

# VIG Ozon Annual Capital Protected Investment Fund

A series HUF MONTHLY report - 2024 MARCH (made on: 03/31/2024)

## INVESTMENT POLICY OF THE FUND

The Fund aims to achieve a higher return than that of short-term bonds by investing in bonds of low volatility and limited-risk profile issued or guaranteed by certain specified states, quasi-sovereign corporations, national banks or supranational institutions. The Fund invests most of its available assets in low-risk instruments, i.e. bonds issued or guaranteed by the Hungarian state or states with a credit rating at least equal to or better than the latter's latest rating (or by their debt management agencies), quasi-sovereign companies, national banks or supranational institutions. The Fund may hold bank deposits, or cash, and enter into repo and reverse repo transactions. The maximum interest rate risk with respect to the Fund as a whole (i.e. its duration) is 3 years, while the weighted average maturity of the individual securities is a maximum of 10 years. For bonds denominated in currencies other than Hungarian forint, the asset manager seeks to fully hedge the foreign exchange risk, and may only deviate from this at the expense of risky assets (i.e. in the case of foreign exchange under/over-hedging). The Fund uses a small portion of its available assets to purchase risky instruments – domestic and foreign equities, equity indexes, higher risk bonds, foreign exchange, commodity market products and collective investment securities on the spot and futures markets. The Fund may enter into both long and short trades. Based on the approach followed when purchasing risky assets, the Fund is an absolute return fund: it selects investment options with the best possible expected return/risk ratio from the options available to it on the domestic and international money and capital markets. There is no possibility for making individual investor decisions in respect of the Fund.

## 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. FED poured oil to the fire: despite market fears of sticky service price inflation, Fed governor marked this as only a seasonal phenomenon. This is a complete reversal of previous statements. Whereas the Fed chairman had previously stressed that his priority was to reduce US inflation, he seem 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 potentially weak unemployment data, then monetary policy may 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.

During the month, we closed our position in the WIG20 in time as a significant correction occurred and then the stock index started to oscillate with relatively high amplitude, so we became more cautious. We turned our attention to the overall macro picture: we have seen fundamentally better economic data from the global economy recently, the chances of a no-landing scenario have increased, commodity prices have started to rise, so there are more arguments for delayed interest rate cuts in the developed markets, which is not good news for bonds. The weak forint and the above mentioned effects have led us to reduce our domestic interest rate exposure, which has been a good idea in principle as domestic yields have corrected sharply upwards.

## GENERAL INFORMATION

|                                    |                                        |
|------------------------------------|----------------------------------------|
| Fund Manager:                      | VIG Investment Fund Management Hungary |
| Custodian:                         | Unicredit Bank Hungary Zrt.            |
| Main distributor:                  | VIG Investment Fund Management Hungary |
| Benchmark composition:             | 100% RMAX Index + 0.5%                 |
| ISIN code:                         | HU0000705157                           |
| Start:                             | 03/19/2007                             |
| Currency:                          | HUF                                    |
| Net Asset Value of the whole Fund: | 4,219,825,989 HUF                      |
| Net Asset Value of A series:       | 1,807,073,635 HUF                      |
| Net Asset Value per unit:          | 2.020515 HUF                           |

## DISTRIBUTORS

CIB BANK ZRT, Concorde Securities Ltd., Equilor Befektetési Zrt, Erste Investment Plc., MBH Befektetési Bank Zrt, OTP Bank Nyrt., Raiffeisen Bank cPlc., SPB Befektetési Zrt., UniCredit Bank Hungary cPlc., VIG Asset Management Hungary Plc.

## SUGGESTED MINIMUM INVESTMENT PERIOD

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

## ASSET ALLOCATION OF THE FUND

| Asset                                     | Weight          |
|-------------------------------------------|-----------------|
| T-bills                                   | 51.78 %         |
| Government bonds                          | 39.04 %         |
| Corporate bonds                           | 9.27 %          |
| Current account                           | 0.30 %          |
| Liabilities                               | -0.03 %         |
| Market value of open derivative positions | -0.35 %         |
| <b>Total</b>                              | <b>100,00 %</b> |
| Derivative products                       | 51.50 %         |
| Net corrected leverage                    | 100.00 %        |
| Assets with over 10% weight               |                 |
| 2024C (Államadósság Kezelő Központ)       |                 |
| BTF 0 04/17/24 (French state)             |                 |
| BTF 0 05/02/24 (French state)             |                 |

## RISK PROFILE

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

← Lower risk Higher risk →

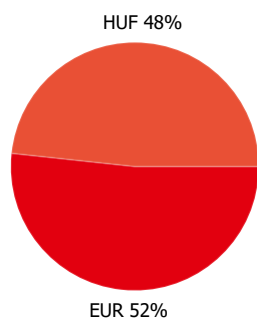
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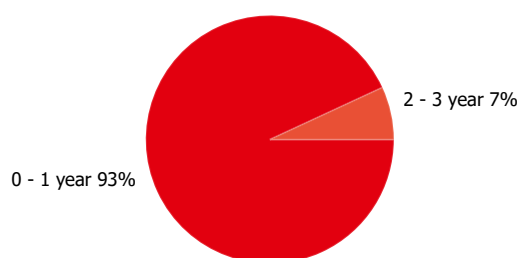
## NET YIELD PERFORMANCE OF THE SERIES

| Interval    | Yield of note | Benchmark yield |
|-------------|---------------|-----------------|
| YTD         | 1.53 %        | 1.82 %          |
| From launch | 4.22 %        | 4.60 %          |
| 1 month     | 0.33 %        | 0.57 %          |
| 3 months    | 1.53 %        | 1.82 %          |
| 2023        | 14.66 %       | 15.77 %         |
| 2022        | 5.54 %        | 3.53 %          |
| 2021        | -1.17 %       | -0.10 %         |
| 2020        | 0.89 %        | 0.92 %          |
| 2019        | 0.50 %        | 0.74 %          |
| 2018        | 0.08 %        | 0.81 %          |
| 2017        | 0.30 %        | 0.22 %          |
| 2016        | 1.14 %        | 1.22 %          |
| 2015        | 1.74 %        | 1.50 %          |
| 2014        | 3.75 %        | 3.31 %          |

### Currency exposure:

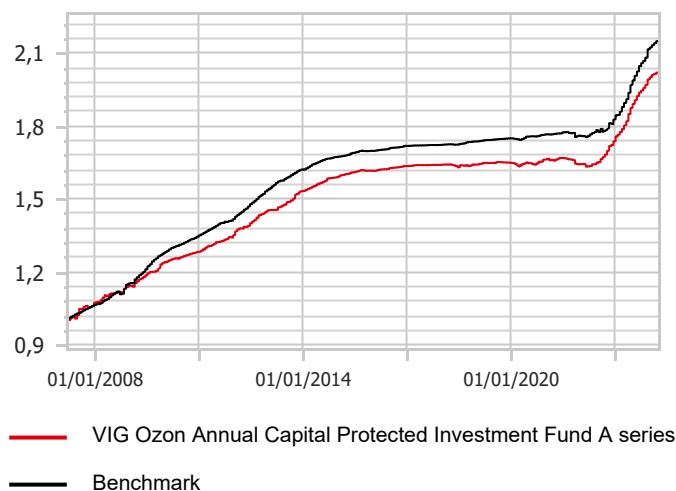


### Bonds by tenor:



## NET PERFORMANCE OF THE SERIES

net asset value per share, 03/19/2007 - 03/31/2024



## RISK INDICATORS

|                                                                                 |            |
|---------------------------------------------------------------------------------|------------|
| Annualized standard deviation of the fund's weekly yields-based on 1 year       | 1.22 %     |
| Annualized standard deviation of the benchmark's weekly yields- based on 1 year | 1.31 %     |
| Annualized standard deviation of the fund's weekly yields-based on 3 year       | 1.44 %     |
| Annualized standard deviation of the fund's weekly yields-based on 5 year       | 1.67 %     |
| WAM (Weighted Average Maturity)                                                 | 0.43 years |
| WAL (Weighted Average Life)                                                     | 0.44 years |

## TOP 10 POSITIONS

| Asset                      | Type             | Counterparty / issuer              | Maturity   |         |
|----------------------------|------------------|------------------------------------|------------|---------|
| Magyar Államkötvény 2024/C | interest-bearing | Államadósság Kezelő Központ        | 10/24/2024 | 29.31 % |
| BTF 0 04/17/24             | zero coupon      | French state                       | 04/17/2024 | 27.91 % |
| BTF 0 05/02/24             | zero coupon      | French state                       | 05/02/2024 | 23.66 % |
| MAEXIM 10 11/27/24         | interest-bearing | Hungarian Export-Import Bank cPlc. | 11/27/2024 | 7.96 %  |
| 2026H                      | interest-bearing | Államadósság Kezelő Központ        | 10/21/2026 | 6.92 %  |
| Magyar Államkötvény 2024/B | interest-bearing | Államadósság Kezelő Központ        | 06/26/2024 | 2.64 %  |
| MAEXIM 11 10/02/24         | interest-bearing | Hungarian Export-Import Bank cPlc. | 10/02/2024 | 1.27 %  |

**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 | [alapkezeslo@am.vig](mailto:alapkezeslo@am.vig) | [www.vigam.hu](http://www.vigam.hu)