

# VIG Alfa Absolute Return Investment Fund

PI series PLN MONTHLY report - 2024 SEPTEMBER (made on: 09/30/2024)

## INVESTMENT POLICY OF THE FUND

The aim of the fund is to achieve a substantial yield for investors by taking high risks and making active use of derivative positions. The Fund applies special investment strategies used by hedge funds to establish its strategy. The fund is willing to buy or sell all available investment instruments - domestic and foreign bonds (treasury bonds, discounted treasury bills, bonds issued by the National Bank of Hungary, as well as low-risk bank and corporate bonds expected to bring higher yields than the state securities) Equities and other securities, indices and currencies - provided it sees the opportunity to make substantial gains – up to the maximum limit allowed by the law, which allows double leverage for the Fund. In its investment decisionmaking mechanism, the Fund considers fundamental pricing, technical and behavioral psychological factors To ensure liquidity the Fund aims to hold government securities issued by the State Debt Management Centre (ÁKK) on behalf of the State of Hungary.

## MARKET SUMMARY

US equity markets started September at near-peak levels in a seasonally weak September, but saw a significant correction in the middle of the month. The soft-landing narrative held at the beginning of the month as the inflation was lower than expected. Investors waited for the Fed rate decision with more attention than usual, and a 25 bps cut in line with the soft-landing was more likely at the beginning of the month. This was supported by positive macro data such as low inflation and GDP growth forecasts. However, the labor market data showed a worrying sign, with employment growth slowing down, leading the Fed to finally cut rates by 50 basis points. The stock market reacted positively to the higher cut. The decision contributed to a temporary weakening of the dollar and a decline in short term yields. In Hungary, the gradual moderation in inflation was a positive, but the slowdown in Hungarian exports, especially of automotive products, further worsened the economic outlook. The forint exchange rate fluctuated, mainly due to uncertainties surrounding international interest rate decisions. Overall sentiment was strongly influenced by the international economic slowdown and fears of a recession in Europe. Easing energy prices helped the Hungarian economy, but industrial production and domestic consumption remained under pressure, limiting the growth potential of markets. The MNB cut its base rate by another 25 basis points to 6.50%.

In September, the Fund continued to gain on the back of falling regional bond yields and a weakening forint. During the month, we took profits in Richter and OTP, but overall we slightly increased our equity weight by buying regional equities, although maintained our hedge position on the S&P500 index and increased our exposure to the weakening forint against USD and EUR. We have become more optimistic in the short term on the back of the Fed's 50-point rate cut and the Chinese capital market and economic stimulus, but we continue to see the greatest return potential in long regional EUR denominated government bonds, and we do not intend to change the Fund's risk level as the geopolitical situation continues to deteriorate.

## GENERAL INFORMATION

|                                    |  |
|------------------------------------|--|
| Fund Manager:                      | VIG Investment Fund Management Hungary |
| Custodian:                         | Unicredit Bank Hungary Zrt.            |
| Main distributor:                  | VIG Investment Fund Management Hungary |
| Benchmark composition:             | Hurdle rate, annual 6.5%               |
| ISIN code:                         | HU0000727383                           |
| Start:                             | 09/07/2021                             |
| Currency:                          | PLN                                    |
| Net Asset Value of the whole Fund: | 50,447,289,273 HUF                     |
| Net Asset Value of PI series:      | 1,867,825 PLN                          |
| Net Asset Value per unit:          | 1.187939 PLN                           |

## DISTRIBUTORS

Vienna Life TU na Zycie S.A. Vienna Insurance Group

## ASSET ALLOCATION OF THE FUND

| Asset   | Weight          |
|---|-----------------|
| Government bonds                                    | 45.96 %         |
| Corporate bonds                                     | 24.20 %         |
| International equities                              | 6.74 %          |
| Collective securities                               | 6.62 %          |
| Hungarian equities                                  | 6.34 %          |
| Deposit   | 9.83 %          |
| Liabilities   | -1.05 %         |
| Current account                                     | 0.70 %          |
| Receivables   | 0.58 %          |
| Market value of open derivative positions           | 0.08 %          |
| <b>Total</b>  | <b>100,00 %</b> |
| Derivative products                                 | 54.09 %         |
| Net corrected leverage                              | 104.75 %        |
| <b>Assets with over 10% weight</b>                  |                 |
| ROMANI EUR 2033/09/18 6,375% (Romanian State)       |                 |
| 2024C (Government Debt Management Agency Pte. Ltd.) |                 |

## SUGGESTED MINIMUM INVESTMENT PERIOD

|        |        |      |      |      |      |      |
|--------|--------|------|------|------|------|------|
| 3 mths | 6 mths | 1 yr | 2 yr | 3 yr | 4 yr | 5 yr |
|--------|--------|------|------|------|------|------|

## RISK PROFILE

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

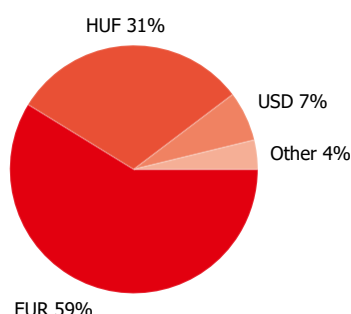
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## NET YIELD PERFORMANCE OF THE SERIES

| Interval    | Yield of note | Benchmark yield |
|-------------|---------------|-----------------|
| YTD         | 9.95 %        | 5.02 %          |
| From launch | 5.78 %        | 2.86 %          |
| 1 month     | 0.85 %        | 0.55 %          |
| 3 months    | 3.26 %        | 1.68 %          |
| 2023        | 19.63 %       | 2.93 %          |
| 2022        | -6.18 %       | 1.41 %          |

### Currency exposure:



## NET PERFORMANCE OF THE SERIES

net asset value per share, 09/07/2021 - 09/30/2024



## RISK INDICATORS

|   |            |
|---|------------|
| Annualized standard deviation of the fund's weekly yields- based on 1 year      | 2.66 %     |
| Annualized standard deviation of the benchmark's weekly yields- based on 1 year | 0.28 %     |
| Annualized standard deviation of the fund's weekly yields- based on 3 year      | 10.70 %    |
| Annualized standard deviation of the fund's weekly yields- based on 5 year      | 10.63 %    |
| WAM (Weighted Average Maturity)   | 2.92 years |
| WAL (Weighted Average Life)   | 3.84 years |

## TOP 10 POSITIONS

| Asset                                 | Type             | Counterparty / issuer                       | Maturity   |         |
|---------------------------------------|------------------|---|------------|---------|
| ROMANI EUR 2033/09/18 6,375%          | interest-bearing | Romanian State                              | 09/18/2033 | 19.09 % |
| Magyar Államkötvény 2024/C            | interest-bearing | Government Debt Management Agency Pte. Ltd. | 10/24/2024 | 14.01 % |
| HUF deposit                           | deposit          | OTP Bank                                    | 10/03/2024 | 9.92 %  |
| MNB241003                             | zero coupon      | Hungarian National Bank Plc.                | 10/03/2024 | 9.11 %  |
| Adventum MAGIS Zártkörű Alapok Alapja | investment note  | Adventum MAGIS Closed-End Funds             |            | 5.34 %  |
| ROMANI EUR 2029/09/27 6,625%          | interest-bearing | Romanian State                              | 09/27/2029 | 5.19 %  |
| USD/HUF 24.12.03 Forward Buy          | derivative       | ING Bank Hun                                | 12/03/2024 | 4.92 %  |
| USD/HUF 24.12.11 Forward Buy          | derivative       | OTP Bank                                    | 12/11/2024 | 4.92 %  |
| ROMANI EUR 2042/04/13 2,875%          | interest-bearing | Romanian State                              | 04/13/2042 | 4.35 %  |
| TVLRO 8 /7/8 04/27/27                 | interest-bearing | Banca Transilvania SA                       | 04/27/2027 | 2.86 %  |

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