

VIG Developed Markets Government Bond Investment Fund

I series HUF MONTHLY report - 2024 DECEMBER (made on: 12/31/2024)

INVESTMENT POLICY OF THE FUND

The objective of the Fund is to create a highly defensive investment portfolio for its Investors, which typically invests in developed-market government bonds and related exchange-traded derivatives. According to the intentions of the Fund Manager, the bulk of the Fund's portfolio is made up of bonds issued by foreign states and foreign companies through public offerings. With regard to foreign securities, the Fund only purchases publicly traded securities listed on a foreign stock exchange. It keeps the planned share of non-investment grade securities low. The proportion of bonds that can be held in the Fund at any given time may reach the prevailing legal maximum. In order to ensure liquidity, the Fund may purchase Hungarian government securities (primarily discount treasury bills) and MNB bonds. The Fund Manager has the option, at its own discretion, of hedging all or part of its foreign exchange risks using forward currency positions subject to observing the applicable legal requirements.

MARKET SUMMARY

Following a 50 basis points rate cut in September and a 25bp cut in November, the FOMC balloted to lower the federal funds target range by another quarter of percent to 4.25-4.50% range. Given the FOMC's new dots projections against a setting of still strong GDP growth and sticky core inflation, the market now forecasts slower and fewer rate cuts ahead. Therefore, the December Fed meeting proved to be more hawkish than expected by the majority of the market participants. This prompted another rise in the U.S. Treasury yields and the U.S. Dollar, pressuring the long end of the curve, bond proxies and EM assets along. The rise in UST yields triggered a market environment, where virtually all asset classes have started to leak. Equity market breadth is already at very low levels though. Meanwhile, US growth expectations are being revised higher more aggressively, as are inflation expectations. Near-term earnings expectations for the S&P 500 are still low though.

Equity-to-bond yield correlations have moved into the negative again with markets being particularly sensitive to rising short-end rates - continued rises in bond yields without better growth might start to weigh more on equities and risky assets overall. Japanese equities have outperformed more than expected boosted by a much lower JPYUSD rate while EM and China equities performed poorly due to headwinds from weak macro data and tariffs. Within commodities oil has rallied while cyclical commodities such as Copper and Iron Ore suffered along with China assets. Gold has not suffered much from rising real yields. The Dollar broadly strengthened despite not weakening in November, in particular against cyclical G10 FX - this extends the 'stronger for longer' Dollar trend, which started in October and has come alongside rising implied FX vol.

We didn't make meaningful changes into the fund's allocation last month with only exception of a marginal relocation to the U.S. Treasuries from the U.K. Gilts, we still do not intend to run a currency risk, and therefore, FX exposure is hedged.

GENERAL INFORMATION

Fund Manager:	VIG Investment Fund Management Hungary
Custodian:	Erste Bank Hungary Zrt.
Main distributor:	VIG Investment Fund Management Hungary
Benchmark composition:	100% Bloomberg Global Treasury Majors ex Japan Total Return Index Unhedged USD
ISIN code:	HU0000724224
Start:	03/19/2021
Currency:	HUF
Net Asset Value of the whole Fund:	26,578,951,930 HUF
Net Asset Value of I series:	21,644,411,088 HUF
Net Asset Value per unit:	1.113452 HUF

ASSET ALLOCATION OF THE FUND

Asset	Weight
Government bonds	80.15 %
Corporate bonds	14.79 %
T-bills	4.20 %
Current account	0.94 %
Liabilities	-0.10 %
Receivables	0.03 %
Total	100,00 %
Derivative products	5.01 %
Net corrected leverage	101.91 %

Assets with over 10% weight

There is no such instrument in the portfolio

DISTRIBUTORS

SUGGESTED MINIMUM INVESTMENT PERIOD

3 mths	6 mths	1 yr	2 yr	3 yr	4 yr	5 yr
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RISK PROFILE

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

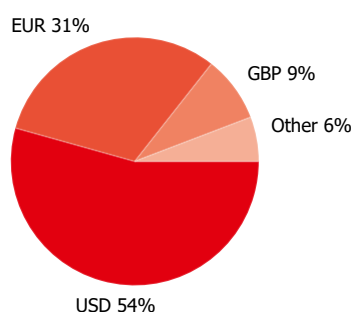
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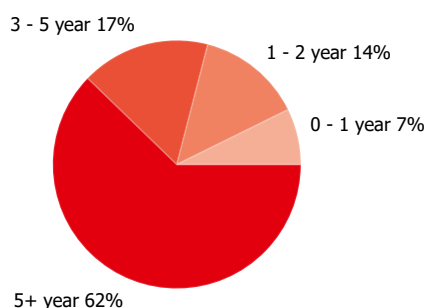
NET YIELD PERFORMANCE OF THE SERIES

Interval	Yield of note	Benchmark yield
YTD	10.72 %	10.42 %
From launch	2.88 %	3.26 %
1 month	-1.86 %	-1.84 %
3 months	4.31 %	4.22 %
2024	10.72 %	10.42 %
2023	-0.38 %	1.59 %
2022	-2.88 %	-2.82 %

Currency exposure:



Bonds by tenor:



NET PERFORMANCE OF THE SERIES

net asset value per share, 03/19/2021 - 12/31/2024



RISK INDICATORS

Annualized standard deviation of the fund's weekly yields- based on 1 year	7.24 %
Annualized standard deviation of the benchmark's weekly yields- based on 1 year	7.13 %
Annualized standard deviation of the fund's weekly yields- based on 3 year	12.67 %
Annualized standard deviation of the fund's weekly yields- based on 5 year	11.82 %
WAM (Weighted Average Maturity)	7.07 years
WAL (Weighted Average Life)	8.51 years

TOP 10 POSITIONS

Asset	Type	Counterparty / issuer	Maturity	
T 4 3/4 02/15/37	interest-bearing	USA	02/15/2037	9.70 %
USGB 2026/04 0,75%	interest-bearing	USA	04/30/2026	8.09 %
US Államkötvény 2031/02 5,375%	interest-bearing	USA	02/15/2031	7.23 %
US Treasury 08/15/29 1,625%	interest-bearing	USA	08/15/2029	6.10 %
ISPIM 5.71 01/15/26	interest-bearing	Intesa Sanpaolo Bank	01/15/2026	5.47 %
SOCGEN 5 5/8 06/02/33	interest-bearing	Societe Generale Paris	06/02/2033	5.15 %
USGB 2044/11/15 3%	interest-bearing	USA	11/15/2044	4.75 %
USGB 2028/02 2,75%	interest-bearing	USA	02/15/2028	4.58 %
BTPS 4.1 02/01/29	interest-bearing	Italian State	02/01/2029	4.47 %
US T-Bill 02/20/25	zero coupon	USA	02/20/2025	4.20 %

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