

# VIG Ozon Annual Capital Protected Investment Fund

A series HUF MONTHLY report - 2024 FEBRUARY (made on: 02/29/2024)

## INVESTMENT POLICY OF THE FUND

The Fund aims to achieve a higher return than that of short-term bonds by investing in bonds of low volatility and limited-risk profile issued or guaranteed by certain specified states, quasi-sovereign corporations, national banks or supranational institutions. The Fund invests most of its available assets in low-risk instruments, i.e. bonds issued or guaranteed by the Hungarian state or states with a credit rating at least equal to or better than the latter's latest rating (or by their debt management agencies), quasi-sovereign companies, national banks or supranational institutions. The Fund may hold bank deposits, or cash, and enter into repo and reverse repo transactions. The maximum interest rate risk with respect to the Fund as a whole (i.e. its duration) is 3 years, while the weighted average maturity of the individual securities is a maximum of 10 years. For bonds denominated in currencies other than Hungarian forint, the asset manager seeks to fully hedge the foreign exchange risk, and may only deviate from this at the expense of risky assets (i.e. in the case of foreign exchange under/over-hedging). The Fund uses a small portion of its available assets to purchase risky instruments – domestic and foreign equities, equity indexes, higher risk bonds, foreign exchange, commodity market products and collective investment securities on the spot and futures markets. The Fund may enter into both long and short trades. Based on the approach followed when purchasing risky assets, the Fund is an absolute return fund: it selects investment options with the best possible expected return/risk ratio from the options available to it on the domestic and international money and capital markets. There is no possibility for making individual investor decisions in respect of the Fund.

## MARKET SUMMARY

In the US, the most important market event remains the Federal Reserve's interest rate meeting and the subsequent press conference. Investors will be trying to guess when the Fed will cut rates for the first time and how many rate cuts there will be in 2024. At the rate-setting meeting, it was decided not to cut interest rates just yet as inflation is falling, but there are signs that inflation could rise again in the future. According to the central bank president, "it would be inappropriate to lower interest rates before there is greater certainty that inflation is on a sustainable path towards the 2% target".

The Hungarian National Bank cut its key interest rate by 100 basis points to 9.00% in January. The decision was not unanimous, but according to the bank's vice-president Barnabas Virág, a large majority supported the higher rate cut. The decision was heavily influenced by the fact that inflation has fallen faster than market and central bank expectations, and that although global political risks remain, but these have not led to an increase in energy prices. Consumer prices rose by 3.8% year-on-year in January, bringing inflation within the central bank's tolerance band. According to the Vice-President's forecast, the key interest rate will be lowered to 6-7% by the end of the first half of the year.

February was an exciting month for the Fund, with active trading throughout the month. At the beginning of the month, we took profits on our futures position on the Polish WIG20 stock index as the index rose by over 8% in a very short period of time, reaching our target price and we closed the position in two tranches. Later in the month, taking into account the good risk/return opportunities and the euphoria/overhang in the equity markets and the negative seasonality in the second half of February, we opened a short position in the German DAX stock index and bought put options on the US S&P 500 stock index, but later on the good macro data pushed the price of risky assets further up and we closed these positions due to tight risk management. The WIG20 broke out of its previous range, so again with strict risk management we opened another long position, but a much smaller one than before, which we closed when the price fell back to our entry level.

As far as interest rate risk is concerned, we remained more cautious, even though the Hungarian National Bank accelerated the cycle of interest rate cuts, which inevitably led to a significant weakening of the HUF, making investors uncertain about how deep the Hungarian central bank will be able to cut rates. As a result, Hungarian short yields have tended to move higher and we have invested a significant portion of our capital in short Eurozone government bonds with full currency risk hedging, which still offer better returns than comparable Hungarian short government bonds.

Overall, we ended the month with a slightly higher return than benchmark.

## GENERAL INFORMATION

Fund Manager:	VIG Investment Fund Management Hungary
Custodian:	Unicredit Bank Hungary Zrt.
Main distributor:	VIG Investment Fund Management Hungary
Benchmark composition:	100% RMAX Index + 0.5%
ISIN code:	HU0000705157
Start:	03/19/2007
Currency:	HUF
Net Asset Value of the whole Fund:	4,559,337,211 HUF
Net Asset Value of A series:	1,836,004,288 HUF
Net Asset Value per unit:	2.013815 HUF

## DISTRIBUTORS

CIB BANK ZRT, Concorde Securities Ltd., Equilor Befektetési Zrt, Erste Investment Plc., MBH Befektetési Bank Zrt, OTP Bank Nyrt., Raiffeisen Bank cPlc., SPB Befektetési Zrt., UniCredit Bank Hungary cPlc., 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
T-bills	40.92 %
Government bonds	36.05 %
Corporate bonds	22.83 %
Current account	0.81 %
Liabilities	-0.03 %
Market value of open derivative positions	-0.58 %
<b>Total</b>	<b>100,00 %</b>
Derivative products	42.52 %
Net corrected leverage	101.36 %

### Assets with over 10% weight

BTF 0 04/17/24 (French state)

2024C (Államadósság Kezelő Központ)

## RISK PROFILE

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

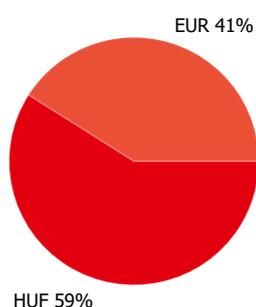
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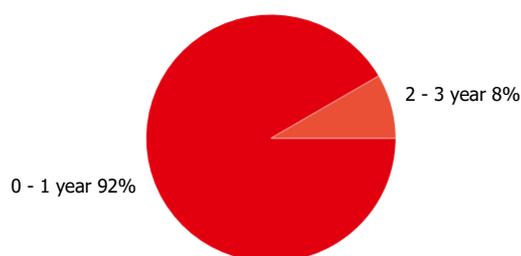
## NET YIELD PERFORMANCE OF THE SERIES

Interval	Yield of note	Benchmark yield
YTD	1.19 %	1.25 %
From launch	4.22 %	4.59 %
1 month	0.38 %	0.49 %
3 months	2.33 %	2.85 %
2023	14.66 %	15.77 %
2022	5.54 %	3.53 %
2021	-1.17 %	-0.10 %
2020	0.89 %	0.92 %
2019	0.50 %	0.74 %
2018	0.08 %	0.81 %
2017	0.30 %	0.22 %
2016	1.14 %	1.22 %
2015	1.74 %	1.50 %
2014	3.75 %	3.31 %

### Currency exposure:

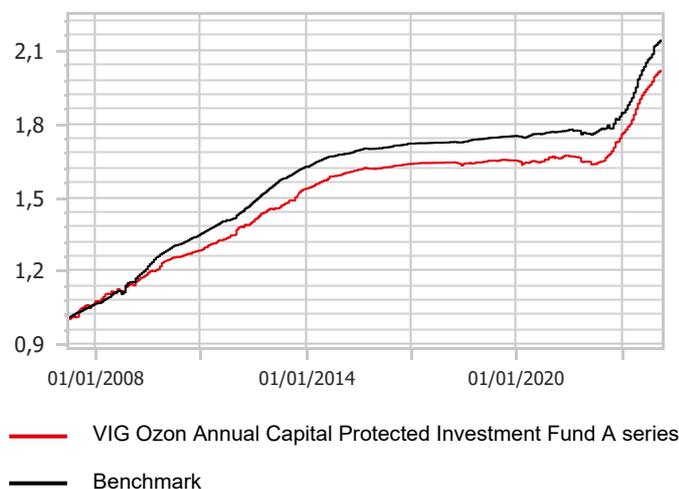


### Bonds by tenor:



## NET PERFORMANCE OF THE SERIES

net asset value per share, 03/19/2007 - 02/29/2024



## RISK INDICATORS

Annualized standard deviation of the fund's weekly yields-based on 1 year	1.16 %
Annualized standard deviation of the benchmark's weekly yields- based on 1 year	1.29 %
Annualized standard deviation of the fund's weekly yields-based on 3 year	1.46 %
Annualized standard deviation of the fund's weekly yields-based on 5 year	1.65 %
WAM (Weighted Average Maturity)	0.41 years
WAL (Weighted Average Life)	0.42 years

## TOP 10 POSITIONS

Asset	Type	Counterparty / issuer	Maturity	
BTF 0 04/17/24	zero coupon	French state	04/17/2024	25.63 %
Magyar Államkötvény 2024/C	interest-bearing	Államadósság Kezelő Központ	10/24/2024	21.63 %
MAEXIM 16 03/14/24	interest-bearing	Hungarian Export-Import Bank cPlc.	03/14/2024	9.37 %
MAEXIM 10 11/27/24	interest-bearing	Hungarian Export-Import Bank cPlc.	11/27/2024	7.32 %
2026H	interest-bearing	Államadósság Kezelő Központ	10/21/2026	6.58 %
BTF 0 05/02/24	zero coupon	French state	05/02/2024	6.40 %
WIG20 INDEX FUT Mar24 Buy	derivative	Raiffeisen Hun	03/15/2024	1.35 %
MAEXIM 11 10/02/24	interest-bearing	Hungarian Export-Import Bank cPlc.	10/02/2024	1.17 %
S&P500 EMINI OPTN Mar24P 4300 Buy	derivative	Erste Bef. Hun	03/15/2024	0.00 %

## 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