

## INVESTMENT POLICY OF THE FUND

The objective of the investment fund is to make the Polish bond market accessible to the investors, and to function as a relatively stable, medium-risk investment form bringing steady real yields to our Clients on middle term already, without having to tie down their money for a fixed period of time. The Fund mainly invests in Polish government securities issued in zloty, however, the portfolio manager has some room to complement the portfolio with other bond-type investments. Our goal is to achieve the highest yield while taking the lowest risk. To make investment decisions we use the tools of both fundamental and technical analysis, and we take into consideration the investor sentiment on the markets at all times. The portfolio manager seeks out potential investment opportunities based on the macro-economical expectations, the expected yield curve, the return expected on the curve and the market volatility, and selects investments that are considered to be safe and bring relatively high yields in exchange for the risks taken. The Fund strives for complete exchange risk coverage of foreign currency exposure for the target currency.

## MARKET SUMMARY

In June Polish bond market had a moderately positive performance, yields decreased along the yield curve. Two-year yields decreased by 15 basis points, but 10-year yields also managed to end the month almost by 30 basis points lower. According to preliminary data, headline CPI in June decreased to 11,5% from May's 13% (Yoy), and also came in below market expectations (consensus was 11,8%), mainly driven by fuel, food and energy. High frequency data in June confirmed that economic activity in Poland kept falling but at a slower rate than in April: slowdown is significant, but so far a deep recession is not expected by analysts. The Polish central bank kept the base rate at 6.75% but probability for rate cut(s) increased recently. However, new round of fiscal loosening, strong labour market and elevated and slowly sliding core inflation limit the room for monetary easing. Premature rate cuts in Poland might mean that it will take a very long time for inflation to return to target: models show that core inflation may stabilise around 5% YoY in 2024-25 in that case. Most probably we may see a rather symbolic rate cut by 25bps this year around November, but we see a possible risk for quicker (already in September) and deeper rate cuts. We hold a rather neutral allocation during the month, but we had a tilt towards longer dated bonds and inside neutral band we had slight overweight, which altogether added to our monthly performance. Also our carry assets performed well.

## GENERAL INFORMATION

|                                    |  |
|------------------------------------|--|
| Fund Manager:                      | VIG Investment Fund Management Hungary |
| Custodian:                         | Unicredit Bank Hungary Zrt.            |
| Main distributor:                  | VIG Investment Fund Management Hungary |
| Benchmark composition:             | 100% TBSP Index                        |
| ISIN code:                         | HU0000705256                           |
| Start:                             | 05/11/2007                             |
| Currency:                          | HUF                                    |
| Net Asset Value of the whole Fund: | 14,910,333,992 HUF                     |
| Net Asset Value of A series:       | 160,148,481 HUF                        |
| Net Asset Value per unit:          | 1.649015 HUF                           |

## DISTRIBUTORS

CIB Bank Zrt., Commerzbank Zrt., CONCORDE Értékpapír Zrt., Equilor Befektetési Zrt., Erste Befektetési Zrt., Raiffeisen Bank 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          |
|---|-----------------|
| Government bonds                          | 51.33 %         |
| Corporate bonds                           | 42.39 %         |
| Receivables                               | 3.79 %          |
| Current account                           | 2.39 %          |
| Market value of open derivative positions | 1.07 %          |
| Liabilities                               | -0.96 %         |
| <b>Total</b>                              | <b>100.00 %</b> |
| Derivative products                       | 17.14 %         |
| Net corrected leverage                    | 100.00 %        |

### Assets with over 10% weight

|  |
|--|
| POLGB 2032/04/25 1,75% (Lengyel Állam)             |
| POLGB 2027/05/25 3,75% (Lengyel Állam)             |
| BGOSK 07/03/25 1.25% (Bank Gospodarstwa Krajowego) |

## RISK PROFILE

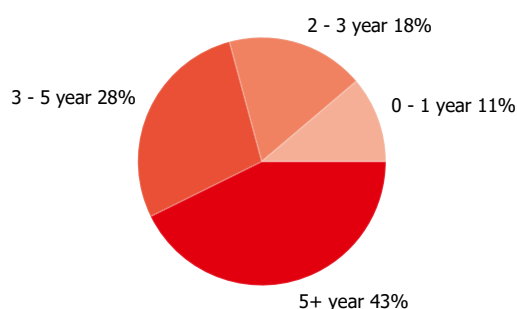
|   |   |   |   |   |   |   |
|---|---|---|---|---|---|---|
| 1 | 2 | 3 | 4 | 5 | 6 | 7 |
|---|---|---|---|---|---|---|

← Lower risk Higher risk →

## NET YIELD PERFORMANCE OF THE SERIES

| Interval   | Yield of note | Benchmark yield |
|------------|---------------|-----------------|
| From start | 3.15 %        | 5.95 %          |
| 1 month    | 3.70 %        | 3.39 %          |
| 3 months   | 5.46 %        | 4.91 %          |
| 2022       | -8.27 %       | 0.94 %          |
| 2021       | -9.83 %       | -8.59 %         |
| 2020       | 7.66 %        | 8.75 %          |
| 2019       | 6.92 %        | 7.79 %          |
| 2018       | 4.20 %        | 5.33 %          |
| 2017       | 9.53 %        | 10.82 %         |
| 2016       | -4.68 %       | -4.08 %         |
| 2015       | -0.35 %       | 1.10 %          |
| 2014       | 11.85 %       | 12.94 %         |
| 2013       | -0.50 %       | 2.13 %          |

### Bonds by tenor:



## NET PERFORMANCE OF THE SERIES

net asset value per share, 05/11/2007 - 06/30/2023



## RISK INDICATORS

|   |            |
|---|------------|
| Annualized standard deviation of the fund's weekly yields- based on 1 year      | 12.81 %    |
| Annualized standard deviation of the benchmark's weekly yields- based on 1 year | 12.63 %    |
| Annualized standard deviation of the fund's weekly yields- based on 3 year      | 17.88 %    |
| Annualized standard deviation of the fund's weekly yields- based on 5 year      | 19.70 %    |
| WAM (Weighted Average Maturity)   | 4.17 years |
| WAL (Weighted Average Life)   | 4.84 years |

## TOP 10 POSITIONS

| Asset                   | Type             | Counterparty / issuer                              | Maturity   |         |
|-------------------------|------------------|--|------------|---------|
| POLGB 2032/04/25 1,75%  | interest-bearing | Lengyel Állam                                      | 04/25/2032 | 22.80 % |
| POLGB 2027/05/25 3,75%  | interest-bearing | Lengyel Állam                                      | 05/25/2027 | 19.14 % |
| BGOSK 07/03/25 1.25%    | interest-bearing | Bank Gospodarstwa Krajowego                        | 07/03/2025 | 12.87 % |
| BGOSK 2030/06/05 2,125% | interest-bearing | Bank Gospodarstwa Krajowego                        | 06/05/2030 | 6.17 %  |
| POLAND EUR2024/01/15 3% | interest-bearing | Lengyel Állam                                      | 01/15/2024 | 5.15 %  |
| BGOSK Float 06/12/31    | interest-bearing | Bank Gospodarstwa Krajowego                        | 06/12/2031 | 4.88 %  |
| BGOSK 2027/04/27 1,875% | interest-bearing | Bank Gospodarstwa Krajowego                        | 04/27/2027 | 4.85 %  |
| BSTDBK 2.52 10/19/23    | interest-bearing | BLACK SEA TRADE AND DEVELOPEMENT BANK              | 10/19/2023 | 3.93 %  |
| BGOSK 2033/07/21 2,25%  | interest-bearing | Bank Gospodarstwa Krajowego                        | 07/21/2033 | 3.35 %  |
| OTP HB 7.35% 03/04/26   | interest-bearing | Országos Takarékpénztár és Kereskedelmi Bank Nyrt. | 03/04/2026 | 2.74 %  |

### 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