

VIG Alfa Absolute Return Investment Fund

UI series USD MONTHLY report - 2024 MARCH (made on: 03/31/2024)

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 main market-driving event remains the Federal Reserve's interest rate meeting and subsequent press conference. As expected, the key rate was left unchanged, but Jerome Powell made waves at the press conference afterwards. The Fed chairman said, albeit implicitly, that the Fed will no longer aim to keep inflation below 2% and will focus on the unemployment rate. This is a complete reversal of previous statements. Whereas the Fed chairman had previously stressed that his priority was to reduce US inflation, he is now prepared to cut interest rates even if inflation remains higher than expected. This, in turn, puts the investment spectrum on a completely different footing. If the central bank's priority is no longer to reduce inflation, and if it is prepared to cut interest rates because of weak unemployment data, then monetary policy will effectively be reminiscent of the 1970s. Relatively low economic activity and high inflation. That would not be good for anyone, and we can be sure that the markets will test the Fed chairman. In Hungary, the Hungarian National Bank cut its key rate by 75 basis points to 8.25% in March. Vice-president Barnabás Virág said the decision was unanimous. He added that the interest rate will be lowered in smaller increments in the future and that he expects it to be between 6-7% by the summer. The MNB expects inflation to fall to around 5-6% by 2024, and that in the future the forint's appreciation and depreciation will have a greater impact on inflation rates. Following the rate decision, the forint weakened slightly against the euro, rising above the 395 level.

In March, the fund generated positive returns thanks to its positions in regional corporates, the Romanian government bond portfolio, and a weakening forint. The fund confidently continued to reduce its Hungarian small-cap portfolio, decrease the hedge rate of foreign currency assets into forint, increase its exposure to Romanian euro government bonds, and reduce its position playing the fall of the DAX index. We will only purchase equities in the event of a severe correction in the short term, as we believe they are currently overpriced and overbought compared to bonds. This year's yield rally in the bond market presents greater opportunities for investors. We are considering extending the maturity of the bond portfolio in both the developed and Hungarian government bond markets with confidence.

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 3.5% |
| ISIN code: | HU0000729538 |
| Start: | 07/13/2022 |
| Currency: | USD |
| Net Asset Value of the whole Fund: | 44,711,885,553 HUF |
| Net Asset Value of UI series: | 360,936 USD |
| Net Asset Value per unit: | 1.222237 USD |

ASSET ALLOCATION OF THE FUND

| Asset | Weight |
|---|-----------------|
| Government bonds | 47.77 % |
| Corporate bonds | 24.75 % |
| T-bills | 11.44 % |
| Collective securities | 7.41 % |
| Hungarian equities | 5.63 % |
| International equities | 0.12 % |
| Current account | 2.13 % |
| Receivables | 1.12 % |
| Liabilities | -0.40 % |
| Market value of open derivative positions | 0.03 % |
| Total | 100,00 % |
| Derivative products | 35.28 % |
| Net corrected leverage | 103.11 % |

Assets with over 10% weight

| |
|---|
| 2024C (Államadósság Kezelő Központ) |
| ROMANI EUR 2033/09/18 6,375% (Romanian State) |

DISTRIBUTORS

SUGGESTED MINIMUM INVESTMENT PERIOD

| | | | | | | |
|--------|--------|------|------|------|------|------|
| 3 mths | 6 mths | 1 yr | 2 yr | 3 yr | 4 yr | 5 yr |
|--------|--------|------|------|------|------|------|

RISK PROFILE

| | | | | | | |
|---|---|---|---|---|---|---|
| 1 | 2 | 3 | 4 | 5 | 6 | 7 |
|---|---|---|---|---|---|---|

← Lower risk Higher risk →

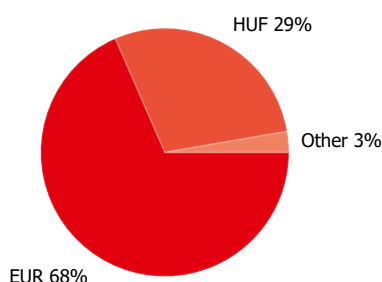
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NET YIELD PERFORMANCE OF THE SERIES

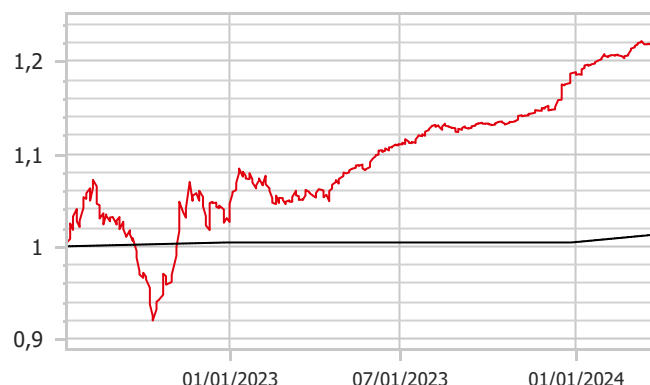
| Interval | Yield of note | Benchmark yield |
|-------------|---------------|-----------------|
| YTD | 3.01 % | 0.86 % |
| From launch | 12.41 % | 0.75 % |
| 1 month | 0.85 % | 0.27 % |
| 3 months | 3.01 % | 0.86 % |
| 2023 | 15.13 % | 0.00 % |

Currency exposure:



NET PERFORMANCE OF THE SERIES

net asset value per share, 07/13/2022 - 03/31/2024



— VIG Alfa Absolute Return Investment Fund UI series
— Benchmark

RISK INDICATORS

| | |
|---|------------|
| Annualized standard deviation of the fund's weekly yields- based on 1 year | 3.86 % |
| Annualized standard deviation of the benchmark's weekly yields- based on 1 year | 0.21 % |
| Annualized standard deviation of the fund's weekly yields- based on 3 year | 9.49 % |
| Annualized standard deviation of the fund's weekly yields- based on 5 year | 9.49 % |
| WAM (Weighted Average Maturity) | 2.14 years |
| WAL (Weighted Average Life) | 3.01 years |

TOP 10 POSITIONS

| Asset | Type | Counterparty / issuer | Maturity | |
|---|------------------|---------------------------------|------------|---------|
| Magyar Államkötvény 2024/C | interest-bearing | Államadósság Kezelő Központ | 10/24/2024 | 16.45 % |
| ROMANI EUR 2033/09/18 6,375% | interest-bearing | Romanian State | 09/18/2033 | 13.69 % |
| EUR/HUF 24.12.09 Forward Sell | derivative | ING Bank Hun | 12/09/2024 | 8.85 % |
| Magyar Államkötvény 2024/B | interest-bearing | Államadósság Kezelő Központ | 06/26/2024 | 8.24 % |
| BTF 0 04/17/24 | zero coupon | French state | 04/17/2024 | 6.01 % |
| Adventum MAGIS Zártkörű Alapok Alapja | investment note | Adventum MAGIS Closed-End Funds | | 5.94 % |
| ROMANI EUR 2029/09/27 6,625% | interest-bearing | Romanian State | 09/27/2029 | 5.93 % |
| BTF 0 01/02/25 | zero coupon | French state | 01/02/2025 | 5.47 % |
| REPHUN 2031/06/16 4,25% EUR | interest-bearing | Államadósság Kezelő Központ | 06/16/2031 | 3.67 % |
| RABKAS 7,125% 01/19/26 visszahívható 2025 | interest-bearing | RAIFFEISENBANK A.S. | 01/19/2026 | 3.65 % |

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