

VIG Czech Short Term Bond Investment Fund

I series CZK MONTHLY report - 2024 AUGUST (made on: 08/31/2024)

INVESTMENT POLICY OF THE FUND

The Fund aims to increase the value of its assets under management and to provide investors with a higher yield than Czech bank deposits and short-term bonds over a period of 1 to 2 years. No individual investor's decisions can be made in the Fund. The Fund Manager selects portfolio elements in accordance with the above principles. When making investment decisions, the tools of fundamental analysis and technical analysis are used, and the current market sentiment is also taken into account. The Fund primarily invests in discount treasury bills issued by the Czech State, sovereign bonds, bonds of quasi-sovereign companies, or bonds or deposit-like instruments issued by the Czech National Bank, the European Central Bank or the central bank of another Member State of the European Union. To a limited extent, the portfolio may include government securities, state-guaranteed bonds, corporate bonds (including those issued by financial institutions) and mortgage bonds with at least investment-grade credit rating. Investments may be made in Czech crowns or, to a limited extent, in other currencies. In the case of assets denominated in a currency other than Czech crowns, the Asset Manager shall strive to fully hedge foreign exchange risks (there cannot be a difference of more than 5% between the currency exposure of the derivative transaction and that of the asset to be hedged).

The Fund may enter into deposit and repo transactions, invest – to a limited extent – in units in collective investment undertakings, and derivatives may as well be used (for the purposes of hedging or building an efficient portfolio).

MARKET SUMMARY

The key event this month was the CNB meeting, focused on the size of the next rate cut. Below-forecast CPI and GDP data, along with comments from Deputy Governor Jan Frait, led markets to anticipate a possible 50bp cut. However, a weaker koruna and signals from other Bank Board members pointed toward a 25bp cut, which was ultimately confirmed by the CNB. All seven Board members supported the decision, accompanied by a cautiously hawkish tone. Governor Michl noted that a modest inflation undershoot would be "moderately welcome," and the Board now sees risks as broadly balanced but still some inflationary pressures in the economy can be seen, while signalling data-dependence. While a return to larger rate cuts was not explicitly ruled out, more likely to see the CNB adjusting the policy rate in smaller increments as it gets closer to the neutral level (3.0-3.5%). Interestingly, the CNB also raised the 3-Month PRIBOR path, expecting it to average 4.43% in 4Q 2024 and 3.59% in 4Q 2025, signaling continued restrictive policy. The latest 25bp rate cut brought the two-week repo rate to 4.50%, with three meetings remaining this year. That said, there is quite some dissonance between the CNB projection of tight monetary policy at the horizon of at least the next three quarters and the market view, which sees rates below the CNB trajectory. Later in August new CPI data revealed upside surprises in Czechia, Romania, and Serbia, driven by rising food prices and core inflation. Czech headline inflation rose to 2.2% in July, exceeding expectations, with core inflation at 2.3%, supporting the CNB'S hawkish stance. The Czech economy remains uncertain, with strong consumer spending offset by weak manufacturing, complicating the outlook. All in all, most likely the CNB will cut rates by 25bp at each of the remaining meetings this year, with risks skewed towards a pause at the final meeting in December, as uncertainty around the January repricing of goods and services may prompt the Board to show even more caution. However, deterioration in global macro data, more rate cuts by central banks could provide ammunition for more rate cuts later on. Despite the rather hawkish CNB and slightly higher headline CPI, global macro was the main driver this month, bringing Czech short term rates even lower in August.

GENERAL INFORMATION

Fund Manager:	VIG Investment Fund Management Hungary
Custodian:	Erste Bank Hungary Zrt.
Main distributor:	VIG Investment Fund Management Hungary
Benchmark composition:	Fund has no benchmark
ISIN code:	HU0000731799
Start:	07/03/2023
Currency:	CZK
Net Asset Value of the whole Fund:	39,694,541 CZK
Net Asset Value of I series:	24,561,770 CZK
Net Asset Value per unit:	1.058697 CZK

DISTRIBUTORS

Conseq Investment Management, a.s., 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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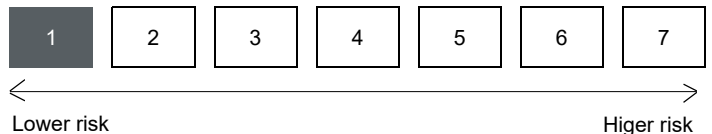
ASSET ALLOCATION OF THE FUND

Asset	Weight
Government bonds	68.23 %
T-bills	17.92 %
Current account	13.85 %
Receivables	0.04 %
Liabilities	-0.03 %
Total	100,00 %
Derivative products	0.00 %
Net corrected leverage	100.00 %

Assets with over 10% weight

CZGB 2025/09/17 2,4% (Czech state)
CZGB 2026/06/26 1% (Czech state)
CZGB 2024/12/12 0% (Czech state)
CZGB 2027/02/10 0,25% (Czech state)
CZGB 2026/02/26 6% (Czech state)

RISK PROFILE



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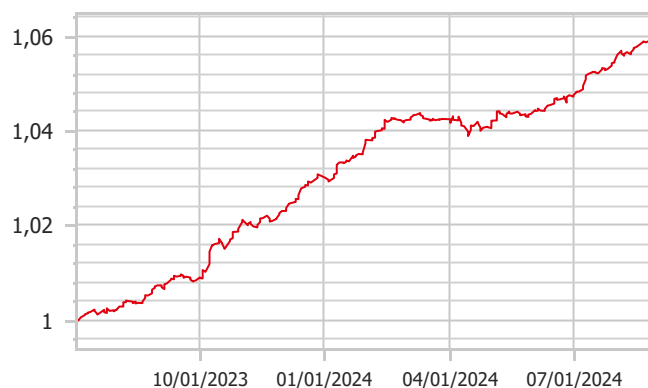
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NET YIELD PERFORMANCE OF THE SERIES

Interval	Yield of note	Benchmark yield
YTD	2.73 %	
From launch	5.03 %	
1 month	0.42 %	
3 months	1.46 %	

NET PERFORMANCE OF THE SERIES

net asset value per share, 07/03/2023 - 08/31/2024



RISK INDICATORS

Annualized standard deviation of the fund's weekly yields-based on 1 year	1.01 %
Annualized standard deviation of the fund's weekly yields-based on 3 year	0.97 %
Annualized standard deviation of the fund's weekly yields-based on 5 year	0.97 %
WAM (Weighted Average Maturity)	1.14 years
WAL (Weighted Average Life)	1.15 years

TOP 10 POSITIONS

Asset	Type	Counterparty / issuer	Maturity	
CZGB 2025/09/17 2,4%	interest-bearing	Czech state	09/17/2025	22.94 %
CZGB 2026/06/26 1%	interest-bearing	Czech state	06/26/2026	22.65 %
CZGB 2024/12/12 0%	zero coupon	Czech state	12/12/2024	17.93 %
CZGB 2027/02/10 0,25%	interest-bearing	Czech state	02/10/2027	12.23 %
CZGB 2026/02/26 6%	interest-bearing	Czech state	02/26/2026	10.21 %
CZGB 2025/02/14 1,25%	interest-bearing	Czech state	02/14/2025	0.25 %

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