

VIG Emerging Europe Bond Investment Fund

B series HUF MONTHLY report - 2024 JUNE (made on: 06/30/2024)

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

French President called a snap parliamentary election after very weak results of the EU elections (the first round was held on 30 June and the final in a week after). The EU is about to impose additional tariffs on electric vehicles from China of 17-38% on top of an existing 10% tariff. The European Commission announced it intends to open excessive deficit procedures for seven countries, including France, Italy and Hungary. Eurozone PMIs for June came in below expectations and US retail sales for May surprised to the downside. The German Ifo disappointed as business expectations recorded their first decline in five months. The incumbent, US President Joe Biden, performed poorly in the first presidential debate. The SNB decided to cut its policy rate by 25bp to 1.25% at its June meeting, while the BoE and Norges Bank kept their monetary policy on hold. The Fed remained on hold, while Fed Chair Powell downplayed the importance of the change in the median dot, which indicates just one rate cut in 2024, from three previously. US CPI inflation surprised to the downside, with monthly core inflation the lowest since August 2021. US inflation data pushed the 10Y UST yield 20bp lower, and this also affected core EGBs. Political developments sent OAT-Bund spreads wider and contributed to the underperformance of European equities relative to their US peers, which marked new highs. EGBs and USTs mostly trod water amid a light data agenda and ahead of key releases and political events over the coming weeks. European corporate credit risk premiums moved within a very narrow range, and European stock markets traded sideways. The euro and sterling remained sluggish. USD-JPY hit new multi-year highs above 161. We initiated positions in Chilean and Uzbek sovereign bonds and slightly added to Romania, 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: | HU0000724240 |
| Start: | 12/29/2020 |
| Currency: | HUF |
| Net Asset Value of the whole Fund: | 6,032,883 EUR |
| Net Asset Value of B series: | 36,527,524 HUF |
| Net Asset Value per unit: | 0.782841 HUF |

ASSET ALLOCATION OF THE FUND

| Asset | Weight |
|--|-----------------|
| Government bonds | 97.36 % |
| Corporate bonds | 3.95 % |
| Current account | 4.66 % |
| Liabilities | -3.95 % |
| Market value of open derivative positions | -2.02 % |
| Total | 100.00 % |
| Derivative products | 7.28 % |
| Net corrected leverage | 100.00 % |
| Assets with over 10% weight | |
| There is no such instrument in the portfolio | |

DISTRIBUTORS

Erste Investment Plc., OTP Bank Nyrt., 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 |
|--------|--------|------|------|------|------|------|

RISK PROFILE

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

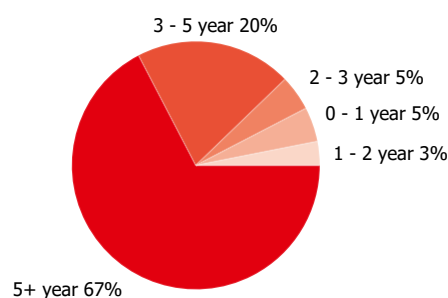
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NET YIELD PERFORMANCE OF THE SERIES

| Interval | Yield of note | Benchmark yield |
|-------------|---------------|-----------------|
| YTD | 3.12 % | |
| From launch | -6.75 % | |
| 1 month | 1.22 % | |
| 3 months | 0.26 % | |
| 2023 | 14.72 % | |
| 2022 | -30.82 % | |
| 2021 | -4.22 % | |

Bonds by tenor:



NET PERFORMANCE OF THE SERIES

net asset value per share, 12/29/2020 - 06/30/2024



RISK INDICATORS

| | |
|---|------------|
| Annualized standard deviation of the fund's weekly yields-based on 1 year | 8.70 % |
| Annualized standard deviation of the fund's weekly yields-based on 3 year | 18.83 % |
| Annualized standard deviation of the fund's weekly yields-based on 5 year | 17.59 % |
| WAM (Weighted Average Maturity) | 7.16 years |
| WAL (Weighted Average Life) | 9.95 years |

TOP 10 POSITIONS

| Asset | Type | Counterparty / issuer | Maturity | |
|---|------------------|-----------------------------|------------|--------|
| REPHUN 2032/09/22 6,25% USD | interest-bearing | Államadósság Kezelő Központ | 09/22/2032 | 6.51 % |
| Republic of HUNGARY 2041/03/29 7,625% USD | interest-bearing | Államadósság Kezelő Központ | 03/29/2041 | 5.94 % |
| AZERBJ 3 1/2 09/01/32 | interest-bearing | Republic of Azerbaijan | 09/01/2032 | 5.37 % |
| TURKEY 6 03/25/27 | interest-bearing | Turkish State | 03/25/2027 | 4.66 % |
| QATAR 3.4 04/16/25 | interest-bearing | State of Qatar | 04/16/2025 | 4.60 % |
| UKRAIN 9 3/4 11/01/30 | interest-bearing | Ukrainian State | 11/01/2030 | 4.01 % |
| TURKEY 7 5/8 04/26/29 | interest-bearing | Turkish State | 04/26/2029 | 4.01 % |
| MHPSA 6 1/4 09/19/29 | interest-bearing | MHP Lux S.A. | 09/19/2029 | 3.95 % |
| CHILE 4.85 01/22/29 visszahívható2028 | interest-bearing | Chilei Állam | 01/22/2029 | 3.91 % |
| POLAND USD2032/11/16 5,75% | interest-bearing | Polish State | 11/16/2032 | 3.80 % |

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