

# VIG Alfa Absolute Return Investment Fund

R series HUF MONTHLY report - 2024 FEBRUARY (made on: 02/29/2024)

## INVESTMENT POLICY OF THE FUND

The aim of the fund is to achieve a substantial yield for investors by taking high risks and making active use of derivative positions. The Fund applies special investment strategies used by hedge funds to establish its strategy. The fund is willing to buy or sell all available investment instruments - domestic and foreign bonds (treasury bonds, discounted treasury bills, bonds issued by the National Bank of Hungary, as well as low-risk bank and corporate bonds expected to bring higher yields than the state securities) Equities and other securities, indices and currencies - provided it sees the opportunity to make substantial gains – up to the maximum limit allowed by the law, which allows double leverage for the Fund. In its investment decisionmaking mechanism, the Fund considers fundamental pricing, technical and behavioral psychological factors To ensure liquidity the Fund aims to hold government securities issued by the State Debt Management Centre (ÁKK) on behalf of the State of Hungary.

## MARKET SUMMARY

In the US, the most important market event remains the Federal Reserve's interest rate meeting and the subsequent press conference. Investors will be trying to guess when the Fed will cut rates for the first time and how many rate cuts there will be in 2024. 2023 has ended with the idea that this year the economy will either land hard, meaning a recession, or soft, meaning the economy will slow but there will be no recession. At the rate-setting meeting, it was decided not to cut interest rates just yet as inflation is falling, but there are signs that inflation could rise again in the future. According to the central bank president, "it would be inappropriate to lower interest rates before there is greater certainty that inflation is on a sustainable path towards the 2% target".

The Hungarian National Bank cut its key interest rate by 100 basis points to 9.00% in January. The decision was not unanimous, but according to the bank's vice-president Barnabas Virág, a large majority supported the higher rate cut. The decision was heavily influenced by the fact that inflation has fallen faster than market and central bank expectations, and that although global political risks remain, but these have not led to an increase in energy prices. The Hungarian economy is experiencing strong and widespread disinflation. Consumer prices rose by 3.8% year-on-year in January, bringing inflation within the central bank's tolerance band. According to the Vice-President's forecast, the key interest rate will be lowered to 6-7% by the end of the first half of the year. Following the rate decision, the forint weakened against the euro, rising above the 390 level.

In February, the Alfa fund delivered positive returns due to the weakening forint, good performance of foreign currency bank and corporate bonds, and Hungarian equities amid widening capital market optimism. The fund's asset mix changed several times during the month. Although the weakening and then strengthening of the forint at the beginning of the month was actively traded, the fund's exposure to the forint weakening increased significantly by the end of the month. We sold our holdings in Hungarian blue-chip stocks and half of small-cap stocks, which had reported strong quarterly results, resulting in a decrease in our equity exposure. Additionally, we purchased S&P500 puts and opened DAX shorts in anticipation of a potential negative correction in the equity market. The proceeds from the equity sales were used to increase the fund's liquidity by investing in one-year Hungarian bonds. Therefore, we have significantly reduced the fund's risk level and only plan to increase it in the event of a severe equity market correction.

## GENERAL INFORMATION

Fund Manager:	VIG Investment Fund Management Hungary
Custodian:	Unicredit Bank Hungary Zrt.
Main distributor:	VIG Investment Fund Management Hungary
Benchmark composition:	Hurdle rate, annual 7%
ISIN code:	HU0000712286
Start:	07/16/2013
Currency:	HUF
Net Asset Value of the whole Fund:	44,098,527,773 HUF
Net Asset Value of R series:	2,569,442,836 HUF
Net Asset Value per unit:	1.843330 HUF

## DISTRIBUTORS

Raiffeisen Bank cPlc., VIG Asset Management Hungary Plc.

## ASSET ALLOCATION OF THE FUND

Asset	Weight
Government bonds	43.22 %
Corporate bonds	24.96 %
T-bills	14.41 %
Collective securities	7.46 %
Hungarian equities	6.47 %
International equities	0.13 %
Current account	1.85 %
Receivables	1.77 %
Liabilities	-0.24 %
Market value of open derivative positions	-0.03 %
<b>Total</b>	<b>100.00 %</b>
Derivative products	39.62 %
Net corrected leverage	107.05 %

### Assets with over 10% weight

2024C (Államadósság Kezelő Központ)

ROMANI EUR 2033/09/18 6,375% (Romanian State)

## SUGGESTED MINIMUM INVESTMENT PERIOD

3 mths	6 mths	1 yr	2 yr	3 yr	4 yr	5 yr
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## RISK PROFILE

1	2	3	4	5	6	7
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← Lower risk Higher risk →

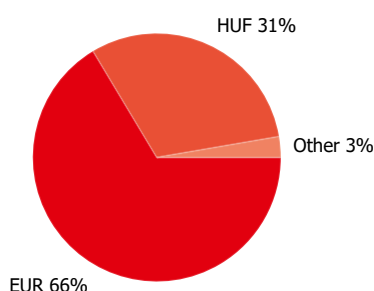
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## NET YIELD PERFORMANCE OF THE SERIES

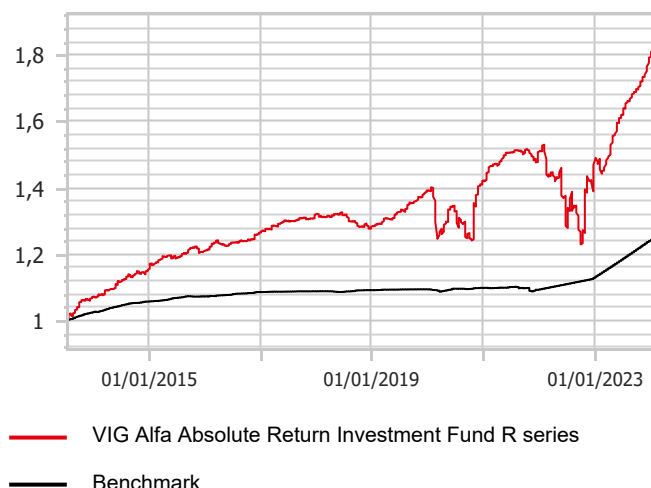
Interval	Yield of note	Benchmark yield
YTD	3.54 %	1.19 %
From launch	5.93 %	2.14 %
1 month	1.41 %	0.56 %
3 months	6.33 %	1.96 %
2023	27.34 %	9.93 %
2022	-5.19 %	3.04 %
2021	4.62 %	-0.60 %
2020	1.78 %	0.41 %
2019	8.48 %	0.23 %
2018	-2.38 %	0.31 %
2017	3.70 %	0.20 %
2016	4.71 %	1.22 %
2015	4.90 %	1.50 %
2014	7.56 %	3.31 %

### Currency exposure:



## NET PERFORMANCE OF THE SERIES

net asset value per share, 07/16/2013 - 02/29/2024



## RISK INDICATORS

Annualized standard deviation of the fund's weekly yields-based on 1 year	4.64 %
Annualized standard deviation of the benchmark's weekly yields-based on 1 year	0.28 %
Annualized standard deviation of the fund's weekly yields-based on 3 year	10.72 %
Annualized standard deviation of the fund's weekly yields-based on 5 year	10.03 %
WAM (Weighted Average Maturity)	1.94 years
WAL (Weighted Average Life)	2.79 years

## TOP 10 POSITIONS

Asset	Type	Counterparty / issuer	Maturity	
Magyar Államkötvény 2024/C	interest-bearing	Államadósság Kezelő Központ	10/24/2024	14.93 %
ROMANI EUR 2033/09/18 6,375%	interest-bearing	Romanian State	09/18/2033	10.63 %
EUR/HUF 24.12.09 Forward Sell	derivative	ING Bank Hun	12/09/2024	8.93 %
Magyar Államkötvény 2024/B	interest-bearing	Államadósság Kezelő Központ	06/26/2024	8.31 %
BTF 0 04/17/24	zero coupon	French state	04/17/2024	6.05 %
Adventum MAGIS Zártkörű Alapok Alapja	investment note	Adventum MAGIS Closed-End Funds		6.00 %
ROMANI EUR 2029/09/27 6,625%	interest-bearing	Romanian State	09/27/2029	5.89 %
BTF 0 01/02/25	zero coupon	French state	01/02/2025	5.51 %
DAX Mini Future Mar24 Sell	derivative	Erste Bef. Hun	03/15/2024	5.23 %
RABKAS 7,125% 01/19/26 visszahívható 2025	interest-bearing	RAIFFEISENBANK A.S.	01/19/2026	3.66 %

### Legal declaration

The recent document qualifies as Portfolio Report according to the Kbtv. requirements. It contains the following elements based on the last net asset value of the reporting month: presentation of the assets of the fund regarding asset type of portfolio investment and regarding other categories detailed in its investment policy; list of assets (issuers) representing more than 10% of the portfolio; net asset value of the fund, including the cumulated and the calculated value per unit share. Investors are kindly advised, that past performance of the fund does not guarantee future performance. The returns presented are to be considered without applicable taxes, distribution fees and commissions, fees related to account keeping and other costs in relation with holding an investment fund unit. Information presented in the Portfolio Report are for information purposes only, not intended to serve as investment advice, or any other offer. Investors are kindly advised to carefully read the Key Investors Document and Prospectus of the fund, in order to understand the risks of investing into the fund, and to be able to make an informed investor decision. The referred documents are available at the distribution locations and on the official website of VIG Fund Management Zrt. VIG Investment Fund Management Hungary | 1091 Budapest, Üllői út 1. | +36 1 477 4814 | alapkezelo@am.vig | www.vigam.hu