VIG BondMaxx Total Return Bond Investment Fund

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

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

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. The fund still keeps its Ukrainian exposure (despite being decreased a bit on very strong YtD performance), and waits for improvement in the Ukrainian-Russia war; the fund proceeded to relocate some of the duration to the EM credit space along with a slight decrease of the exposure to the core markets, in this light, we opened positions in Brazilian, Polish and Colombian sovereigns, added to the US treasuries exposure via switch from TIPS to the cash bonds, along with a slight decrease of exposures to Romania, Netherlands, Italy and 1 profit taking in the Ukrainian positions after positive restructuring news, further intention to keep or to add to the current exposure to the core rates and/or EM credit markets while decreasing Hungarian risk 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%
ISIN code:	HU0000727045
Start:	09/14/2021
Currency:	USD
Net Asset Value of the whole Fund:	15,611,430,632 HUF
Net Asset Value of U series:	445,128 USD
Net Asset Value per unit:	0.878066 USD

DISTRIBUTORS

VIG Asset Management Hungary Plc.

ASSET ALLOCATION OF THE FUND

Asset	Weight
Government bonds	55.45 %
Collective securities	20.73 %
Corporate bonds	17.91 %
T-bills	1.97 %
Mortgage debentures	1.44 %
Liabilities	-8.25 %
Receivables	7.58 %
Current account	2.95 %
Market value of open derivative positions	0.24 %
Total	**100,00 %**
Derivative products	118.93 %
Net corrected leverage	111.19 %

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	-0.50 %	1.78 %
From launch	-4.42 %	0.82 %
1 month	1.81 %	0.27 %
3 months	3.34 %	0.76 %
2023	7.21 %	0.88 %
2022	-16.13 %	0.00 %

NET PERFORMANCE OF THE SERIES

net asset value per share, 09/14/2021 - 07/31/2024

RISK INDICATORS

Annualized standard deviation of the fund's weekly yields- based on 1 year	4.87 %
Annualized standard deviation of the benchmark's weekly yields- based on 1 year	0.15 %
Annualized standard deviation of the fund's weekly yields- based on 3 year	6.91 %
Annualized standard deviation of the fund's weekly yields- based on 5 year	6.91 %
WAM (Weighted Average Maturity)	4.43 years
WAL (Weighted Average Life)	5.54 years

TOP 10 POSITIONS

Asset	Type	Counterparty / issuer	Maturity	
US 5YR NOTE (CBT) Sep24 Buy	derivative	Raiffeisen Hun	09/30/2024	20.97 %
iShares Core EUR Corp Bond UCITS ETF	investment note	iShares Core EUR Corp Bond UCITS ETF		7.58 %
iShares USD Corp Bond UCITS ETF	investment note	iShares USD Corp Bond UCITS ETF		7.23 %
USGB 2033/11 4,5%	interest-bearing	USA	11/15/2033	4.90 %
iShares USD Short Duration Corp Bond UCITS ETF	investment note	iShares USD Short Duration Corp Bond UCITS ETF		4.74 %
LONG GILT FUTURE Sep24 Buy	derivative	Raiffeisen Hun	09/26/2024	4.47 %
MOL 2027/10/08 1,5%	interest-bearing	MOL Plc.	10/08/2027	4.28 %
EU 12/04/30 3,125%	interest-bearing	European Union	12/04/2030	3.51 %
UAE 4,05% 07/07/32	interest-bearing	United Arab Emirates	07/07/2032	3.40 %
MFB 2025/06/24 1,375% EUR	interest-bearing	Hungarian Investment Bank cPlc.	06/24/2025	3.22 %

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