

VIG Alfa Absolute Return Investment Fund

A series HUF MONTHLY report - 2023 JUNE (made on: 06/30/2023)

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

In the US, the Federal Reserve did not raise its benchmark interest rate, which was in line with expectations but also left some question marks. The interest rate curve, now pricing in that the Fed will raise rates once more this year by 25 basis points, but then do nothing until the end of the year and start the rate-cutting cycle early next year. The question is why the Fed thinks it didn't have to raise rates now and will in 6 weeks. Analysts say that although the Fed communicates its intentions well, the thought process is inconsistent.

The Monetary Council of the Hungarian National Bank (MNB) acted as expected at its June rate decision meeting. The base rate remained at 13 percent, but the interest rate corridor narrowed slightly, with the overnight deposit rate remaining at 12.5 percent and the overnight lending rate falling to 18.5 percent. The base rate has been at 13 percent since September last year, and the MNB has not changed it since. However, in October last year, it introduced a one-day deposit tender at 18 percent, in response to the collapse of the forint. This rate was lowered by the Monetary Council at last month's rate-setting meeting, after it was seen that inflation had peaked and would now moderate. The May inflation figure was also positive at 21.5 percent, so the central bank was expected to cut the benchmark overnight deposit tender rate further. Inflation has begun to moderate noticeably and there is a good chance that the rate of inflation could fall to well below 10 percent by the end of the year. The forint remained stable against the euro, at 371 forints to 1 euro at the end of the month.

The Fund achieved a positive return in June. During the month, we maintained our equity weighting of 18%. We continue to hold bank, small cap and regional value stocks, which we bought after the US banking crisis. On the bond side, we significantly reduced our interest rate risk on Hungarian bonds. During the month, seeing that the EURHUF exchange rate cannot go significantly below the 370 level, we reduced our hedging of foreign currency assets. Although Hungarian interest rates are still exceptionally high in the region, the forint can no longer strengthen significantly against the euro, so we decided to reduce the hedges, which were previously kept at 100%. We continue to hold small capitalisation stocks, our view is that Hungarian and regional stocks are extremely undervalued relative to other markets. In summary, we reduced the fund's risk profile in June.

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 9.5% |
| ISIN code: | HU0000703970 |
| Start: | 02/10/2006 |
| Currency: | HUF |
| Net Asset Value of the whole Fund: | 31,076,435,956 HUF |
| Net Asset Value of A series: | 12,743,356,855 HUF |
| Net Asset Value per unit: | 3.119377 HUF |

DISTRIBUTORS

CIB Bank Zrt., Commerzbank Zrt., CONCORDE Értékpapír Zrt., Equilor Befektetési Zrt, Erste Befektetési Zrt., ERSTE Group Bank AG Austria, KBC Securities Magyarországi Fióktelepe, MBH Bank Nyrt., MBH Befektetési Bank Zrt, MKB Bank Nyrt. 0789, OTP Bank Nyrt., Raiffeisen Bank Zrt., SPB Befektetési Zrt., Unicredit Bank Hungary Zrt., VIG Befektetési Alapkezelő Magyarország Zrt.

SUGGESTED MINIMUM INVESTMENT PERIOD

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

ASSET ALLOCATION OF THE FUND

| Asset | Weight |
|---|-----------------|
| Corporate bonds | 26.04 % |
| T-bills | 21.76 % |
| Hungarian equities | 15.81 % |
| Government bonds | 13.37 % |
| Collective securities | 8.86 % |
| International equities | 2.57 % |
| Liabilities | -41.21 % |
| Receivables | 35.48 % |
| Current account | 14.09 % |
| Market value of open derivative positions | 3.24 % |
| Total | 100,00 % |
| Derivative products | 46.20 % |
| Net corrected leverage | 100.00 % |

Assets with over 10% weight

BTF 0 04/17/24 (Francia Állam)

RISK PROFILE



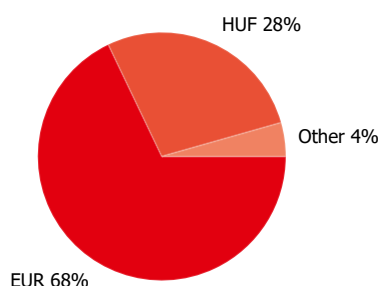
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NET YIELD PERFORMANCE OF THE SERIES

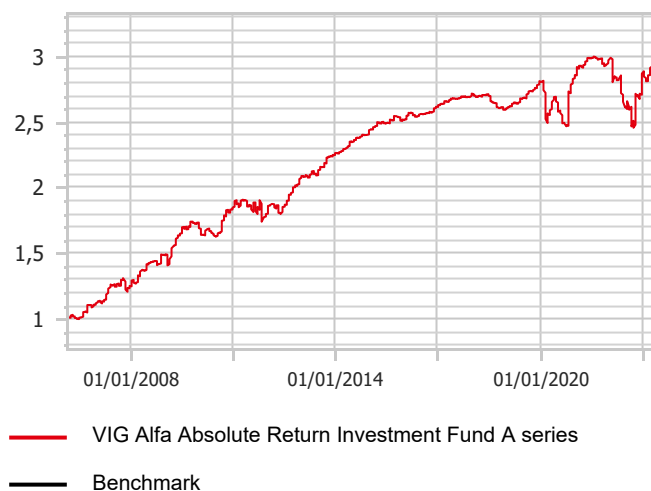
| Interval | Yield of note | Benchmark yield |
|------------|---------------|-----------------|
| From start | 6.76 % | 4.09 % |
| 1 month | 3.51 % | 0.78 % |
| 3 months | 9.24 % | 2.40 % |
| 2022 | -6.58 % | 3.04 % |
| 2021 | 3.39 % | -0.60 % |
| 2020 | 0.96 % | 0.41 % |
| 2019 | 7.38 % | 0.23 % |
| 2018 | -3.58 % | 0.31 % |
| 2017 | 3.08 % | 0.20 % |
| 2016 | 4.08 % | 1.22 % |
| 2015 | 4.27 % | 1.50 % |
| 2014 | 6.81 % | 3.31 % |
| 2013 | 9.57 % | 5.71 % |

Currency exposure:



NET PERFORMANCE OF THE SERIES

net asset value per share, 02/10/2006 - 06/30/2023



RISK INDICATORS

| | |
|---|------------|
| Annualized standard deviation of the fund's weekly yields- based on 1 year | 15.37 % |
| Annualized standard deviation of the benchmark's weekly yields- based on 1 year | 0.50 % |
| Annualized standard deviation of the fund's weekly yields- based on 3 year | 20.31 % |
| Annualized standard deviation of the fund's weekly yields- based on 5 year | 22.51 % |
| WAM (Weighted Average Maturity) | 1.46 years |
| WAL (Weighted Average Life) | 1.99 years |

TOP 10 POSITIONS

| Asset | Type | Counterparty / issuer | Maturity | |
|---------------------------------------|------------------|--|------------|---------|
| BTF 0 04/17/24 | zero coupon | Francia Állam | 04/17/2024 | 15.53 % |
| Adventum MAGIS Zártkörű Alapok Alapja | investment note | Adventum MAGIS Zártkörű Alapok | | 7.29 % |
| Graphisoft Park S.E új | share | Graphisoft Park SE | | 5.80 % |
| REPHUN 2031/06/16 4,25% EUR | interest-bearing | Államadósság Kezelő Központ Zrt. | 06/16/2031 | 4.50 % |
| TVLRO 8 7/8 04/27/27 | interest-bearing | BANCA TRANSILVANIA | 04/27/2027 | 4.12 % |
| OTP Bank törzsrészvény | share | Országos Takarékpénztár és Kereskedelmi Bank Nyrt. | | 3.72 % |
| D240430 | zero coupon | Államadósság Kezelő Központ Zrt. | 04/30/2024 | 3.70 % |
| Magyar Államkötvény 2023/A | interest-bearing | Államadósság Kezelő Központ Zrt. | 11/24/2023 | 3.27 % |
| MVMHU 2027/11/18 0,875% EUR | interest-bearing | MVM Energetika ZRT. | 11/18/2027 | 3.07 % |
| OTP HB 7.35% 03/04/26 | interest-bearing | Országos Takarékpénztár és Kereskedelmi Bank Nyrt. | 03/04/2026 | 3.00 % |

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 | alapkezeslo@am.vig | www.vigam.hu