# VIG Czech Short Term Bond Investment Fund

A series CZK MONTHLY report - 2024 SEPTEMBER (made on: 09/30/2024)



## 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 reportransactions, 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 Czech National Bank (CNB) reduced rates by another 25bps to 4.25% in late September, with all but one board member in favor. Governor Ales Michl noted that inflation had been higher than anticipated in recent months, prompting the need for a gradual reduction in interest rates. Persistent price growth in the service sector and tight labor market conditions remain key inflationary risks. Additionally, the renewed rise in real estate prices, along with an unexpected increase in the fiscal deficit, could further pressure inflation.

However, the CNB also highlighted significant anti-inflationary risks, including deteriorating global economic conditions and weaker performance in the German economy. Subdued demand from European trading partners, driven by both cyclical and structural factors, may justify more aggressive easing from the European Central Bank.

Some CNB members acknowledged that the rate-cutting process might pause as interest rates near their long-term neutral level. Despite the recent actions, core inflation risks remain, especially in the service sector, where price dynamics have shown resilience. The rise in non-tradable goods prices (excluding regulated prices) increased to 4.4% in August, and a potential uptick in market and imputed rents could become evident early next year. We still have 2 monetary policy meetings this year. As market pricing is quite stretched, there is a chance for disappointment, especially if US macro data

starts to improve. As a result we turned to a slightly more cautios positioning at the end of September.

### **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:	HU0000731781
Start:	07/03/2023
Currency:	СZК
Net Asset Value of the whole Fund:	42,258,681 CZK
Net Asset Value of A series:	17,639,537 CZK
Net Asset Value per unit:	1.054580 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

# ASSET ALLOCATION OF THE FUND Asset Weight Government bonds 71.01 % T bills 16.01 %

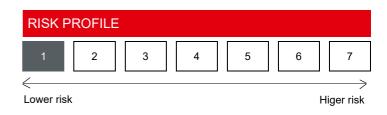
I-DIIIS	16.91 %
Current account	12.01 %
Receivables	0.09 %
Liabilities	-0.01 %
Total	100,00 %
Derivative products	0.00 %
Net corrected leverage	100.00 %
Assets with over 10% weight	

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)



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NET YIELD PERFORMANCE OF THE SERIES		
Interval	Yield of note	Benchmark yield
YTD	2.59 %	
From launch	4.37 %	
1 month	0.19 %	
3 months	1.18 %	

## NET PERFORMANCE OF THE SERIES

### net asset value per share, 07/03/2023 - 09/30/2024



1.03 %
0.96 %
0.96 %
1.08 years
1.09 years

TOP 10 POSITIONS			
Asset	Туре	Counterparty / issuer	Maturity
CZGB 2025/09/17 2,4%	interest-bearing	Czech state	09/17/2025 28.16 %
CZGB 2026/06/26 1%	interest-bearing	Czech state	06/26/2026 21.40 %
CZGB 2024/12/12 0%	zero coupon	Czech state	12/12/2024 16.90 %
CZGB 2027/02/10 0,25%	interest-bearing	Czech state	02/10/2027 11.56 %
CZGB 2026/02/26 6%	interest-bearing	Czech state	02/26/2026 9.64 %
CZGB 2025/02/14 1,25%	interest-bearing	Czech state	02/14/2025 0.24 %

#### Legal declaration

The recent document qualifies as Portfolio Report according to the Kbftv. 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 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