

# VIG Alfa Absolute Return Investment Fund

R series HUF MONTHLY report - 2024 JANUARY (made on: 01/31/2024)

## 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 January, markets were still trying to decide whether or not the economic scenario outlined by the Federal Reserve would materialize. Since last November, the Fed has been saying that the economy will be soft landing, despite a 5.25% interest rate and several macroeconomic data points pointing to a recession in the US economy. Investors who positive about the future are looking at how much AI will reform the US economy and what fundamental changes it will bring to the economy. But there are those who believe that the Fed has raised interest rates too high in an attempt to curb inflation and that a recession is inevitable. But if it starts to cut rates because of a potential recession and inflation starts to rise again, the Fed will be backed into a corner. In 2024, the Fed's decisions will be even more influenced by macro data and markets could be more volatile than usual.

The Hungarian National Bank cut its key rate by another 75 basis points to 10.00%. Inflation also continued to fall in November, to 5.5% according to KSH data, and could fall below 5% in January. In December, the National Bank had indicated that it could cut the key rate by up to 100 basis points, but it stuck to 75 basis points due to the weakening forint. Interestingly, after the lower-than-expected rate decision, the forint strengthened and traded below 385 against the euro at the end of the month.

The fund achieved a positive return in January as the risk-off period in equity markets persisted. US equities reached a new high, regional bond yields decreased slightly due to lower inflation numbers, and the Hungarian equity market continued to rise as it remains undervalued. The equity weighting remained largely unchanged. We reduced our exposure to Magyar Telekom and OTP, realizing a profit. However, we used the proceeds to purchase MOL and Richter shares during the month and opened a long position in the Russell 2000 Index. The fund successfully exploited the weakening and rapid recovery of the forint with trades in the EUR 380 and EUR 390HUF range. The regional capital market is currently trading at a significant discount. The Fund plans to take advantage of this by investing in Hungarian equities, regional corporate and bank bonds, and Romanian government bonds. Additionally, the Fund will maintain significant liquidity and only reduce it in the event of a significant negative 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:	41,350,655,161 HUF
Net Asset Value of R series:	2,533,740,525 HUF
Net Asset Value per unit:	1.817717 HUF

## DISTRIBUTORS

Raiffeisen Bank cPlc., VIG Asset Management Hungary Plc.

## SUGGESTED MINIMUM INVESTMENT PERIOD

3 mths	6 mths	1 yr	2 yr	3 yr	4 yr	5 yr
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## ASSET ALLOCATION OF THE FUND

Asset	Weight
Government bonds	30.57 %
Corporate bonds	25.91 %
Hungarian equities	18.33 %
T-bills	15.07 %
Collective securities	7.79 %
International equities	0.15 %
Current account	4.59 %
Liabilities	-3.32 %
Receivables	0.86 %
Market value of open derivative positions	0.07 %
<b>Total</b>	<b>100,00 %</b>
Derivative products	74.12 %
Net corrected leverage	105.15 %

### Assets with over 10% weight

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

## RISK PROFILE

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

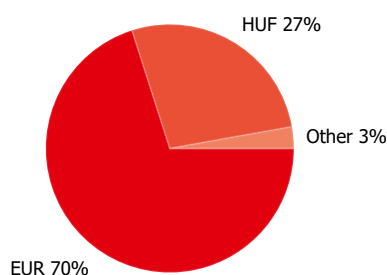
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## NET YIELD PERFORMANCE OF THE SERIES

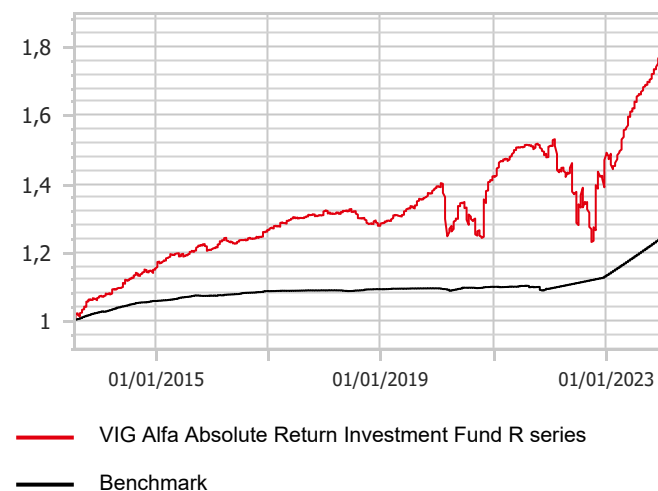
Interval	Yield of note	Benchmark yield
YTD	2.10 %	0.63 %
From launch	5.83 %	2.10 %
1 month	2.10 %	0.63 %
3 months	6.72 %	2.19 %
2023	27.34 %	9.93 %
2022	-5.19 %	3.04 %
2021	4.62 %	-0.60 %
2020	1.78 %	0.41 %
2019	8.48 %	0.23 %
2018	-2.38 %	0.31 %
2017	3.70 %	0.20 %
2016	4.71 %	1.22 %
2015	4.90 %	1.50 %
2014	7.56 %	3.31 %

### Currency exposure:



## NET PERFORMANCE OF THE SERIES

net asset value per share, 07/16/2013 - 01/31/2024



## RISK INDICATORS

Annualized standard deviation of the fund's weekly yields-based on 1 year	5.23 %
Annualized standard deviation of the benchmark's weekly yields-based on 1 year	0.27 %
Annualized standard deviation of the fund's weekly yields-based on 3 year	10.73 %
Annualized standard deviation of the fund's weekly yields-based on 5 year	10.03 %
WAM (Weighted Average Maturity)	1.93 years
WAL (Weighted Average Life)	2.79 years

## TOP 10 POSITIONS

Asset	Type	Counterparty / issuer	Maturity	
ROMANI EUR 2033/09/18 6,375%	interest-bearing	Romanian State	09/18/2033	10.11 %
EUR/HUF 24.12.09 Forward Sell	derivative	ING Bank Hun	12/09/2024	9.31 %
Magyar Államkötvény 2024/C	interest-bearing	Államadósság Kezelő Központ	10/24/2024	6.88 %
BTF 0 04/17/24	zero coupon	French state	04/17/2024	6.28 %
Adventum MAGIS Zártkörű Alapok Alapja	investment note	Adventum MAGIS Closed-End Funds		6.25 %
ROMANI EUR 2029/09/27 6,625%	interest-bearing	Romanian State	09/27/2029	6.14 %
BTF 0 01/02/25	zero coupon	French state	01/02/2025	5.74 %
Graphisoft Park S.E új	share	Graphisoft Park SE		4.78 %
REPHUN 2031/06/16 4,25% EUR	interest-bearing	Államadósság Kezelő Központ	06/16/2031	3.81 %
E-Mini Russ 2000 Mar24 Buy	derivative	Erste Bef. Hun	03/15/2024	3.79 %

### 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