

# VIG Developed Market Short Term Bond Investment Fund

UI series USD MONTHLY report - 2024 JULY (made on: 07/31/2024)

## INVESTMENT POLICY OF THE FUND

The aim of the Fund is to increase the euro savings held in the Fund, while assuming low interest-rate and credit risk. The Fund mainly buys short-term, euro-denominated bonds of investment-grade issuers, and aims to generate a return for investors through interest income and price gains on them. The Fund Manager invests the savings held in the Fund in short-term bonds denominated in euros. The Fund Manager assumes a low interest-rate risk; the modified duration of the portfolio is more than 6 months, but may not be higher than 2.5 years. The Fund also follows a cautious strategy in terms of assuming credit risk, investing a maximum of just 10% of its assets in bonds of non-investment grade or non-credit rated issuers. The Fund primarily invests in developed-market government securities, but this can also be supplemented by credit-institution, corporate and/or municipal bonds, as well as by term deposits and repo transactions. The Fund can also invest a small part of its portfolio in emerging markets. In addition, the Fund may invest in collective investment forms, and can fine-tune the design of its portfolio through the use of derivatives (stock-exchange and OTC transactions). The Fund invests exclusively in securities denominated in euros, and may hold currency assets in bank deposits or bank accounts only for the purpose of liquidity management and currency hedging. It is not possible to make individual investor decisions in the Fund. No individual investor's decisions can be made in the Fund.

## MARKET SUMMARY

Early in the month, the ECB kept rates unchanged but seems like stays on track for another cut in the first month of autumn. Ursula von der Leyen was confirmed as president of the European Commission. The Republican convention nominated Donald Trump as its presidential candidate after the assassination attempt last month. Vice President Kamala Harris informally secured more delegates than the 1,976 needed for her to obtain the Democratic Party's nomination in the US presidential election. The EZ flash composite PMI for the last month surprised to the downside, indicating stalling activity at the beginning of Q3 '24. The German Ifo Business Climate Index fell significantly, with the deterioration being broad-based and the largest setback occurring in manufacturing. In the last week of July, the Fed kept rates on hold but indicated that it might cut rates at its next meeting. The BoE delivered a hawkish 25bp cut, while the BoJ continued to buck the global trend by hiking its policy rate to 0.25%. In the Eurozone, headline inflation inched higher, with core inflation stuck at 2.9% YoY, while GDP growth steadied at 0.3% QoQ in Q2 '24. Demand for core rates remained healthy, with Bund and UST yields declining by 15-25bp. The BTP-Bund spread widened. Focused on partly disappointing corporate earnings, the European stock market came under pressure, while the US market trod water. Credit spreads increased at the end of the month despite continued strong bank earnings. EUR-USD fell just below 1.08, while USD-JPY dropped below 150 following the BoJ's rate hike. EUR-HUF broke above 396, whereas EUR-CZK retreated from YTD highs. We adjusted bonds' selection in Austrian, Spanish, French and EU positions without meaningful changes of positioning as well as switched from Lithuania to Latvia, from Belgium to Netherlands and initiated positions in Slovak government bonds on better valuations, amid stayed positive towards asset class overall.

## GENERAL INFORMATION

|                                    |  |
|------------------------------------|--|
| Fund Manager:                      | VIG Investment Fund Management Hungary |
| Custodian:                         | Raiffeisen Bank Zrt.                   |
| Main distributor:                  | VIG Investment Fund Management Hungary |
| Benchmark composition:             | Fund has no benchmark                  |
| ISIN code:                         | HU0000732052                           |
| Start:                             | 10/03/2023                             |
| Currency:                          | USD                                    |
| Net Asset Value of the whole Fund: | 33,557,619 EUR                         |
| Net Asset Value of UI series:      | 10,378 USD                             |
| Net Asset Value per unit:          | 1.037793 USD                           |

## DISTRIBUTORS

## 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                          | 88.36 %         |
| Corporate bonds                           | 9.59 %          |
| T-bills                                   | 1.39 %          |
| Receivables                               | 1.46 %          |
| Liabilities                               | -1.44 %         |
| Current account                           | 0.64 %          |
| Market value of open derivative positions | 0.00 %          |
| <b>Total</b>                              | <b>100,00 %</b> |
| Derivative products                       | 14.12 %         |
| Net corrected leverage                    | 103.44 %        |
| Assets with over 10% weight               |                 |
| BTPS 6 1/2 11/01/27 (Italian State)       |                 |

## 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         | 1.34 %        |                 |
| From launch | 3.78 %        |                 |
| 1 month     | 1.19 %        |                 |
| 3 months    | 1.82 %        |                 |
| 6 months    | 1.29 %        |                 |

## NET PERFORMANCE OF THE SERIES

net asset value per share, 10/03/2023 - 07/31/2024



## RISK INDICATORS

|   |            |
|---|------------|
| Annualized standard deviation of the fund's weekly yields-based on 1 year | 1.33 %     |
| Annualized standard deviation of the fund's weekly yields-based on 3 year | 1.33 %     |
| Annualized standard deviation of the fund's weekly yields-based on 5 year | 1.33 %     |
| WAM (Weighted Average Maturity)   | 2.16 years |
| WAL (Weighted Average Life)   | 2.24 years |

## TOP 10 POSITIONS

| Asset                              | Type             | Counterparty / issuer                 | Maturity   |         |
|------------------------------------|------------------|---------------------------------------|------------|---------|
| BTPS 6 1/2 11/01/27                | interest-bearing | Italian State                         | 11/01/2027 | 15.45 % |
| FRTR 2,5% 09/24/26                 | interest-bearing | French state                          | 09/24/2026 | 9.99 %  |
| EURO-SCHATZ FUT Sep24 Buy          | derivative       | Raiffeisen Hun                        | 09/06/2024 | 9.48 %  |
| FRTR 1 05/25/27                    | interest-bearing | French state                          | 05/25/2027 | 6.84 %  |
| SPGB 2027/10/31 1,45%              | interest-bearing | Spanish State                         | 10/31/2027 | 6.50 %  |
| EFSF 02/17/25 0,4%                 | interest-bearing | European Financial Stability Facility | 02/17/2025 | 5.29 %  |
| Francia Államkötvény 2025/10 6,00% | interest-bearing | French state                          | 10/25/2025 | 4.84 %  |
| RAGB 0 1/2 04/20/27                | interest-bearing | Austrian State                        | 04/20/2027 | 4.52 %  |
| SPGB 2 1/2 05/31/27                | interest-bearing | Spanish State                         | 05/31/2027 | 4.02 %  |
| PGB 2,875 10/15/25                 | interest-bearing | Portuguase State                      | 10/15/2025 | 3.35 %  |

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