

VIG Emerging Market ESG Equity Investment Fund

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

INVESTMENT POLICY OF THE FUND

The aim of the fund is to benefit on the economical growth of emerging countries. The fund accomplishes this goal basically via individual equity investments, however it may also hold collective investment instruments, if it is necessary for the efficient management of the portfolio. These can primarily be ETFs listed on the stock exchange, and open-end public investment funds. In the course of selecting the equities the Fund dedicates special attention to the compliance of individual companies with ESG (environmental, social, governance) criteria, so in addition to analyzing the financial factors, Portfolio managers also take into consideration environmental, social and governance factors during the investment decision making process. The Fund Manager seeks to build a portfolio in which the positive ESG characteristics of companies prevail, i.e. companies with high ESG scores are overrepresented in the portfolio as compared to companies with low ESG scores. The environmental criterion covers the elements where a business interacts with the environment. Environmental criteria include elements in the course of which the company comes into contact with the environment. These include for example the energy utilization, waste management, pollutant emission and/or the preservation of natural resources. Social criteria include all relations maintained by the company with its external partners, customers and internal employees. Corporate governance criteria are legal factors impacting reliable operation of a company. The Fund's main strategy is to provide broad emerging equity market exposure and to achieve performance above the emerging market index through active equity market allocation. An active strategy enables the Fund to achieve a return in excess of the benchmark. The Fund's risk exposure due to its geographical distribution is close to the benchmark. Due to the strategy of the Fund, it may also invest in assets denominated in foreign currency. The Fund may hedge some or all of its foreign currency risk using forward currency positions against the target currency, i.e. the settlement currency of the benchmark (USD).

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 and outperformed the benchmark index. The Fund was helped by the Greek overweight to Mexico, but the underweight to South Africa negatively impacted the Fund's performance as South African equities performed very well in June. Our view on Mexico remains that it could be one of the winners from deglobalisation in the Americas. At the end of the month, the Greek and Mexican markets remained overweight in the fund, while the Indian, Chinese and South Korean markets were underweight. In the second half of the month, we started to reduce equity exposure and by the end of the month the fund was at around 92% of the benchmark index.

GENERAL INFORMATION

Fund Manager:	VIG Investment Fund Management Hungary
Custodian:	Unicredit Bank Hungary Zrt.
Main distributor:	VIG Investment Fund Management Hungary
Benchmark composition:	100% MSCI EM (EMERGING MARKETS) ESG
ISIN code:	HU0000729561
Start:	07/18/2022
Currency:	USD
Net Asset Value of the whole Fund:	11,617,236,871 HUF
Net Asset Value of UI series:	39,663 USD
Net Asset Value per unit:	1.034743 USD

DISTRIBUTORS

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
Collective securities	67.16 %
International equities	23.62 %
T-bills	2.11 %
Current account	23.48 %
Liabilities	-16.55 %
Receivables	0.19 %
Market value of open derivative positions	0.00 %
Total	100.00 %
Derivative products	1.62 %
Net corrected leverage	101.60 %

Assets with over 10% weight

Xtrackers ESG MSCI EM UCITS ETF

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	3.47 %	2.53 %
1 month	4.00 %	3.75 %
3 months	0.87 %	1.16 %
6 months	5.62 %	5.15 %

NET PERFORMANCE OF THE SERIES

net asset value per share, 07/18/2022 - 06/30/2023



— VIG Emerging Market ESG Equity Investment Fund UI series
— Benchmark

RISK INDICATORS

Annualized standard deviation of the fund's weekly yields- based on 1 year	18.19 %
Annualized standard deviation of the benchmark's weekly yields- based on 1 year	17.85 %
Annualized standard deviation of the fund's weekly yields- based on 3 year	18.19 %
Annualized standard deviation of the fund's weekly yields- based on 5 year	18.19 %
WAM (Weighted Average Maturity)	0.01 years
WAL (Weighted Average Life)	0.01 years

TOP 10 POSITIONS

Asset	Type	Counterparty / issuer	Maturity
Xtrackers ESG MSCI EM UCITS ETF	investment note	Xtrackers ESG MSCI EM UCITS ETF	14.12 %
Lyxor MSCI Korea UCITS ETF	investment note	Lyxor MSCI Korea UCITS ETF	7.26 %
Amundi MSCI China ESG Leaders Select UCITS ETF	investment note	Amundi MSCI China ESG Leaders Select UCITS ETF	6.61 %
iShares MSCI Taiwan UCITS ETF	investment note	iShares MSCI Taiwan UCITS ETF	5.44 %
Xtrackers MSCI Taiwan UCITS ETF	investment note	Xtrackers MSCI Taiwan UCITS ETF	4.39 %
Lyxor MSCI India UCITS ETF	investment note	Lyxor MSCI India UCITS ETF	4.06 %
iShares Inc iShares ESG MSCI ETF	investment note	iShares Inc iShares ESG MSCI ETF	3.82 %
Lyxor MSCI Brazil UCITS ETF	investment note	Lyxor MSCI Brazil UCITS ETF	3.60 %
iShares MSCI India UCITS ETF	investment note	iShares MSCI India UCITS ETF	3.00 %
Taiwan Semiconductor Manufactu	share	TSMC	2.47 %

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