

# VIG Global Emerging Market Bond Investment Fund

U series USD MONTHLY report - 2024 DECEMBER (made on: 12/31/2024)

## 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

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.

Earlier in the month, we initiated positions in Bahrain and Nigeria long-end funded from positions in Hungary, UAE and Turkey; later, added to the Ukrainian positions along with cutting some exposure to Israel and Indonesia; slightly added to the positions in Ecuador and Ivory Coast along with a switch from Oman to KSA; further extension of positions in LatAm, Africa and Asia being envisaged.

## 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:	21,238,919 EUR
Net Asset Value of U series:	387,164 USD
Net Asset Value per unit:	0.765519 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	99.40 %
Corporate bonds	1.36 %
Current account	2.78 %
Liabilities	-0.26 %
Receivables	0.01 %
Market value of open derivative positions	-3.29 %
<b>Total</b>	<b>100,00 %</b>

Derivative products	1.41 %
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 →

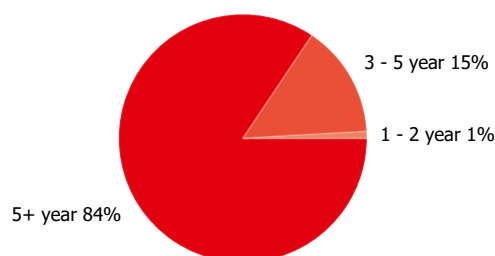
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## NET YIELD PERFORMANCE OF THE SERIES

Interval	Yield of note	Benchmark yield
YTD	3.37 %	
From launch	-6.45 %	
1 month	-1.96 %	
3 months	-2.96 %	
2024	3.37 %	
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 - 12/31/2024



## RISK INDICATORS

Annualized standard deviation of the fund's weekly yields-based on 1 year	5.87 %
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	15.77 %
WAM (Weighted Average Maturity)	8.65 years
WAL (Weighted Average Life)	12.64 years

## TOP 10 POSITIONS

Asset	Type	Counterparty / issuer	Maturity	
ARGENT 4 1/8 07/09/35 sinkable 2024/11/08	interest-bearing	Argentína	07/09/2035	5.98 %
TURKEY 2029/03/14 9,375% USD	interest-bearing	Turkish State	03/14/2029	4.86 %
KSA 5 1/4 01/16/50	interest-bearing	Saudi Arabian	01/16/2050	4.17 %
PANAMA 6 7/8 01/31/36 visszahívható 2035/10/31	interest-bearing	Panamai Köztársaság	01/31/2036	3.50 %
INDON 8 1/2 10/12/35	interest-bearing	Indonesian State	10/12/2035	3.43 %
BRAZIL 6 1/4 03/18/31	interest-bearing	Brazil Állam	03/18/2031	3.10 %
EGYPT 7 5/8 05/29/32	interest-bearing	Egyiptom	05/29/2032	3.01 %
CHILE 4.95 01/05/36 visszahívható2035	interest-bearing	Chilei Állam	01/05/2036	2.86 %
KSA 3 5/8 03/04/28	interest-bearing	Saudi Arabian	03/04/2028	2.85 %
COLOM 8 2033/04/20 visszahívható 2033/01/20	interest-bearing	Kolumbia	04/20/2033	2.82 %

### 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 | alapkezeslo@am.vig | www.vigam.hu