

VIG Developed Markets Government Bond Investment Fund

I series HUF MONTHLY report - 2024 MAY (made on: 05/31/2024)

INVESTMENT POLICY OF THE FUND

The objective of the Fund is to create a highly defensive investment portfolio for its Investors, which typically invests in developed-market government bonds and related exchange-traded derivatives. According to the intentions of the Fund Manager, the bulk of the Fund's portfolio is made up of bonds issued by foreign states and foreign companies through public offerings. With regard to foreign securities, the Fund only purchases publicly traded securities listed on a foreign stock exchange. It keeps the planned share of non-investment grade securities low. The proportion of bonds that can be held in the Fund at any given time may reach the prevailing legal maximum. In order to ensure liquidity, the Fund may purchase Hungarian government securities (primarily discount treasury bills) and MNB bonds. The Fund Manager has the option, at its own discretion, of hedging all or part of its foreign exchange risks using forward currency positions subject to observing the applicable legal requirements.

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. We didn't make meaningful changes in the fund's composition amid being positioned long core government bonds, switched to Serbia sovereign bonds from Greek ones along with minor adjustments in the Romanian exposure without changing positioning, we still do not intend to run a currency risk, therefore, FX exposure is hedged.

GENERAL INFORMATION

Fund Manager:	VIG Investment Fund Management Hungary
Custodian:	Erste Bank Hungary Zrt.
Main distributor:	VIG Investment Fund Management Hungary 80% Bloomberg Global Treasury Majors ex Japan Total Return Index Unhedged USD + 20% ZMAX Index
Benchmark composition:	
ISIN code:	HU0000724224
Start:	03/19/2021
Currency:	HUF
Net Asset Value of the whole Fund:	20,050,264,448 HUF
Net Asset Value of I series:	17,148,451,071 HUF
Net Asset Value per unit:	1.016664 HUF

ASSET ALLOCATION OF THE FUND

Asset	Weight
Government bonds	68.96 %
T-bills	20.60 %
Corporate bonds	12.39 %
Liabilities	-2.74 %
Current account	0.82 %
Receivables	0.05 %
Market value of open derivative positions	-0.06 %
Total	100,00 %
Derivative products	22.20 %
Net corrected leverage	105.01 %

Assets with over 10% weight

There is no such instrument in the portfolio

DISTRIBUTORS

SUGGESTED MINIMUM INVESTMENT PERIOD

3 mths	6 mths	1 yr	2 yr	3 yr	4 yr	5 yr
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RISK PROFILE

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

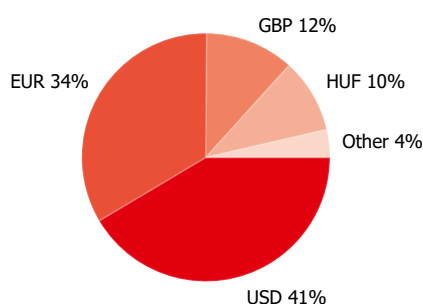
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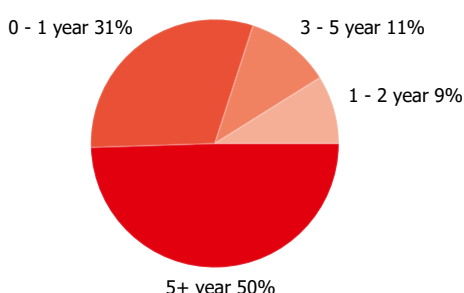
NET YIELD PERFORMANCE OF THE SERIES

Interval	Yield of note	Benchmark yield
YTD	1.10 %	1.22 %
From launch	0.52 %	1.09 %
1 month	0.02 %	0.16 %
3 months	-0.68 %	-0.56 %
2023	-0.38 %	1.59 %
2022	-2.88 %	-2.82 %

Currency exposure:



Bonds by tenor:



NET PERFORMANCE OF THE SERIES

net asset value per share, 03/19/2021 - 05/31/2024



RISK INDICATORS

Annualized standard deviation of the fund's weekly yields-based on 1 year	7.28 %
Annualized standard deviation of the benchmark's weekly yields-based on 1 year	7.26 %
Annualized standard deviation of the fund's weekly yields-based on 3 year	12.83 %
Annualized standard deviation of the fund's weekly yields-based on 5 year	12.58 %
WAM (Weighted Average Maturity)	5.67 years
WAL (Weighted Average Life)	7.19 years

TOP 10 POSITIONS

Asset	Type	Counterparty / issuer	Maturity	
US T-Bill 10/31/24	zero coupon	USA	10/31/2024	6.47 %
USGB 2026/04 0,75%	interest-bearing	USA	04/30/2026	5.99 %
USGB 2044/11/15 3%	interest-bearing	USA	11/15/2044	5.81 %
USGB 2028/02 2,75%	interest-bearing	USA	02/15/2028	5.42 %
US Államkötvény 2031/02 5,375%	interest-bearing	USA	02/15/2031	5.28 %
UKT 0,25% 01/31/25	interest-bearing	United Kingdom	01/31/2025	4.71 %
US 10YR NOTE (CBT)Sep24 Buy	derivative	Raiffeisen Hun	09/19/2024	4.68 %
DB 1,75 11/19/30	interest-bearing	Deutsche Bank Frankfurt	11/19/2030	4.31 %
BTPS 4.1 02/01/29	interest-bearing	Italian State	02/01/2029	4.14 %
SERBIA 03/03/33 1,65% EUR	interest-bearing	Serbian State	03/03/2033	3.97 %

Legal declaration

The recent document qualifies as Portfolio Report according to the Kbfv. 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