

# VIG HOUSE VIEW

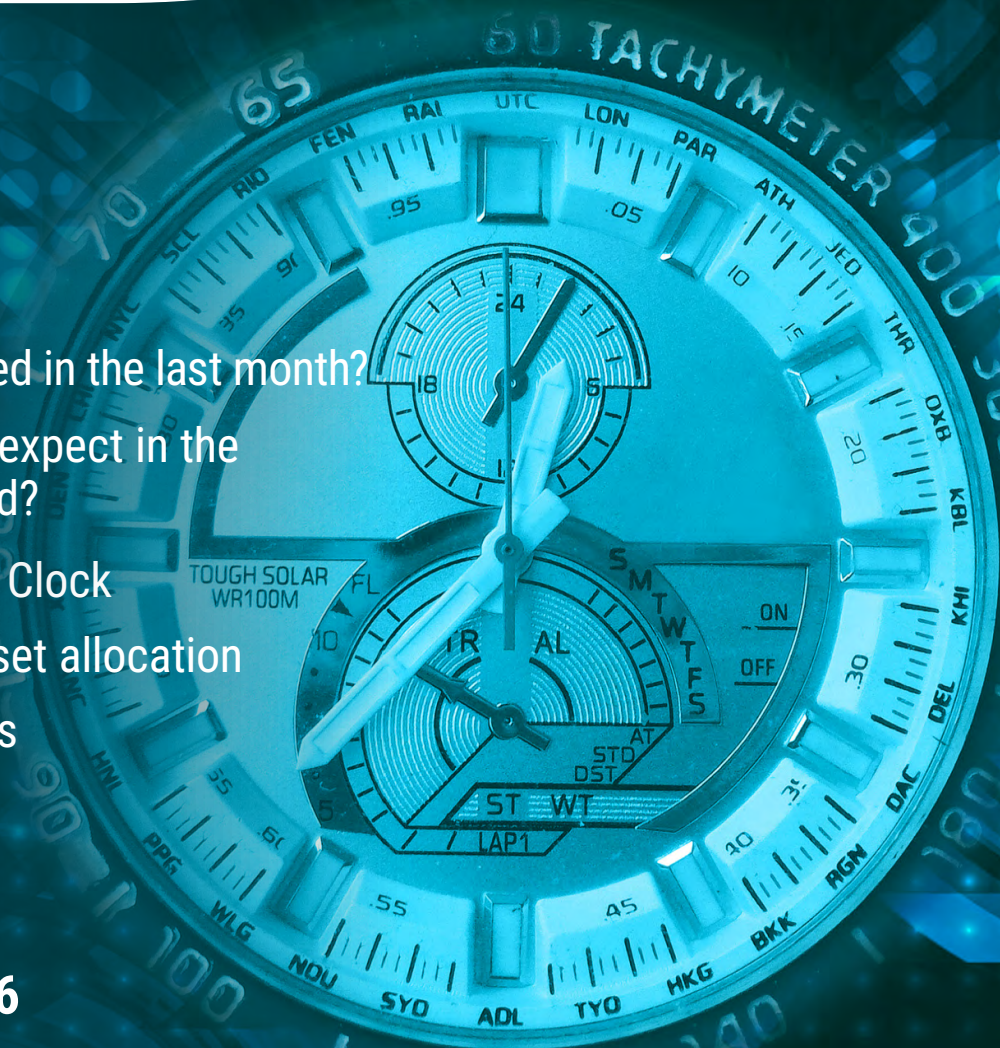
VIG  
ASSET MANAGEMENT

What happened in the last month?

What can we expect in the coming period?

- Investment Clock
- Tactical asset allocation
- Focus funds

APRIL 2026



# WHAT HAPPENED IN THE LAST MONTH?

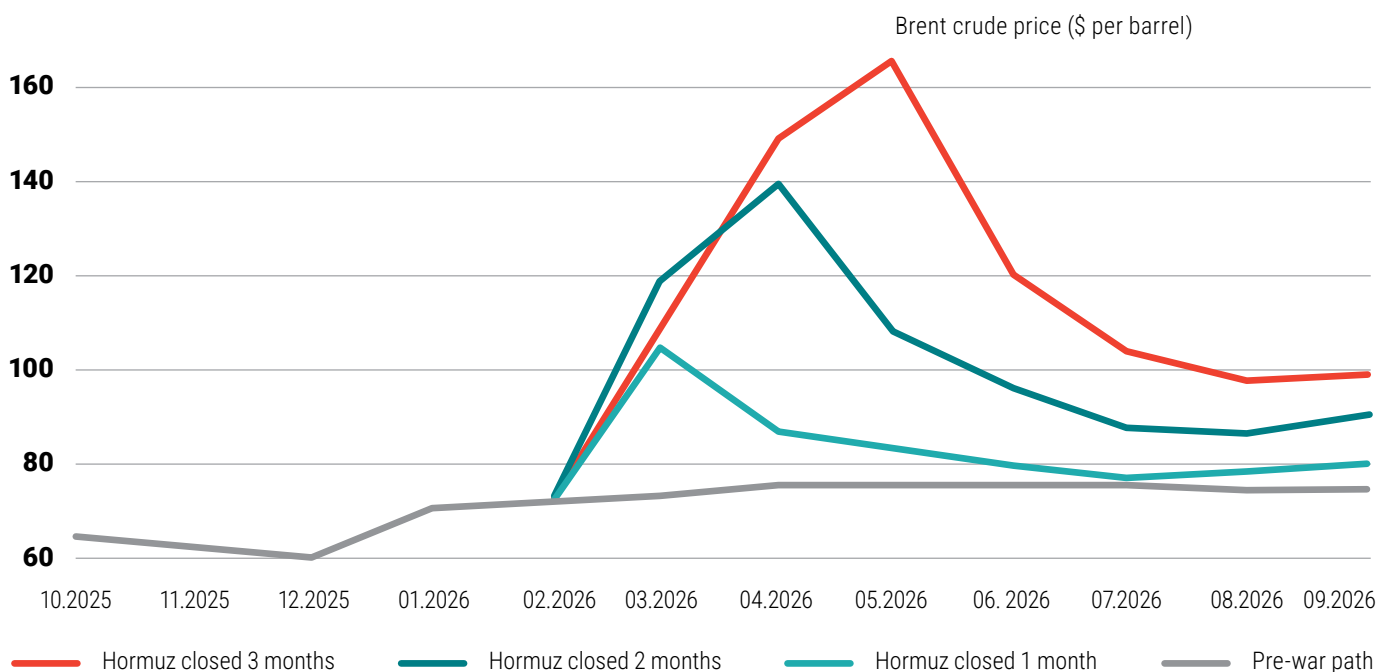
## IN FOCUS: THE OIL PRICE SHOCK AND ITS IMPLICATIONS

The armed conflict that broke out between the U.S., Israel, and Iran on February 28 caused a significant spike in oil prices. In response to the U.S.-Israeli attack, Iran launched a counterattack against military bases in Israel and the U.S.-allied countries of Kuwait, Bahrain, Qatar, Iraq, Saudi Arabia, and the United Arab Emirates, and effectively closed the Strait of Hormuz, through which a significant portion of the Middle East's oil and natural gas is transported by tanker to many parts of the world – including Europe, which sources the majority of its energy imports from this region. Nearly 20 million tons of oil are transported daily through the 30- to 40-kilometer-wide stretch of sea between the Emirates and Iran, accounting for a quarter of global maritime trade, and 20% of all natural gas shipments also pass through this route. The world market price of oil, which remains the most important energy source even today, has risen by

more than 50% in just a few weeks, and by the end of March, the price per barrel (159 liters) was already above \$100. The longer the supply chain remains blocked, the greater the price increase is likely to be in the long term. If there is no change by early summer, analysts predict oil prices will hover around \$160. And due to high oil prices, we could say goodbye to economic growth: the economies of major energy importers – Western and Central Europe, China, Japan, and India – in particular will be forced to face the risk of a slowdown. The effects would extend beyond the energy markets: rising costs in agriculture, manufacturing, and global trade logistics could lead to broader inflation on a global scale. As a result, broader inflationary pressures may intensify worldwide, with potential implications for central bank policy and the overall investment environment.

Sources: *portfolio.hu, eia.gov*

### Global oil prices\*



\*fact and expectations

Source: *Bloomberg Economics*

## EQUITY MARKET NEWS

The oil price shock following the U.S.-Iran conflict also triggered a significant correction in the stock markets. In March, the MSCI World Index, which tracks the performance of global equity markets, fell by about 6%. Risk-averse investors, increasingly concerned about an economic slowdown, sold off their holdings: primarily shifting capital from the EU, emerging markets, and Japan toward the U.S., which was viewed as safer and had a strengthening currency, and increasing the weight of large-cap companies in their portfolios at the expense of smaller-cap stocks, which had been favorites in recent months. While the energy sector retained its leading role, stock prices for producers of raw materials, healthcare,

and basic consumer goods fell sharply. Among the losers were major technology companies, which had become overvalued due to the perhaps excessive optimism surrounding AI in recent years, making their share prices more vulnerable. Admittedly, to varying degrees: Apple, for example, saw only a minor decline (investors seem to be increasingly classifying it as a massive corporate giant), while chipmaker Nvidia fell 10% despite CEO Jensen Huang announcing an AI breakthrough and \$1 trillion in orders by 2027 at a conference. According to him, the technology has reached the point where it is now capable of drawing conclusions.

## BOND MARKET NEWS

Despite the president's pressure to stimulate the economy, the Federal Reserve kept its benchmark interest rate unchanged – in the 3.75–4% range – at its March 17–18 meeting, which instantly dashed hopes for an interest rate cut that had been driving up the value of interest-bearing securities. Oil prices skyrocketed following the outbreak of the conflict in Iran, which significantly increased bond yields in the U.S. The annual yield on 10-year Treasury bonds rose from 4% to 4.4%, while the yield on 2-year Treasury bills rose from 3.4% to 4%. This is because the economic outlook is moving closer to

a stagflationary scenario. Short-term inflation expectations have surged significantly; however, if oil prices remain persistently high, fears of a recession could intensify in the longer term. Therefore, the rise in long-term yields is expected to be limited in the future, while interest rate cuts may occur in the fall. Similar trends have unfolded in the eurozone – which is more vulnerable due to its massive energy imports – and in emerging markets as well: yields on local bonds in emerging markets have risen more sharply – by more than 1 percentage point in Romania and Hungary.

## ALTERNATIVE INVESTMENTS NEWS

The market price of oil jumped by 50% due to the conflict in the Middle East; moreover, gold (and lately its “little brother,” silver) is traditionally a good safe haven in times of war, yet the commodities sector did not seem like a particularly good investment in March.

Turning towards precious metals. Gold failed to act as a stable safe-haven asset in March because the classic “safe-haven demand” was offset by the fact that the Fed

was in no hurry to cut interest rates (gold pays no interest, while bonds do – and bond yields have risen), and the dollar also strengthened, making holding gold “more expensive” in terms of opportunity cost. Copper (and industrial metals) have depreciated due to the expected economic slowdown caused by the war, while oil may correct back to its previous, lower price levels as tensions in the Middle East ease.

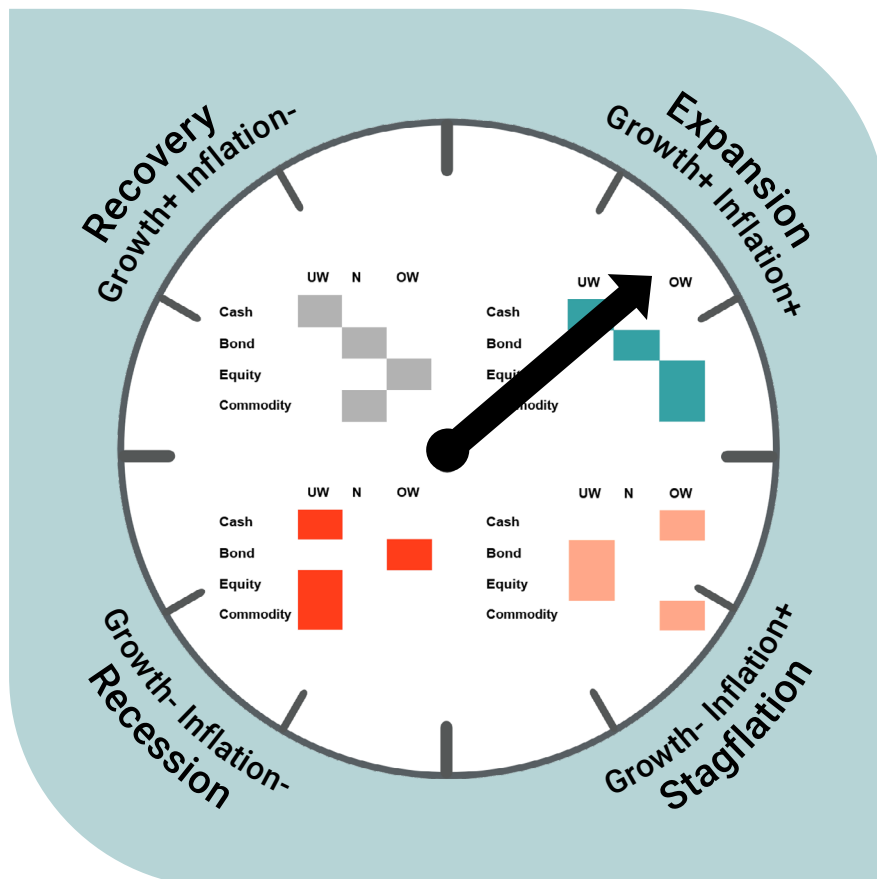
# WHAT CAN WE EXPECT IN THE COMING PERIOD?

## INVESTMENT CLOCK

The VIG Global Investment Clock, a scientifically based tool that uses indicators to forecast economic cycles, is signaling expansion; however, the conflict in Iran has been causing high volatility in the market since late February. This has already begun to be reflected in the survey indicators used by our model.

Although the world is less dependent on oil today than it was a few decades ago, higher oil prices clearly pose a risk to the global inflation outlook and economic growth. Fears of stagflation (high inflation and low growth) are intensifying, and previous interest rate cuts have been priced out in both the United States and the Eurozone. All eyes are now on the Middle East. A resumption of oil

flows could help ease tensions to some extent. In our view, even if the conflict were to end quickly, it would take time for the production and supply chains of energy commodities and their derivatives to normalise. All eyes are on the Middle East; if oil flows resume, tensions would ease somewhat. In our view, even if the war ends quickly, it will take time for the flow and production of energy products and derivatives to normalize. However, we believe that if the war escalates and drags on, much higher energy prices could cause stagflation in the short term. At least, that is what the stock markets are pricing in: the energy sector and defensive sectors such as health-care, utilities, and consumer goods are outperforming.



**OW:** Assets expected to perform well in the given period.

**N:** Assets expected to perform less well in the given period.

**UW:** Assets expected to perform poorly in the given period.

Source: VIG Asset Management

## TACTICAL ASSET ALLOCATION

In line with the latest economic and capital market trends, we have made adjustments to our asset allocation. We have established a more conservative asset allocation for the coming period, as risky assets have already declined but do not yet fully reflect the risks ahead. Therefore, we have increased the cash allocation and reduced the weight of riskier emerging markets within the major asset classes.

### A potential opportunity: developed markets

Oil prices skyrocketed following the outbreak of the conflict in Iran, which significantly pushed up bond yields. The economic outlook is currently moving toward a stagflationary scenario, with short-term inflation expectations surging sharply, which is pricing in Fed rate cuts. Fears of a recession could intensify further if oil prices remain persistently high, so the rise in long-term yields

is expected to be limited going forward. Combined with relatively high yields and a potential rate cut, this offers the prospect of good returns. At the same time, U.S. and European stock markets could perform well if the war ends sooner than expected.

### Less gold may be enough

War or no war, we have reduced our holdings of this precious metal, which has enjoyed unbroken popularity in recent years and is considered a safe haven. Although the underlying factors driving gold above \$5,000 per ounce – namely, the uncertain political and economic environment – remain in place, we believe that the gold market has already factored in more than enough negative factors. The precious metal's exchange price failed to reach a new all-time high even immediately after the outbreak of the Iran war. Based on industry data, it appears that some central banks sold part of their gold reserves above \$5,000. However, we believe that if the price falls below \$4,000, they will start buying again.

### Monthly asset allocation (April 2026)

Asset class	H UW	UW	S UW	N	S OW	OW	H OW	Since Mar
<b>Cash (Money market)</b>								
<b>Fixed income</b>								
Core market fixed income								↑
EM local currency bonds								↓
EM hard currency bonds								↓
CEE government bonds								
<b>Commodities</b>								↓
Gold								↓
<b>Equities</b>								
DM Equities								
US Equities								
EU Equities								
EM ex China Equities								↓
CEE Equities								↓

The table was prepared based on our investment clock and quadrant model.

Source: VIG Asset Management

#### Weights:

The weights indicate the evaluation of the respective country, region, and asset class, providing a basis for portfolio managers in structuring portfolios and establishing positions, thus helping to capitalize on market opportunities.

- Strongly underweight
- Slightly overweight
- Underweight
- Overweight
- Slightly underweight
- Strongly overweight
- Neutral
- Changes compare to the the previous month

# FUND OF THE MONTH AT VIG ASSET MANAGEMENT

## VIG HUNGARY BOND FUND

The VIG Hungary Bond Fund, which primarily invests in Hungarian government bonds and treasury bills, is expected to perform particularly well in the coming months. Yields on forint-denominated government bonds are high even by international standards (for 10-year maturities, they rose to 7.5% following the outbreak of the war due to general risk aversion among investors; while annual average inflation in Hungary is unlikely to rise significantly (the MNB's March forecast projects 3.8%). The significant real yield represents an attractive investment alternative: the conclusion of the Middle

East crisis and speculation regarding the results of the Hungarian parliamentary elections, coupled with the strengthening of the forint, could lead to a decline in yields. Lower yields, in turn, would support the performance of longer-duration bonds, enhancing their price appreciation potential.

*Based on our expectations (based on tactical asset allocation), the fund of the month may outperform in the near future.*



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The future performance that can be achieved by investing may be subject to tax, and the tax and duty information relating to specific financial instruments and transactions can only be accurately assessed on the basis of the individual circumstances of each investor and may change in the future. It is the responsibility of the investor to inform himself about the tax liability and to make the decision within the limits of the law.

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The Asset Management's license number for managing alternative investment funds (AIFM) is: H-EN-III-6/2015. The Fund Manager's license number for UCITS fund management (collective portfolio management) is: H-EN-III-101/2016.

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