

VIG Emerging Europe Bond Investment Fund

U series USD MONTHLY report - 2024 JANUARY (made on: 01/31/2024)

INVESTMENT POLICY OF THE FUND

The Fund aims to achieve capital growth by investing in bonds of emerging European countries and state-owned companies. The Fund does not apply credit rating restrictions: it may purchase securities of any country or company with any long-term credit rating. The Fund aims for the highest possible capital growth alongside reasonable risk-taking. The Fund primarily purchases foreign currency emerging market bonds, in addition to which it holds Hungarian local currency short-term and long-term bonds for diversification and liquidity management purposes. The bond portfolio may also include short-term, long-term, fixed or floating-rate, structured and convertible bonds issued by mortgage credit institutions, other credit institutions, local governments or other business entities. The core of the Fund's investments is Central Eastern Europe (Hungary, Croatia, Poland, Romania, Slovakia, Ukraine), South East Europe (Serbia, Turkey), the Baltics (Latvia, Lithuania) and the Commonwealth of Independent States (Azerbaijan, Belarus, Kazakhstan, Russia, Georgia, Armenia) and bonds of majority state-owned companies, in addition to which the Fund holds short-term and long-term Hungarian government securities for diversification and liquidity management purposes. The target weight for bond exposures in the Fund in the 16 countries listed (target countries) is 95%. We do not set a limit on debt classification in the Fund. The Fund may only conclude derivative transactions for hedging purposes, or in the interest of establishing an efficient portfolio. The Fund may also hold non-leveraged bond-type collective investment forms. The Fund may also take on significant foreign currency exposure, which is normally covered 100% by the Fund Manager in the target currency (USD), but depending on market conditions, the Fund may also hold open foreign currency positions.

MARKET SUMMARY

The ECB didn't make changes into its monetary policy last month. ECB President Lagarde stressed that the first rate cut to be made in the summer but left the door open to an early start to the easing cycle if the data supports the decision. The Eurozone composite PMI for January rose a tad but remained in contractionary territory. In the US, the economy expanded at a strong 3.3% YoY pace in Q4 '23, driven by personal consumption. Later in the month, the Fed also left its monetary policy unchanged, dropping its tightening bias and shifting to a neutral stance. The BoE made a similar move. All three central banks signalled that rate cuts are coming, but probably later than markets expect. In the US, the Employment Cost Index, the Fed's preferred measure of wage growth, pointed to easing wage pressures, while JOLTS job openings rose in December. EU GDP stagnated in the last quarter of 2023, whereas inflation decelerated slightly less than expected. UST and Bund yields fell 10-20bp due to concerns about US regional banks. Huge supply in the euro area was absorbed with very limited pressure on spreads. The January equity rally came to a halt. EUR-USD rebounded towards 1.09. The HUF reversed its losses as the NBH only cut by 75bp, while easing political risks helped the PLN. We slightly increased exposure to Romania and Hungary along with opening positions in Qatar and Saudi Arabia while other fund's positions remained unchanged throughout last month.

GENERAL INFORMATION

Fund Manager:	VIG Investment Fund Management Hungary
Custodian:	Unicredit Bank Hungary Zrt.
Main distributor:	VIG Investment Fund Management Hungary
Benchmark composition:	Fund has no benchmark
ISIN code:	HU0000724232
Start:	12/29/2020
Currency:	USD
Net Asset Value of the whole Fund:	3,690,960 EUR
Net Asset Value of U series:	90,247 USD
Net Asset Value per unit:	0.731571 USD

DISTRIBUTORS

Erste Investment Plc., 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	91.26 %
Corporate bonds	6.44 %
T-bills	0.97 %
Current account	2.36 %
Receivables	1.26 %
Liabilities	-0.51 %
Market value of open derivative positions	-1.76 %
Total	100,00 %
Derivative products	2.84 %
Net corrected leverage	100.00 %

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 →

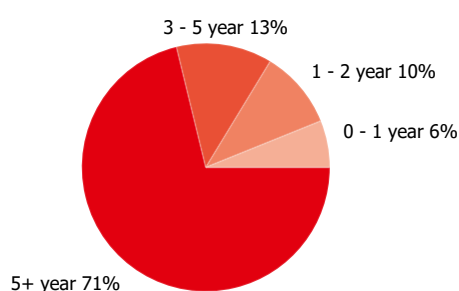
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NET YIELD PERFORMANCE OF THE SERIES

Interval	Yield of note	Benchmark yield
YTD	-1.22 %	
From launch	-9.62 %	
1 month	-1.22 %	
3 months	6.31 %	
2023	7.27 %	
2022	-26.99 %	
2021	-5.59 %	

Bonds by tenor:



NET PERFORMANCE OF THE SERIES

net asset value per share, 09/28/2022 - 01/31/2024



— VIG Emerging Europe Bond Investment Fund U series
— Benchmark

RISK INDICATORS

Annualized standard deviation of the fund's weekly yields-based on 1 year	9.07 %
Annualized standard deviation of the fund's weekly yields-based on 3 year	18.12 %
Annualized standard deviation of the fund's weekly yields-based on 5 year	17.94 %
WAM (Weighted Average Maturity)	7.20 years
WAL (Weighted Average Life)	9.17 years

TOP 10 POSITIONS

Asset	Type	Counterparty / issuer	Maturity	
TURKEY 6 03/25/27	interest-bearing	Turkish State	03/25/2027	7.48 %
MHP SA 6 1/4 09/19/29	interest-bearing	MHP Lux S.A.	09/19/2029	6.44 %
Republic of HUNGARY 2041/03/29 7,625% USD	interest-bearing	Államadósság Kezelő Központ	03/29/2041	6.20 %
ROMANI USD 2044/01/22 6,125%	interest-bearing	Romanian State	01/22/2044	5.42 %
UKRAIN 9 3/4 11/01/30	interest-bearing	Ukrainian State	11/01/2030	5.40 %
POLAND USD 2032/11/16 5,75%	interest-bearing	Polish State	11/16/2032	5.39 %
TURKEY 6 5/8 02/17/45	interest-bearing	Turkish State	02/17/2045	5.38 %
REPHUN 2032/09/22 6,25% USD	interest-bearing	Államadósság Kezelő Központ	09/22/2032	5.35 %
SERBIA 2033/09/26 6,5% USD	interest-bearing	Serbian State	09/26/2033	5.22 %
AZERBJ 4 3/4 03/18/24	interest-bearing	Republic of Azerbaijan	03/18/2024	5.08 %

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 | alapkezo@am.vig | www.vigam.hu