

# VIG Alfa Absolute Return Investment Fund

UI series USD MONTHLY report - 2024 MAY (made on: 05/31/2024)

## 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, inflation and unemployment remain the most important market indicators. At its May meeting, the US Federal Reserve left its key interest rate unchanged and Fed Chairman Jerome Powell said at the press conference that there was a high probability that there will be no more rate hikes in the future. Monthly unemployment data was weaker than expected, supporting the Fed chairman's decision, but year-on-year inflation did not fall. The question that has been asked repeatedly is what the Fed will do if inflation stabilizes at a higher than expected level but unemployment starts to rise, threatening a possible recession. The US national debt is increasing from month to month, so it would be in the interest of fiscal policy makers to keep the Fed funds rates low, thereby reducing the amount of interest paid on the debt, but if inflation does not fall and new rate cut cycle is initiated, the US economy could easily enter a stagflationary environment.

In Hungary, the Hungarian National Bank cut its key interest rate by a further 50 basis points to 7.25% in May. The decision was unanimous, with the bank's deputy governor, Barnabás Virág, saying that the key rate could fall to 6.75%-7.00% by mid-year if macroeconomic data remain favorable. However, inflation has started to rise again, albeit slightly, which will limit the National Bank's room for maneuver. The forint strengthened to a three-month high against the euro during the month, but started to weaken after the rate cut, approaching the 390 level by the end of the month.

In May, Alfa achieved a positive return, with the equity portfolio contributing positively and the forint strengthening negatively. During the month, we further reduced the small-cap equity allocation, purchased regional currency bonds and closed out the remaining EURHUF short positions at 384, taking advantage of the strengthening forint. This leaves the EUR-denominated investments in the fund unhedged, as we expect the forint to weaken gradually. We will only increase the risk of the fund in the event of a 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 3.5%
ISIN code:	HU0000729538
Start:	07/13/2022
Currency:	USD
Net Asset Value of the whole Fund:	46,483,469,400 HUF
Net Asset Value of UI series:	507,350 USD
Net Asset Value per unit:	1.226691 USD

## DISTRIBUTORS

## 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	51.10 %
Corporate bonds	31.31 %
Hungarian equities	7.94 %
Collective securities	6.99 %
International equities	1.04 %
Liabilities	-7.26 %
Receivables	6.16 %
Current account	2.53 %
Market value of open derivative positions	0.19 %
<b>Total</b>	<b>100,00 %</b>
Derivative products	4.49 %
Net corrected leverage	100.56 %

### Assets with over 10% weight

2024C (Államadósság Kezelő Központ)

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 →

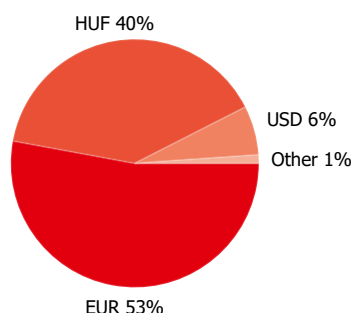
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## NET YIELD PERFORMANCE OF THE SERIES

Interval	Yield of note	Benchmark yield
YTD	3.39 %	1.48 %
From launch	11.47 %	1.01 %
1 month	0.41 %	0.30 %
3 months	1.21 %	0.88 %
2023	15.13 %	0.00 %

### Currency exposure:



## NET PERFORMANCE OF THE SERIES

net asset value per share, 07/13/2022 - 05/31/2024



## RISK INDICATORS

Annualized standard deviation of the fund's weekly yields-based on 1 year	2.99 %
Annualized standard deviation of the benchmark's weekly yields-based on 1 year	0.26 %
Annualized standard deviation of the fund's weekly yields-based on 3 year	9.07 %
Annualized standard deviation of the fund's weekly yields-based on 5 year	9.07 %
WAM (Weighted Average Maturity)	2.97 years
WAL (Weighted Average Life)	4.09 years

## TOP 10 POSITIONS

Asset	Type	Counterparty / issuer	Maturity	
Magyar Államkötvény 2024/C	interest-bearing	Államadósság Kezelő Központ	10/24/2024	16.01 %
ROMANI EUR 2033/09/18 6,375%	interest-bearing	Romanian State	09/18/2033	12.95 %
2035A	interest-bearing	Államadósság Kezelő Központ	10/24/2035	7.94 %
ROMANI EUR 2029/09/27 6,625%	interest-bearing	Romanian State	09/27/2029	5.67 %
Adventum MAGIS Zártkörű Alapok Alapja	investment note	Adventum MAGIS Closed-End Funds		5.62 %
MNB240606	zero coupon	Magyar Nemzeti Bank Zrt.	06/06/2024	4.94 %
OTP Bank törzsrészvény	share	OTP Bank Nyrt.		3.88 %
Magyar Államkötvény 2024/B	interest-bearing	Államadósság Kezelő Központ	06/26/2024	3.83 %
REPHUN 2031/06/16 4,25% EUR	interest-bearing	Államadósság Kezelő Központ	06/16/2031	3.50 %
RABKAS 7,125% 01/19/26 visszahívható 2025	interest-bearing	RAIFFEISENBANK A.S.	01/19/2026	3.49 %

### 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