rules and the PAI indicators considered by the Fund.

Issuers that derive a significant part of their revenues from activities that are harmful to the environment or society – such as thermal coal exploration and energy production, unconventional oil and gas exploration and production, conventional oil and gas production, nuclear energy production, conventional weapons and small arms, military contract arms and arms-related products and services, tobacco production, activities related to adult entertainment, gambling, genetic modification activities – and would therefore violate the Fund's environmental objective, will be excluded. The Fund also avoids investing in companies whose activities are considered harmful according to international standards, including non-compliance with the principles of the UN Global Compact. More information on the indicators giving rise to exclusion is published in a document available at: [https://www.vigam.hu/wp-content/uploads/2024/05/vigam\\_kizarasi\\_lista.pdf](https://www.vigam.hu/wp-content/uploads/2024/05/vigam_kizarasi_lista.pdf)

2. Use of positive screening

From the resulting universe, a selection is made of issuers that are actively addressing environmental or social problems in whatever way. This is achieved through the use of SDGs, as described in more detail above, while also ensuring that no environmental objective that corresponds to the taxonomy is violated by investing in a particular issuer.

In the case of government bonds, issuers with low/decreasing greenhouse gas emissions intensity are selected, although the Fund's portfolio manager may also take into account other criteria, such as changes in legislation regulating sustainability, whose impact is not yet discernible.

The further reduced portfolio may comprise companies in the case of which at least 50% of the revenue, EBIT, EBITDA, operating expenses (OPEX), capital expenditures (CAPEX) or goodwill, calculated at portfolio level and weighted, can be matched to taxonomy eligible environmental activity, and this is supported by facts or available data estimated by an external service provider (e.g. Bloomberg or MSCI ESG Manager). This ensures that companies that operate safely and have a significant environmental exposure are included in that part of the basket of investments for which the Fund is committed to achieve an environmental objective.

Given that there is currently a lack of regulation regarding the social objective, and there is no well-defined objective associated with this in the taxonomy, we consider socially sustainable investments to be those that are aligned with a chosen socially focused SDG (1, 2, 3, 4, 5, 10 and 16).

3. Analysis of the issuer's fundamentals and ESG profile

Throughout the management of the Fund, the Fund Manager will monitor the ESG profile of issuers included or potentially included in the portfolio, mainly using MSCI ESG Manager, but also using other external and internal analyses. On the basis of these analyses, it can remove or add companies to the universe at any time, provided they comply with the ESG profile and the other criteria described above.

4. Even within the group of issuers selected in this way, those with which the Fund Manager or its external representative, acting on behalf of the Fund Manager, proves a successful and active engagement will be given priority. This move is not applicable to government bonds. The Fund Manager exercises its voting rights on behalf of the Fund by taking into account all reasonable opportunities. The Fund or its external partner(s) specialised in such matters may also contact the management of companies on material ESG issues, initiate a discussion on the identified problem and, if the expected impact on the company is not achieved and/or the identified material problem is not remedied, may even terminate the investment.

In the case of both government and corporate bonds, the Fund takes into account whether the bond complies with the standards of the Green Bond Principles or the Climate Bonds Initiative. In selecting green bonds as well as at regular intervals during the management of the Fund, the Fund will assess whether the bond complies with the standards mentioned above. The purchase/holding of a specific bond is only possible if it meets these criteria.

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.

**What is the policy to assess good governance practices of the investee companies?**

The Fund will not hold the securities of any issuer that does not comply with good corporate governance practices. The Fund Manager will assess compliance with the good corporate governance requirement on the basis of the 'G' (Governance) factor of the ESG score, provided by the MSCI ESG Manager for each issuer, excluding issuers with a G score below the average of the relevant industry from the investment universe. The Fund Manager reserves the right to replace the MSCI ESG Manager platform with another provider at its discretion in the future.

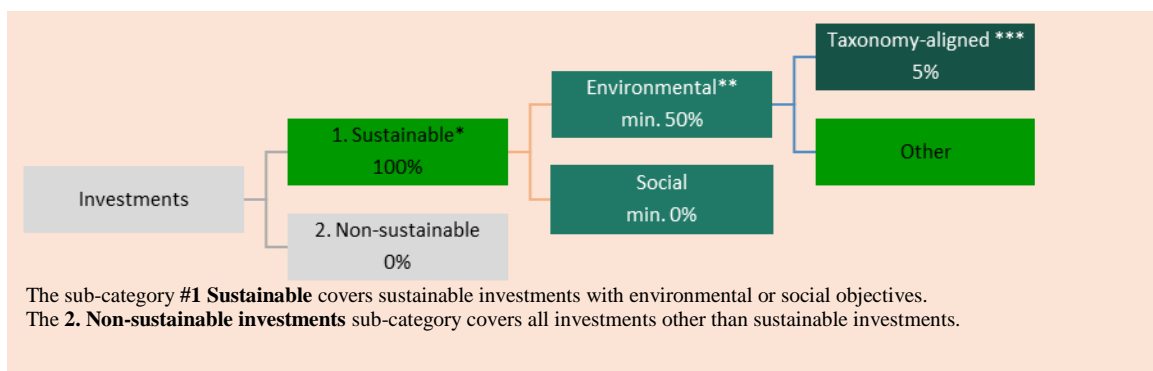


**What is the asset allocation and the minimum share of sustainable investments?**

In respect of the highest and lowest share of specific portfolio elements, the Fund applies the limits set out in currently effective legal provisions; thus, in particular, in Government Decree No. 78/2014. (III.14.). Section 14 of the Management Regulations sets out the possible weight of the various assets.

The Fund intends to invest 100% of its assets in sustainable investments (1. Sustainable), which ratio does not include cash (liquidity) and assets used for hedging purposes. The maximum ratio of assets used for liquidity purposes may be 20%, but these assets will also be subject to minimum environmental or social safeguards linked to sustainability. While a taxonomy-eligible environmental target is committed to for a minimum of 50 percent of assets and a social objective is committed to for a minimum of 0 percent of assets, the Fund may also hold assets that are derived from the emissions of companies with sustainable social activities. A taxonomy-aligned share is committed to for a minimum of 5 percent of assets.

**Asset allocation** describes the share of investments in specific assets.



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\*The 1. Sustainable Investments category includes investments in economic activities that contribute to environmental objectives measured, for example, by key resource efficiency indicators for energy use, renewable energy use, raw material use, water use, land use, waste production, greenhouse gas emissions or the impact on biodiversity and the circular economy, or investments in economic activities that contribute to a social objective, including in particular investments supporting the fight against inequality, investments strengthening social cohesion, social inclusion and labour relations, or investments in human capital or in economically or socially disadvantaged communities, provided that such investments do not have a significant negative impact on any of these objectives and that the investee companies follow good corporate governance practices, with particular regard to sound management structures,



employee relations, remuneration of the staff concerned and compliance with tax legislation.

\*\* The environmental category includes sustainable investments with a taxonomy-eligible environmental objective. Compliance with that criterion is assessed by the Fund Manager based on factual data or data estimated by an external service provider (e.g. Bloomberg or MSCI ESG Manager).

\*\*\* The taxonomy-aligned category includes the stocks of companies that currently meet the EU taxonomy's 'climate change mitigation' objective based on data regularly published by issuers.

● **How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?**

Derivative products are used for hedging purposes only, rather than to achieve the Fund's sustainable investment objective.



● **To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?**

● **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>1</sup>?**

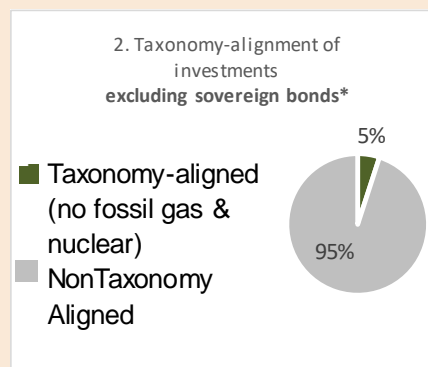
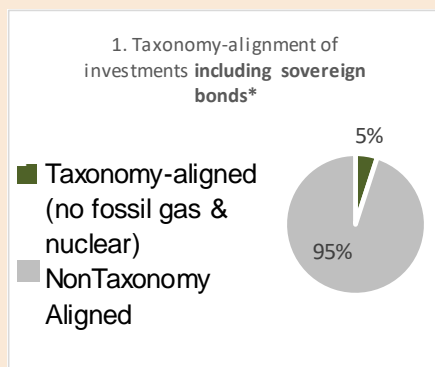
Yes:  
 In fossil gas  In nuclear energy

**X** No

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.

● *The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds\*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.*



\* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.

**What is the minimum share of investments in transitional and enabling activities?**

The minimum share of investments in transitional and enabling activities is 0 percent due to the non-feasibility of mandatory commitments.



● **What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

Supportive activities directly contribute to the significant achievement of environmental objectives in other activities. Transitional activities are those for which low-carbon-intensity alternatives are not yet available and which, among other criteria, meet greenhouse gas

are sustainable investments with an environmental objective that do not take into account the criteria for environmentally sustainable economic activities under the EU Taxonomy.

The Fund commits to an environmental target for at least 50% of its assets. The reason why investments are made in sustainable investments with an environmental objective in non-taxonomy-aligned economic activities is that the data on taxonomy, as reported by companies and/or available from external sources (e.g. Bloomberg, MSCI ESG Manager) are currently very limited, and the range of investments would be too narrow if the Fund were to give a higher weight to taxonomy alignment in its investment decisions. In the Fund Manager's view, the scarcity of data does not constitute a breach of taxonomy requirements and it is expected that a higher proportion of taxonomy alignment may become reasonable in the future when sufficient data are available.



**What is the minimum share of sustainable investments with a social objective?**

The minimum share of sustainable investments with a social objective is 0 percent



**What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?**

In addition to sustainable investments, the Fund may include investments for hedging or liquidity purposes (money and money market instruments: cash, bank deposits, intra-year government bonds) with a view to complying with sector-specific rules and meeting minimum environmental or social safeguards. Compliance with these safeguards is ensured by the Exclusion List, which the Fund fully complies with. This includes – inter alia – that the Fund will not invest in a sovereign currency that is indicated on the Fund Manager's Exclusion List and that the base product of a hedging derivative contract cannot be a currency issued by a country that is a member of the periodically reviewed Exclusion List. In this way, the Fund Manager also ensures that the DNSH (Do No Significant Harm) principle also applies to these instruments.



**Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?**

No, the Fund has not been assigned an ESG-focused index.

**How does the reference benchmark take into account sustainability factors in a way that is continuously aligned with the sustainable investment objective?**

Not applicable.

**How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?**

Not applicable.

**How does the designated index differ from a relevant broad market index?**

Not applicable.

**Where can the methodology used for the calculation of the designated index be found?**

Not applicable.



**Where can I find more product specific information online?**

More product-specific information can be found on the website: <https://www.vigam.hu/en/sustainability/>

## Annex II.

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

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

Equiduct Trading	Japan Securities Dealers Association	MTS Ireland
Eris Exchange	JASDAQ	MTS Israel
Ethiopia Commodity Exchange	Johannesburg Stock Exchange	MTS Italy
Eurex	Kansai Commodity Exchange	MTS Netherlands
Euro Global MTS	Kansas City Board Of Trade	MTS Portugal
Euro MTF	Karachi Stock Exchange	MTS Slovenia
EuroCredit MTS	Kazakhstan Stock Exchange	MTS Spain
EuroMTS	Korea Freeboard	Multi Commodities Stock Exchange
European Climate Exchange	Korean Futures Exchange	Multi Commodity Exchange of India
European Energy Exchange	KOSDAQ	Munich Stock Exchange
European Warrant Exchange	KOSPI Stock Market	Muscat Securities Market
EuroTLX	Kuwait Stock Exchange	N2EX UK Power Market
FINRA ADF	Lao Securities Exchange	Nagoya Stock Exchange
First North Copenhagen	Lima Stock Exchange	Nairobi Securities Exchange
First North Helsinki	Liquidnet Canada	Namibian Stock Exchange
First North Iceland	Ljubljana Stock Exchange	NASDAQ Capital Market
First North Stockholm	London Bullion Market	NASDAQ Dubai
Fish Pool ASA	London International	NASDAQ Global Market
Frankfurt Stock Exchange	London Metal Exchange	NASDAQ Global Select
Fukuoka Stock Exchange	London Stock Exchange	NASDAQ InterMarket
Georgia Stock Exchange	Lusaka Stock Exchange	NASDAQ OMX Armenia
Gestore del Mercato Elettrico	Luxembourg Stock Exchange	NASDAQ OMX BX
Ghana Stock Exchange	Macedonian Stock Exchange	NASDAQ OMX Commodities Exchange
Global Board of Trade	Madrid Stock Exchange	NASDAQ OMX Copenhagen
Green Exchange	Malawi Stock Exchange	NASDAQ OMX Futures Exchange
GreTai Securities Market	Malta Stock Exchange	NASDAQ OMX Helsinki
Growth Enterprise Market	Markit BOAT	NASDAQ OMX Iceland
GXG Markets	Mauritius Stock Exchange	NASDAQ OMX PHLX
Hamburg Stock Exchange	MBNK - Interregional Stock Exchange of Oil and Gas Industry	NASDAQ OMX PSX
Hanoi Stock Exchange	MEFF Renta Variable	NASDAQ OMX Riga
Hanoi UPCoM	Mercado a Termino de Buenos Aires	NASDAQ OMX Stockholm
Hanover Stock Exchange	Mercado Abierto Electronico	NASDAQ OMX Tallinn
Hi-MTF	Mercado De Valores Mendoza	NASDAQ OMX Vilnius
Ho Chi Minh Stock Exchange	MEXDER Exchange	NASDAQ Options Market
Hong Kong Futures Exchange	Mexico Stock Exchange	NASDAQ OTC
Hong Kong Mercantile Exchange	MFAO Olive Oil Exchange	National Commodity and Derivatives Exchange India
Hong Kong Stock Exchange	Minneapolis Grain Exchange	National Spot Exchange of India
ICE Futures Canada	Moldova Stock Exchange	National Stock Exchange
ICE Futures Europe	Mongolian Stock Exchange	National Stock Exchange of Australia
ICE Futures US	Montenegro Stock Exchange	National Stock Exchange of India
Indian Commodity Exchange	Montreal Climate Exchange	New EuroMTS
Indonesia Commodity and Derivatives Exchange	Montreal Exchange	New York Mercantile Exchange
Indonesia Stock Exchange	MTS Austria	New York Stock Exchange
Instinet Canada Cross	MTS Belgium	New Zealand Exchange
International Maritime Exchange	MTS Czech Republic	NEX
International Securities Exchange	MTS Denmark	Nicaragua Bolsa Valores
Irish Stock Exchange	MTS Finland	
Istanbul Gold Exchange	MTS France	
Istanbul Stock Exchange	MTS Germany	
Jamaica Stock Exchange	MTS Greece	

Nigerian Stock Exchange  
 Nile Stock Exchange  
 Nord Pool Spot  
 Nordic Derivatives Exchange  
 Finland  
 Nordic Derivatives Exchange  
 Sweden  
 Nordic Growth Market  
 Norwegian OTC Market  
 NYSE AMEX  
 NYSE Arca  
 NYSE Arca Europe  
 NYSE BondMatch  
 NYSE Euronext Amsterdam  
 NYSE Euronext Brussels  
 NYSE Euronext Lisbon  
 NYSE Euronext Paris  
 NYSE Liffe Amsterdam  
 NYSE Liffe Brussels  
 NYSE Liffe Lisbon  
 NYSE Liffe London  
 NYSE Liffe Paris  
 NYSE Liffe US  
 Omega ATS  
 OMEL Mercado de Electricidad  
 OMIP Operador De Mercado  
 Iberico De  
 Energia  
 One Chicago  
 Osaka Securities Exchange  
 OSLO AXESS  
 OSLO BORS  
 OTC Bulletin Board  
 OTC Markets  
 Pakistan Mercantile Exchange  
 Palestine Securities Exchange  
 Panama Stock Exchange  
 PEX Private Exchange  
 PFTS Stock Exchange  
 Philippine Stock Exchange  
 PLUS Markets  
 Polish Power Exchange  
 Port Moresby Stock Exchange  
 Power Exchange Central Europe  
 Power Exchange India Limited  
 Powernext  
 Prague Stock Exchange  
 PURE Trading  
 Qatar Exchange  
 Quote MTF  
 RASDAQ Market  
 Ringgit Bond Market  
 Rosario Futures Exchange  
 Rwanda Stock Exchange  
 Sapporo Securities Exchange  
 Sarajevo Stock Exchange  
 Saudi Arabian Stock Exchange  
 SBI Japannext  
 Scoach Switzerland  
 Shanghai Futures Exchange  
 Shanghai Gold Exchange  
 Shanghai Stock Exchange  
 SharesPost Market  
 Shenzhen Stock Exchange  
 Sibiu Monetary Financial and  
 Commodities Exchange  
 Sigma X ATS  
 SIGMA X MTF  
 SIM VSE  
 Singapore Exchange  
 Singapore Mercantile Exchange  
 SIX Swiss Exchange  
 SIX Swiss Exchange Europe  
 Slovak Power Exchange  
 South African Futures Exchange  
 South Pacific Stock Exchange  
 St. Petersburg International  
 Mercantile  
 Exchange  
 St. Petersburg Stock Exchange  
 Stuttgart Stock Exchange  
 Swaziland Stock Exchange  
 Taiwan Futures Exchange  
 Taiwan Stock Exchange  
 Tel Aviv Stock Exchange  
 Thailand Futures Exchange  
 The Stock Exchange of Thailand  
 Tirana Stock Exchange  
 TMX Select  
 Tokyo AIM  
 Tokyo Commodity Exchange  
 Tokyo Financial Exchange  
 Tokyo Grain Exchange  
 Tokyo Stock Exchange  
 TOM MTF  
 Toronto Stock Exchange  
 TriAct Canada  
 Trinidad and Tobago Stock  
 Exchange  
 TSX Venture Exchange  
 Tunis Stock Exchange  
 Turkish Derivatives Exchange  
 Turquoise  
 Uganda Securities Exchange  
 Ukrainian Stock Exchange  
 United Stock Exchange  
 Valencia Stock Exchange  
 Vienna Stock Exchange  
 Warsaw Stock Exchange  
 XETRA  
 XETRA International Market  
 Zagreb Stock Exchange  
 Zhengzhou Commodity  
 Exchange  
 Zimbabwe Stock Exchange