

# VIG BondMaxx Total Return Bond Investment Fund

E series EUR MONTHLY report - 2024 MAY (made on: 05/31/2024)

## INVESTMENT POLICY OF THE FUND

The Fund is a total return investment fund that aims to create a portfolio consisting of bond-type assets through active portfolio management that achieves annualised capital growth for investors higher than the benchmark over a 3-year time horizon. It intends to achieve this objective primarily through asset allocation in global bond markets.

The Fund invests exclusively in bond-type instruments. The Fund's investment universe focuses on developed market government bonds, developed market corporate bonds, local currency emerging market government bonds and hard currency emerging market government and corporate bonds. The primary source of return for the Fund is asset allocation across bond-type asset classes. The asset allocation is based on an "investment clock" approach that uses economic data analysis to determine the position of major regions within a growth cycle. This is complemented by the forecasting of expected movements in real interest rates and inflation expectations, which are also crucial for the allocation across bond markets. Portfolio managers use all these as the basis for making allocation decisions, overweighting the best performing bond asset class in any current economic cycle based on experience and expectations. In the investment process, portfolio managers optimise the interest rate and credit risk of the overall fund and of the exposures to individual bond markets in order to achieve the investment objective.

## MARKET SUMMARY

In early May, President Joe Biden ordered an increase in tariffs on imports from China, including EVs, batteries, semiconductors, solar cells and critical minerals. The EC's spring economic forecast estimates Eurozone GDP to raise by 0.8% this year and to accelerate further to 1.4% in 2025. Sovereign bond yields declined moderately on the release. Later in the month, the Eurozone composite PMI for May signalled moderate expansion in Q2 '24, driven by services, while price pressure eased. The minutes of the FOMC's May 1st meeting appeared to be hawkish, while Fed Governor Christopher Waller said he needs to see "several more months of good inflation data" to vote for a rate cut. UK CPI inflation fell less than expected, making a BoE rate cut in June unlikely. In core bond markets, 10Y yields increased by 5-10bps. In the last week of May, Eurozone inflation data surprised to the upside, rising to 2.6% YoY in May from 2.4% in April, due to a rise in services inflation. Former US President Donald Trump was found guilty of falsifying business records in a criminal trial in New York. US consumer confidence picked up last month, but Q1 '24 GDP growth was revised down and the May Beige Book showed that firms' outlooks had deteriorated. Sell off in government bonds continued along with curves bear-steepening. The 10-year Bund yield reached 2.70%. EM debt and corporate-credit spreads remained resilient. Equity markets corrected modestly from recent peaks. EUR/USD was volatile but trendless, while USD/JPY retreated from peaks above 157. EUR/HUF outperformed, moving closer to 390. The fund still keeps its Ukrainian exposure (despite being decreased a bit on very strong YTD performance), and waits for improvement in the Ukrainian-Russia war; the fund started to relocate some of the duration to the EM credit space along with a slight decrease of the exposure to the core markets, in this light, we opened positions in Azeri and Serbian sovereigns, adjusted positions in Croatia and decreased positions in the UK's long-end, further intention to keep or to add to the current exposure to the core rates and/or EM credit markets while decreasing Hungarian risk stays in place.

## GENERAL INFORMATION

Fund Manager:	VIG Investment Fund Management Hungary
Custodian:	Raiffeisen Bank Zrt.
Main distributor:	VIG Investment Fund Management Hungary
Benchmark composition:	Hurdle rate, annual 3.5%
ISIN code:	HU0000727037
Start:	09/14/2021
Currency:	EUR
Net Asset Value of the whole Fund:	16,224,305,587 HUF
Net Asset Value of E series:	2,697,638 EUR
Net Asset Value per unit:	0.845545 EUR

## DISTRIBUTORS

SC Aegon ASIGURARI DE VIATA SA, 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	45.33 %
Collective securities	26.09 %
Corporate bonds	19.74 %
T-bills	4.99 %
Mortgage debentures	1.34 %
Liabilities	-19.72 %
Receivables	13.52 %
Current account	7.51 %
Market value of open derivative positions	1.21 %
<b>Total</b>	<b>100.00 %</b>
Derivative products	118.78 %
Net corrected leverage	109.72 %

### Assets with over 10% weight

There is no such instrument in the portfolio

## 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	-2.88 %	1.48 %
From launch	-6.00 %	0.44 %
1 month	0.42 %	0.30 %
3 months	-1.14 %	0.88 %
2023	2.97 %	0.00 %
2022	-13.63 %	0.00 %

## NET PERFORMANCE OF THE SERIES

net asset value per share, 07/14/2022 - 05/31/2024



## RISK INDICATORS

Annualized standard deviation of the fund's weekly yields- based on 1 year	4.62 %
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	7.11 %
Annualized standard deviation of the fund's weekly yields- based on 5 year	7.11 %
WAM (Weighted Average Maturity)	3.54 years
WAL (Weighted Average Life)	4.49 years

## TOP 10 POSITIONS

Asset	Type	Counterparty / issuer	Maturity	
US 5YR NOTE (CBT) Sep24 Buy	derivative	Raiffeisen Hun	09/30/2024	19.45 %
iShares Core EUR Corp Bond UCITS ETF	investment note	iShares Core EUR Corp Bond UCITS ETF		7.14 %
iShares USD TIPS UCITS ETF	investment note	iShares USD TIPS UCITS ETF		6.75 %
iShares USD Corp Bond UCITS ETF	investment note	iShares USD Corp Bond UCITS ETF		6.71 %
US T-Bill 10/31/24	zero coupon	USA	10/31/2024	4.99 %
iShares USD Short Duration Corp Bond UCITS ETF	investment note	iShares USD Short Duration Corp Bond UCITS ETF		4.41 %
OTPHB 2,875 07/15/29 visszahívható 2024	interest-bearing	OTP Bank Nyrt.	07/15/2024	4.29 %
LONG GILT FUTURE Sep24 Buy	derivative	Raiffeisen Hun	09/26/2024	4.07 %
MOL 2027/10/08 1,5%	interest-bearing	MOL Plc.	10/08/2027	4.01 %
USGB 2025/03 3,875%	interest-bearing	USA	03/31/2025	3.31 %

### 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 | alapkezezo@am.vig | www.vigam.hu