

# VIG Alfa Absolute Return Investment Fund

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

## 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

The US equity market had an average performance in December, influenced by rising bond yields and mixed economic data. Although the S&P 500 and the Nasdaq index reached new all-time highs, led mainly by the technology sector, the year-end Santa Claus rally did not deliver the expected results. The ISM services sector index showed a solid growth picture, while labor market data indicated a balanced economy. The Fed's 25 basis point interest rate decision in December was in line with expectations, but Powell's speech suggested less rate cuts next year than expected. This caused a sell-off, that markets have not been able to recover from since. Some sectors, such as semiconductors, did not perform well for other reasons, partly explained by market overpricing and sector-specific uncertainties. In Europe, the German DAX index rose to a new high, supported by a favorable yield environment and expected interest rate cuts by the European Central Bank. But the German market also fell back by the end of December, caused by a political crisis like the one in France. The French market was held back by fiscal uncertainty and tensions around political conflicts, in particular a motion of no confidence in the government. Although weak PMI data indicated a slowdown in the Eurozone economy, investment stimulus statements and expected monetary easing improved sentiment in the cyclical sectors.

The Fund achieved a positive return in December despite a decline in the prices of regional equities and Romanian bonds held in the portfolio during the second half of the month. In the upcoming period, capital markets will be influenced by investors' anticipation of the inauguration of the U.S. president, which introduces significant uncertainty regarding the potential tariffs to be implemented. A new presidential administration is often accompanied by a negative equity market environment due to market uncertainties surrounding the transition. Investors generally dislike uncertainty. Optimism surrounding the largest stocks, their valuations, and market positioning is notably high, increasing the likelihood of a market correction in the first quarter. As a result, we opened a position betting on a decline in the Nasdaq at the end of the year to hedge our exposure to risky assets. We are not optimistic about the Hungarian forint and expect its exchange rate to weaken.

## 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 3.5%
ISIN code:	HU0000729538
Start:	07/13/2022
Currency:	USD
Net Asset Value of the whole Fund:	58,910,450,839 HUF
Net Asset Value of UI series:	1,096,578 USD
Net Asset Value per unit:	1.282811 USD

## DISTRIBUTORS

## ASSET ALLOCATION OF THE FUND

Asset	Weight
Government bonds	29.49 %
Corporate bonds	24.47 %
T-bills	16.93 %
International equities	10.44 %
Collective securities	8.19 %
Hungarian equities	7.50 %
Current account	2.10 %
Market value of open derivative positions	0.71 %
Receivables	0.51 %
Liabilities	-0.33 %
<b>Total</b>	<b>100.00 %</b>
Derivative products	85.32 %
Net corrected leverage	108.96 %
<b>Assets with over 10% weight</b>	
BTF 0 03/12/25 (French state)	
ROMANI EUR 2033/09/18 6,375% (Romanian State)	

## 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			

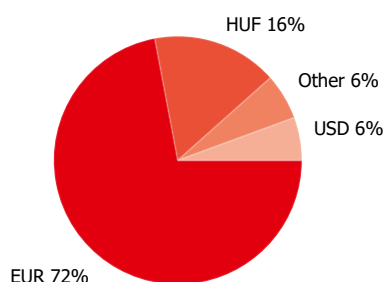
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## NET YIELD PERFORMANCE OF THE SERIES

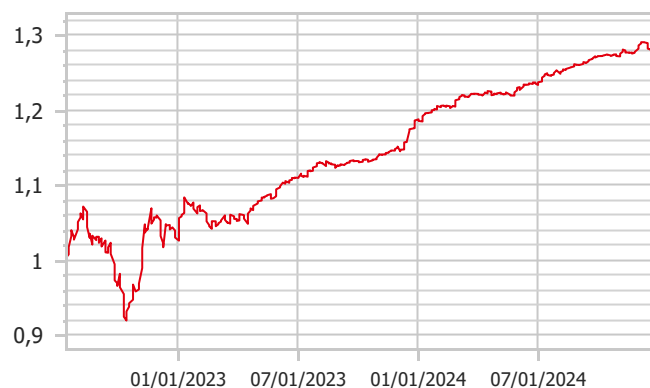
Interval	Yield of note	Benchmark yield
YTD	8.12 %	3.58 %
From launch	10.62 %	1.61 %
1 month	0.40 %	0.31 %
3 months	0.98 %	0.88 %
2024	8.12 %	3.58 %
2023	15.13 %	0.00 %

### Currency exposure:



## NET PERFORMANCE OF THE SERIES

net asset value per share, 07/13/2022 - 12/31/2024



## RISK INDICATORS

Annualized standard deviation of the fund's weekly yields-based on 1 year	2.29 %
Annualized standard deviation of the benchmark's weekly yields-based on 1 year	0.08 %
Annualized standard deviation of the fund's weekly yields-based on 3 year	7.93 %
Annualized standard deviation of the fund's weekly yields-based on 5 year	7.93 %
WAM (Weighted Average Maturity)	2.65 years
WAL (Weighted Average Life)	3.44 years

## TOP 10 POSITIONS

Asset	Type	Counterparty / issuer	Maturity	
BTF 0 03/12/25	zero coupon	French state	03/12/2025	16.97 %
ROMANI EUR 2033/09/18 6,375%	interest-bearing	Romanian State	09/18/2033	16.61 %
MNB250109	zero coupon	Hungarian National Bank Plc.	01/09/2025	9.24 %
EUR/JPY 25.03.24 Forward Sell	derivative	OTP Bank	03/24/2025	6.96 %
Adventum MAGIS Zártkörű Alapok Alapja	investment note	Adventum MAGIS Closed-End Funds		4.69 %
ROMANI EUR 2029/09/27 6,625%	interest-bearing	Romanian State	09/27/2029	4.58 %
ROMANI EUR 2042/04/13 2,875%	interest-bearing	Romanian State	04/13/2042	4.20 %
EUR/HUF 25.02.07 Forward Sell	derivative	ING Bank Hun	02/07/2025	4.18 %
RAIFFEISEN	share	Raiffeisen Bank International AG		3.34 %
Adventum SATIS EUR Zártkörű Alapok Alapja	investment note	Adventum Satis Closed-End Funds		2.81 %

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