

VIG Emerging Europe Bond Investment Fund

U series USD MONTHLY report - 2024 JULY (made on: 07/31/2024)

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

Early in the month, the ECB kept rates unchanged but seems like stays on track for another cut in the first month of autumn. Ursula von der Leyen was confirmed as president of the European Commission. The Republican convention nominated Donald Trump as its presidential candidate after the assassination attempt last month. Vice President Kamala Harris informally secured more delegates than the 1,976 needed for her to obtain the Democratic Party's nomination in the US presidential election. The EZ flash composite PMI for the last month surprised to the downside, indicating stalling activity at the beginning of Q3 '24. The German Ifo Business Climate Index fell significantly, with the deterioration being broad-based and the largest setback occurring in manufacturing. In the last week of July, the Fed kept rates on hold but indicated that it might cut rates at its next meeting. The BoE delivered a hawkish 25bp cut, while the BoJ continued to buck the global trend by hiking its policy rate to 0.25%. In the Eurozone, headline inflation inched higher, with core inflation stuck at 2.9% YoY, while GDP growth steadied at 0.3% QoQ in Q2 '24. Demand for core rates remained healthy, with Bund and UST yields declining by 15-25bp. The BTP-Bund spread widened. Focused on partly disappointing corporate earnings, the European stock market came under pressure, while the US market trod water. Credit spreads increased at the end of the month despite continued strong bank earnings. EUR-USD fell just below 1.08, while USD-JPY dropped below 150 following the BoJ's rate hike. EUR-HUF broke above 396, whereas EUR-CZK retreated from YTD highs. We initiated positions in Colombian sovereign bonds and switched to Poland from Qatar on more attractive valuations, 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:	5,976,838 EUR
Net Asset Value of U series:	381,947 USD
Net Asset Value per unit:	0.763166 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	96.83 %
Corporate bonds	3.90 %
Liabilities	-4.02 %
Receivables	3.78 %
Current account	0.80 %
Market value of open derivative positions	-1.29 %
Total	100.00 %
Derivative products	7.09 %
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 →

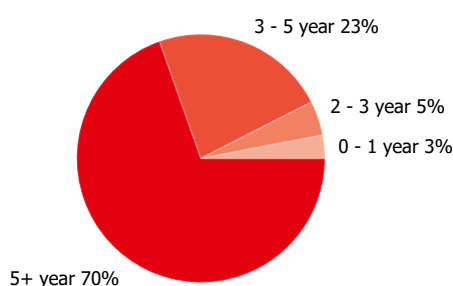
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NET YIELD PERFORMANCE OF THE SERIES

Interval	Yield of note	Benchmark yield
YTD	3.05 %	
From launch	-7.26 %	
1 month	1.89 %	
3 months	4.66 %	
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 - 07/31/2024



RISK INDICATORS

Annualized standard deviation of the fund's weekly yields-based on 1 year	8.25 %
Annualized standard deviation of the fund's weekly yields-based on 3 year	18.15 %
Annualized standard deviation of the fund's weekly yields-based on 5 year	16.65 %
WAM (Weighted Average Maturity)	7.54 years
WAL (Weighted Average Life)	10.41 years

TOP 10 POSITIONS

Asset	Type	Counterparty / issuer	Maturity	
REP HUN 2032/09/22 6,25% USD	interest-bearing	Government Debt Management Agency Pte. Ltd.	09/22/2032	6.62 %
POLAND USD 2029/03/18 4,625% call 2029/02/18	interest-bearing	Polish State	03/18/2029	6.30 %
Republic of HUNGARY 2041/03/29 7,625% USD	interest-bearing	Government Debt Management Agency Pte. Ltd.	03/29/2041	6.00 %
AZERBJ 3 1/2 09/01/32	interest-bearing	Republic of Azerbaijan	09/01/2032	5.46 %
TURKEY 6 03/25/27	interest-bearing	Turkish State	03/25/2027	4.72 %
UKRAIN 9 3/4 11/01/30	interest-bearing	Ukrainian State	11/01/2030	4.19 %
TURKEY 7 5/8 04/26/29	interest-bearing	Turkish State	04/26/2029	4.08 %
MHP SA 6 1/4 09/19/29	interest-bearing	MHP Lux S.A.	09/19/2029	4.04 %
CHILE 4.85 01/22/29 visszahívható2028	interest-bearing	Chilei Állam	01/22/2029	3.88 %
POLAND USD 2032/11/16 5,75%	interest-bearing	Polish State	11/16/2032	3.88 %

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