VIG BondMaxx Total Return Bond Investment Fund

E series EUR MONTHLY report - 2024 DECEMBER (made on: 12/31/2024)

INVESTMENT POLICY OF THE FUND

The Fund is a total return investment fund that aims to create a portfolio consisting of bond-type assets through active portfolio management that achieves annualised capital growth for investors higher than the benchmark over a 3-year time horizon. It intends to achieve this objective primarily through asset allocation in global bond markets.
The Fund invests exclusively in bond-type instruments. The Fund's investment universe focuses on developed market government bonds, developed market corporate bonds, local currency emerging market government bonds and hard currency emerging market government and corporate bonds. The primary source of return for the Fund is asset allocation across bond-type asset classes. The asset allocation is based on an “investment clock” approach that uses economic data analysis to determine the position of major regions within a growth cycle. This is complemented by the forecasting of expected movements in real interest rates and inflation expectations, which are also crucial for the allocation across bond markets. Portfolio managers use all these as the basis for making allocation decisions, overweighting the best performing bond asset class in any current economic cycle based on experience and expectations. In the investment process, portfolio managers optimise the interest rate and credit risk of the overall fund and of the exposures to individual bond markets in order to achieve the investment objective.

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.
The fund still keeps its Ukrainian exposure (despite being adjusted in terms of securities selection on very strong performance), and waits for improvement in the Ukrainian-Russia war; a relocation out of the CEE corporate credit (MFB) took place to Argentina as well as we turned positive on TIPs in December, further intention to keep or to add to the current exposure to the core rates and/or EM credit markets stays in place.

GENERAL INFORMATION

Fund Manager:	VIG Investment Fund Management Hungary
Custodian:	Raiffeisen Bank Zrt.
Main distributor:	VIG Investment Fund Management Hungary
Benchmark composition:	Hurdle rate, annual 3.5%
ISIN code:	HU0000727037
Start:	09/14/2021
Currency:	EUR
Net Asset Value of the whole Fund:	15,985,538,430 HUF
Net Asset Value of E series:	775,627 EUR
Net Asset Value per unit:	0.865236 EUR

DISTRIBUTORS

OTP Bank Nyrt., SC Aegon ASIGURARI DE VIATA SA, VIG Asset Management Hungary Plc.

ASSET ALLOCATION OF THE FUND

Asset	Weight
Government bonds	62.80 %
Collective securities	23.02 %
Corporate bonds	13.54 %
T-bills	0.31 %
Current account	5.69 %
Liabilities	-0.49 %
Receivables	0.22 %
Market value of open derivative positions	-5.07 %
Total	**100,00 %**
Derivative products	113.43 %
Net corrected leverage	107.41 %

Assets with over 10% weight
There is no such instrument in the portfolio

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 — Higer risk

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NET YIELD PERFORMANCE OF THE SERIES

Interval	Yield of note	Benchmark yield
YTD	-0.62 %	3.58 %
From launch	-4.30 %	0.98 %
1 month	-1.83 %	0.31 %
3 months	-2.23 %	0.88 %
2024	-0.62 %	3.58 %
2023	2.97 %	0.00 %
2022	-13.63 %	0.00 %

NET PERFORMANCE OF THE SERIES

net asset value per share, 07/14/2022 - 12/31/2024

RISK INDICATORS

Annualized standard deviation of the fund's weekly yields- based on 1 year	4.39 %
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	6.95 %
Annualized standard deviation of the fund's weekly yields- based on 5 year	6.67 %
WAM (Weighted Average Maturity)	5.06 years
WAL (Weighted Average Life)	6.51 years

TOP 10 POSITIONS

Asset	Type	Counterparty / issuer	Maturity	
US 5YR NOTE (CBT) Mar25 Buy	derivative	Raiffeisen Hun	03/31/2025	10.47 %
iShares Core EUR Corp Bond UCITS ETF	investment note	iShares Core EUR Corp Bond UCITS ETF		7.85 %
iShares USD Corp Bond UCITS ETF	investment note	iShares USD Corp Bond UCITS ETF		7.43 %
USGB 2033/11 4,5%	interest-bearing	USA	11/15/2033	5.92 %
iShares USD Short Duration Corp Bond UCITS ETF	investment note	iShares USD Short Duration Corp Bond UCITS ETF		5.08 %
MOL 2027/10/08 1,5%	interest-bearing	MOL Plc.	10/08/2027	4.39 %
LONG GILT FUTURE Mar25 Buy	derivative	Raiffeisen Hun	03/27/2025	4.28 %
UAE 4,05% 07/07/32	interest-bearing	United Arab Emirates	07/07/2032	3.56 %
CROATI 2035/06/14 4% EUR	interest-bearing	Republic of Croatia	06/14/2035	3.40 %
UKT 0,125% 01/30/26	interest-bearing	United Kingdom	01/30/2026	3.27 %

Legal declaration

The recent document qualifies as Portfolio Report according to the Kbftv. 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