

VIG Emerging Europe Bond Investment Fund

UI series USD MONTHLY report - 2023 JUNE (made on: 06/30/2023)

INVESTMENT POLICY OF THE FUND

The Fund aims to achieve capital growth by investing in bonds of emerging European countries and state-owned companies. The Fund does not apply credit rating restrictions: it may purchase securities of any country or company with any long-term credit rating. The Fund aims for the highest possible capital growth alongside reasonable risk-taking. The Fund primarily purchases foreign currency emerging market bonds, in addition to which it holds Hungarian local currency short-term and long-term bonds for diversification and liquidity management purposes. The bond portfolio may also include short-term, long-term, fixed or floating-rate, structured and convertible bonds issued by mortgage credit institutions, other credit institutions, local governments or other business entities. The core of the Fund's investments is Central Eastern Europe (Hungary, Croatia, Poland, Romania, Slovakia, Ukraine), South East Europe (Serbia, Turkey), the Baltics (Latvia, Lithuania) and the Commonwealth of Independent States (Azerbaijan, Belarus, Kazakhstan, Russia, Georgia, Armenia) and bonds of majority state-owned companies, in addition to which the Fund holds short-term and long-term Hungarian government securities for diversification and liquidity management purposes. The target weight for bond exposures in the Fund in the 16 countries listed (target countries) is 95%. We do not set a limit on debt classification in the Fund. The Fund may only conclude derivative transactions for hedging purposes, or in the interest of establishing an efficient portfolio. The Fund may also hold non-leveraged bond-type collective investment forms. The Fund may also take on significant foreign currency exposure, which is normally covered 100% by the Fund Manager in the target currency (USD), but depending on market conditions, the Fund may also hold open foreign currency positions.

MARKET SUMMARY

Last month, the FOMC paused its rate hikes while sent a hawkish message to the market. The median FOMC rate projection for this year increased by 50bp. The ECB hiked by 25bp and signalled more tightening later on amid upward revisions to the inflation forecasts. In the UK, employment and wage data surprised to the upside. In China, the PBoC cut rates in response to the weakening pace of recovery. The BoE and the Norges Bank hiked by 50bp each, while the SNB raised its key rate by 25bp. Curves continued to flatten in the US and in Europe, where the 2Y vs. 10Y Bund spread fell below -70bp. In the Eurozone, headline CPI inflation dropped to 5.5% YoY in June from 6.1% YoY, while the core figure was up to 5.4% YoY from 5.3% YoY. In the US, Q1 2023 GDP growth was revised up to 2% from 1.3% in annualized terms. Equity markets have largely trended sideways later in the month, torn between hawkish central banks and hopes for a solid earnings season. The latter should also bring new impetus to credit spreads, which have lacked direction. Meanwhile, better than-expected US economic data weighed on government bonds and prompted more curve flattening.

GENERAL INFORMATION

Fund Manager:	VIG Investment Fund Management Hungary
Custodian:	Unicredit Bank Hungary Zrt.
Main distributor:	VIG Investment Fund Management Hungary
Benchmark composition:	The fund has no benchmark
ISIN code:	HU0000718416
Start:	01/05/2017
Currency:	USD
Net Asset Value of the whole Fund:	3,194,604 EUR
Net Asset Value of UI series:	86,936 USD
Net Asset Value per unit:	0.869360 USD

DISTRIBUTORS

OTP Bank Nyrt., Raiffeisen Bank Zrt., VIG Befektetési Alapkezelő Magyarország Zrt.

SUGGESTED MINIMUM INVESTMENT PERIOD

3 mths	6 mths	1 yr	2 yr	3 yr	4 yr	5 yr
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ASSET ALLOCATION OF THE FUND

Asset	Weight
Government bonds	52.20 %
T-bills	20.40 %
Corporate bonds	6.61 %
Receivables	52.82 %
Liabilities	-44.10 %
Current account	6.97 %
Market value of open derivative positions	5.14 %
Total	100,00 %
Derivative products	20.57 %
Net corrected leverage	100.00 %

Assets with over 10% weight

D231227 (Államadósság Kezelő Központ Zrt.)

RISK PROFILE

1	2	3	4	5	6	7
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← Lower risk Higher risk →

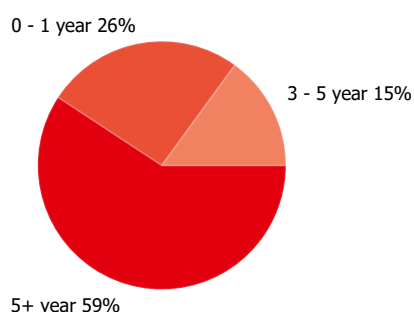
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NET YIELD PERFORMANCE OF THE SERIES

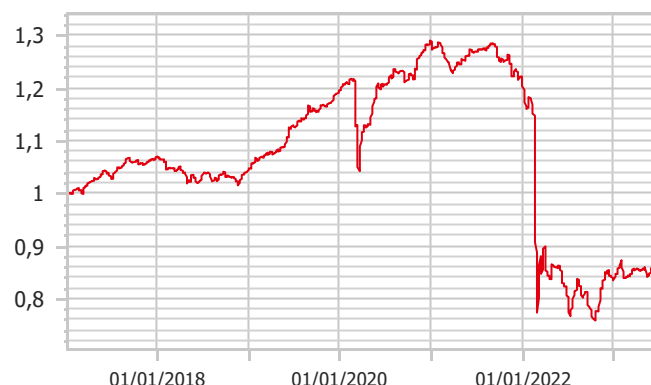
Interval	Yield of note	Benchmark yield
From start	-2.14 %	
1 month	2.49 %	
3 months	1.94 %	
2022	-31.30 %	
2021	-5.11 %	
2020	8.12 %	
2019	14.48 %	
2018	-2.34 %	

Bonds by tenor:



NET PERFORMANCE OF THE SERIES

net asset value per share, 01/05/2017 - 06/30/2023



— VIG Emerging Europe Bond Investment Fund UI series
— Benchmark

RISK INDICATORS

Annualized standard deviation of the fund's weekly yields-based on 1 year	10.47 %
Annualized standard deviation of the fund's weekly yields-based on 3 year	30.13 %
Annualized standard deviation of the fund's weekly yields-based on 5 year	32.53 %
WAM (Weighted Average Maturity)	5.39 years
WAL (Weighted Average Life)	7.03 years

TOP 10 POSITIONS

Asset	Type	Counterparty / issuer	Maturity	
D231227	zero coupon	Államadósság Kezelő Központ Zrt.	12/27/2023	20.08 %
TURKEY 6 03/25/27	interest-bearing	Török Állam	03/25/2027	8.05 %
MHP SA 6 1/4 09/19/29	interest-bearing	MHP Lux S.A.	09/19/2029	6.50 %
ROMANI USD 2044/01/22 6,125%	interest-bearing	Román Állam	01/22/2044	6.31 %
UKRAIN 9 3/4 11/01/28	interest-bearing	Ukrán állam	11/01/2028	5.77 %
TURKEY 6 5/8 02/17/45	interest-bearing	Török Állam	02/17/2045	5.72 %
Republic of HUNGARY 2041/03/29 7,625% USD	interest-bearing	Államadósság Kezelő Központ Zrt.	03/29/2041	5.31 %
ROMANI USD 2034/05/25 6%	interest-bearing	Román Állam	05/25/2034	4.34 %
UKRAIN 2029/05/21 6.876% USD	interest-bearing	Ukrán állam	05/21/2029	3.33 %
REPHUN 2028/05/22 6,125% USD	interest-bearing	Államadósság Kezelő Központ Zrt.	05/22/2028	3.02 %

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