

VIG Polish Bond Investment Fund

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

INVESTMENT POLICY OF THE FUND

The objective of the investment fund is to make the Polish bond market accessible to the investors, and to function as a relatively stable, medium-risk investment form bringing steady real yields to our Clients on middle term already, without having to tie down their money for a fixed period of time. The Fund mainly invests in Polish government securities issued in zloty, however, the portfolio manager has some room to complement the portfolio with other bond-type investments. Our goal is to achieve the highest yield while taking the lowest risk. To make investment decisions we use the tools of both fundamental and technical analysis, and we take into consideration the investor sentiment on the markets at all times. The portfolio manager seeks out potential investment opportunities based on the macro-economical expectations, the expected yield curve, the return expected on the curve and the market volatility, and selects investments that are considered to be safe and bring relatively high yields in exchange for the risks taken. The Fund strives for complete exchange risk coverage of foreign currency exposure for the target currency.

MARKET SUMMARY

CPI data came lower than consensus expectation in May again (2,5% y/y vs 2,8% expected), which was the 6th consecutive downward surprise in Poland. The main part came from food prices and stronger currency, however core inflation dropped below 4% as well. Still, NBP did not change its rhetoric, just the opposite: probability of rate cuts is almost zero in 2024, and only Q2 2025 may bring the opportunity to easing, as it was stated by officials. Despite the fact, Polish short term yields declined a lot during June, almost totally due to technical factors (like there is no issuance from short papers and instead of outright auctions, there are more switch auctions in Poland), shortest maturities declining to a level which is around 100bps lower than the base rate. This of course improves valuation of longer tenors as well, along with much lower core yields and still low level of inflation. Technical part is quite strong: spreads improved significantly versus core markets and regional peers, Polish curve became quite steep, MinFin financed more than 70% of gross borrowing needs for 2024, while long term Polish yields are still close to peak levels seen in 2024. Redemption on local market will be quite significant in Poland in July as well. Foreign positioning is also very light. Global data points towards at least weakening of global growth, commodity prices decreased in recent month significantly, though oil prices rallied back after a weak May. All that said, we became more constructive for Polish duration.

GENERAL INFORMATION

| | |
|------------------------------------|--|
| Fund Manager: | VIG Investment Fund Management Hungary |
| Custodian: | Unicredit Bank Hungary Zrt. |
| Main distributor: | VIG Investment Fund Management Hungary |
| Benchmark composition: | 100% TBSP Index |
| ISIN code: | HU0000705256 |
| Start: | 05/11/2007 |
| Currency: | HUF |
| Net Asset Value of the whole Fund: | 15,875,335,810 HUF |
| Net Asset Value of A series: | 217,163,848 HUF |
| Net Asset Value per unit: | 1.888491 HUF |

DISTRIBUTORS

CIB BANK ZRT, Concorde Securities Ltd., Equilor Befektetési Zrt, Erste Investment Plc., Raiffeisen Bank cPlc., UniCredit Bank Hungary cPlc., VIG Asset Management Hungary Plc.

SUGGESTED MINIMUM INVESTMENT PERIOD

| | | | | | | |
|--------|--------|------|------|------|------|------|
| 3 mths | 6 mths | 1 yr | 2 yr | 3 yr | 4 yr | 5 yr |
|--------|--------|------|------|------|------|------|

ASSET ALLOCATION OF THE FUND

| Asset | Weight |
|---|-----------------|
| Government bonds | 60.22 % |
| Corporate bonds | 38.60 % |
| Current account | 1.13 % |
| Receivables | 0.08 % |
| Liabilities | -0.05 % |
| Market value of open derivative positions | 0.02 % |
| Total | 100,00 % |
| Derivative products | 1.71 % |
| Net corrected leverage | 100.00 % |

Assets with over 10% weight

| |
|--|
| POLGB 2032/04/25 1,75% (Polish State) |
| POLGB 2029/07/25 4,75% (Polish State) |
| BGOSK 07/03/25 1.25% (Bank Gospodarstwa Krajowego) |
| POLGB 2028/07/25 7,5% (Polish State) |

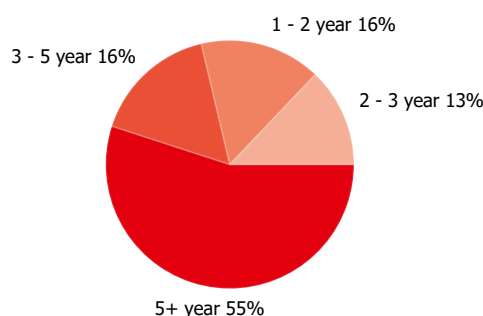
RISK PROFILE

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

NET YIELD PERFORMANCE OF THE SERIES

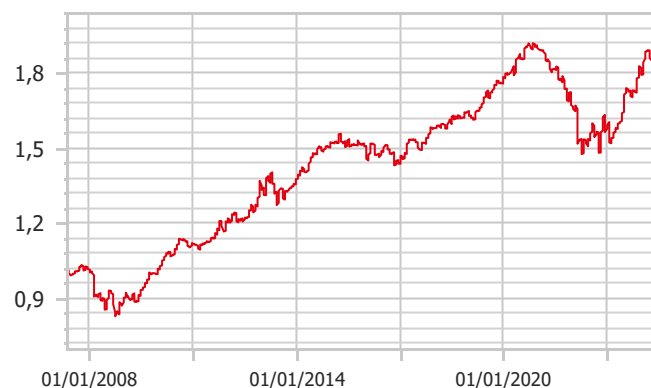
| Interval | Yield of note | Benchmark yield |
|-------------|---------------|-----------------|
| YTD | 3.89 % | 5.11 % |
| From launch | 3.78 % | 6.55 % |
| 1 month | 0.89 % | 1.10 % |
| 3 months | 0.00 % | 0.72 % |
| 2023 | 16.28 % | 16.35 % |
| 2022 | -8.27 % | 0.94 % |
| 2021 | -9.83 % | -8.59 % |
| 2020 | 7.66 % | 8.75 % |
| 2019 | 6.92 % | 7.79 % |
| 2018 | 4.20 % | 5.33 % |
| 2017 | 9.53 % | 10.82 % |
| 2016 | -4.68 % | -4.08 % |
| 2015 | -0.35 % | 1.10 % |
| 2014 | 11.85 % | 12.94 % |

Bonds by tenor:



NET PERFORMANCE OF THE SERIES

net asset value per share, 05/11/2007 - 06/30/2024



RISK INDICATORS

| | |
|--|------------|
| Annualized standard deviation of the fund's weekly yields-based on 1 year | 8.57 % |
| Annualized standard deviation of the benchmark's weekly yields-based on 1 year | 8.47 % |
| Annualized standard deviation of the fund's weekly yields-based on 3 year | 11.09 % |
| Annualized standard deviation of the fund's weekly yields-based on 5 year | 9.51 % |
| WAM (Weighted Average Maturity) | 4.26 years |
| WAL (Weighted Average Life) | 4.96 years |

TOP 10 POSITIONS

| Asset | Type | Counterparty / issuer | Maturity | |
|-------------------------|------------------|-----------------------------|------------|---------|
| POLGB 2032/04/25 1,75% | interest-bearing | Polish State | 04/25/2032 | 20.34 % |
| POLGB 2029/07/25 4,75% | interest-bearing | Polish State | 07/25/2029 | 14.81 % |
| BGOSK 07/03/25 1.25% | interest-bearing | Bank Gospodarstwa Krajowego | 07/03/2025 | 14.02 % |
| POLGB 2028/07/25 7,5% | interest-bearing | Polish State | 07/25/2028 | 10.57 % |
| POLGB 2027/05/25 3,75% | interest-bearing | Polish State | 05/25/2027 | 7.51 % |
| BGOSK 2030/06/05 2,125% | interest-bearing | Bank Gospodarstwa Krajowego | 06/05/2030 | 6.64 % |
| BGOSK 2027/04/27 1,875% | interest-bearing | Bank Gospodarstwa Krajowego | 04/27/2027 | 5.25 % |
| BGOSK Float 06/12/31 | interest-bearing | Bank Gospodarstwa Krajowego | 06/12/2031 | 5.16 % |
| BGOSK 2033/07/21 2,25% | interest-bearing | Bank Gospodarstwa Krajowego | 07/21/2033 | 3.59 % |
| POLGB 2033/10/25 6% | interest-bearing | Polish State | 10/25/2033 | 3.08 % |

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