

VIG Ozon Annual Capital Protected Investment Fund

A series HUF MONTHLY report - 2023 JULY (made on: 07/31/2023)

INVESTMENT POLICY OF THE FUND

The Fund aims to achieve a higher return than that of short-term bonds by investing in bonds of low volatility and limited-risk profile issued or guaranteed by certain specified states, quasi-sovereign corporations, national banks or supranational institutions. The Fund invests most of its available assets in low-risk instruments, i.e. bonds issued or guaranteed by the Hungarian state or states with a credit rating at least equal to or better than the latter's latest rating (or by their debt management agencies), quasi-sovereign companies, national banks or supranational institutions. The Fund may hold bank deposits, or cash, and enter into repo and reverse repo transactions. The maximum interest rate risk with respect to the Fund as a whole (i.e. its duration) is 3 years, while the weighted average maturity of the individual securities is a maximum of 10 years. For bonds denominated in currencies other than Hungarian forint, the asset manager seeks to fully hedge the foreign exchange risk, and may only deviate from this at the expense of risky assets (i.e. in the case of foreign exchange under/over-hedging). The Fund uses a small portion of its available assets to purchase risky instruments – domestic and foreign equities, equity indexes, higher risk bonds, foreign exchange, commodity market products and collective investment securities on the spot and futures markets. The Fund may enter into both long and short trades. Based on the approach followed when purchasing risky assets, the Fund is an absolute return fund: it selects investment options with the best possible expected return/risk ratio from the options available to it on the domestic and international money and capital markets. There is no possibility for making individual investor decisions in respect of the Fund.

MARKET SUMMARY

Global growth is running below-trend this year but considering the size and extent of recent headwinds (energy shock and size and space of monetary tightening so far) is holding up relatively well. Underneath this resilient global picture there continues to be a marked divergence between strong services and weak manufacturing sectors. As a result, manufacturing-intensive economies like China and Germany are struggling while more services-based ones like the United States are outperforming. While goods inflation has fallen notably, services inflation is still running high across a wide range of economies. Moreover, we can observe a variety of factors such as tight labor markets and strong travel demand that pose upside risk to services prices going forward. As such, we expect central banks maintaining tight policy for some time to come and look for global growth to slow further in coming quarters. Still, some recent inflation data have been encouraging, and the probability of "soft landing" scenarios has risen. The wild card is, if manufacturing-intensive economies will underperform or dive into deeper recession while services-based ones rebound or even growth in US reaccelerate due to strong labour market. For inflation, the return of positive real wage growth in our region is also a significant risk factor. If growth remains resilient, threat of 70's is still on the cards: sticky inflation.

As for the Fund, we still had our focus on Hungarian short bonds. At the beginning of the month we still bought 2024/B with a yield close to 11%, but as time passed, Hungarian short bond yields continued its fall, and short bond yields approached 10%. In our view, rate cut expectations in the region but also in Hungary became too stretched, so we started to move away from Hungarian (short bond) duration, cut our overweight to underweight and rotated from Hungarian short bonds towards European core market short bond exposure, hedged back to HUF. As Hungarian Forint became also stretched, we moved away from pro HUF positions in our strategy, as a correction in HUF became more probable, which means we became more cautious regarding Hungarian money market exposures as well. In our view, if turbulence hits HUF, based on the communication of NBH rate cuts in Hungary may be much smaller than current expectations or even rate cut cycle may be stopped. Otherwise, we are looking for short opportunities in developed market equities.

GENERAL INFORMATION

| | |
|------------------------------------|--|
| Fund Manager: | VIG Investment Fund Management Hungary |
| Custodian: | Unicredit Bank Hungary Zrt. |
| Main distributor: | VIG Investment Fund Management Hungary |
| Benchmark composition: | 100% RMAX Index + 0.5% |
| ISIN code: | HU0000705157 |
| Start: | 03/19/2007 |
| Currency: | HUF |
| Net Asset Value of the whole Fund: | 2,240,337,599 HUF |
| Net Asset Value of A series: | 541,157,418 HUF |
| Net Asset Value per unit: | 1.899502 HUF |

DISTRIBUTORS

CIB BANK ZRT, Commerzbank Zrt., CONCORDE Értékpapír Zrt., Equilor Befektetési Zrt, Erste Befektetési Zrt., MBH Befektetési Bank Zrt, 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 | 40.62 % |
| Government bonds | 32.72 % |
| T-bills | 16.20 % |
| Current account | 13.66 % |
| Liabilities | -8.59 % |
| Deposit | 5.76 % |
| Receivables | 0.00 % |
| Market value of open derivative positions | -0.36 % |
| Total | 100.00 % |
| Derivative products | 21.22 % |
| Net corrected leverage | 100.00 % |

Assets with over 10% weight

| |
|---|
| 2023A (Államadósság Kezelő Központ Zrt.) |
| MAEXIM 16 03/14/24 (Magyar Export-Import Bank Zrt.) |
| MAEXIM 16 01/17/24 (Magyar Export-Import Bank Zrt.) |

RISK PROFILE

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

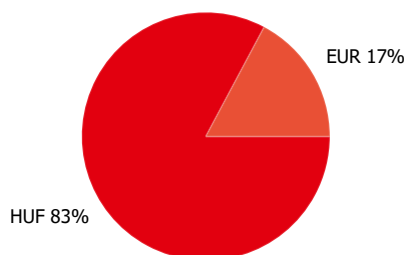
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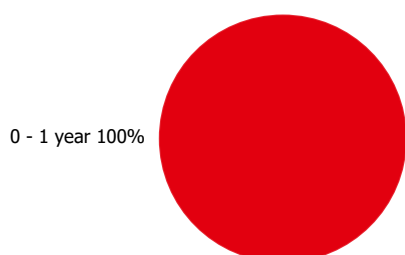
NET YIELD PERFORMANCE OF THE SERIES

| Interval | Yield of note | Benchmark yield |
|------------|---------------|-----------------|
| From start | 4.00 % | 4.32 % |
| 1 month | 1.15 % | 1.01 % |
| 3 months | 5.04 % | 5.07 % |
| 2022 | 5.54 % | 3.53 % |
| 2021 | -1.17 % | -0.10 % |
| 2020 | 0.89 % | 0.92 % |
| 2019 | 0.50 % | 0.74 % |
| 2018 | 0.08 % | 0.81 % |
| 2017 | 0.30 % | 0.22 % |
| 2016 | 1.14 % | 1.22 % |
| 2015 | 1.74 % | 1.50 % |
| 2014 | 3.75 % | 3.31 % |
| 2013 | 5.80 % | 5.71 % |

Currency exposure:

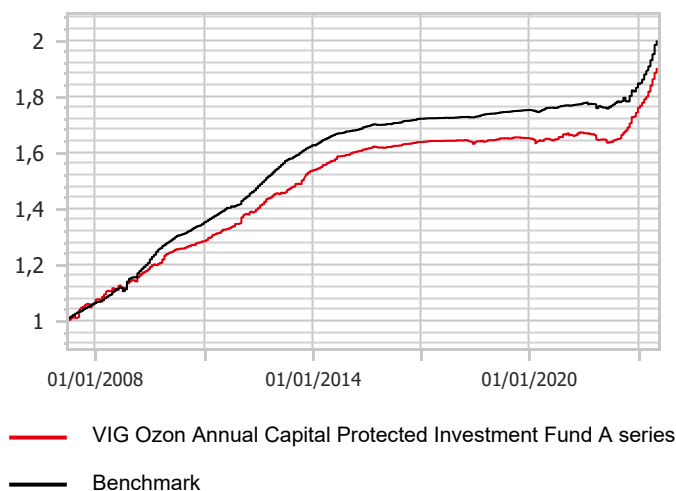


Bonds by tenor:



NET PERFORMANCE OF THE SERIES

net asset value per share, 03/19/2007 - 07/31/2023



RISK INDICATORS

| | |
|---|------------|
| Annualized standard deviation of the fund's weekly yields- based on 1 year | 1.29 % |
| Annualized standard deviation of the benchmark's weekly yields- based on 1 year | 2.21 % |
| Annualized standard deviation of the fund's weekly yields- based on 3 year | 2.51 % |
| Annualized standard deviation of the fund's weekly yields- based on 5 year | 3.61 % |
| WAM (Weighted Average Maturity) | 0.45 years |
| WAL (Weighted Average Life) | 0.45 years |

TOP 10 POSITIONS

| Asset | Type | Counterparty / issuer | Maturity | |
|----------------------------|------------------|----------------------------------|------------|---------|
| Magyar Államkötvény 2023/A | interest-bearing | Államadósság Kezelő Központ Zrt. | 11/24/2023 | 24.12 % |
| MAEXIM 16 03/14/24 | interest-bearing | Magyar Export-Import Bank Zrt. | 03/14/2024 | 17.88 % |
| MAEXIM 16 01/17/24 | interest-bearing | Magyar Export-Import Bank Zrt. | 01/17/2024 | 11.06 % |
| Magyar Államkötvény 2024/B | interest-bearing | Államadósság Kezelő Központ Zrt. | 06/26/2024 | 8.62 % |
| RATB 0 01/25/24 | zero coupon | Osztrák Állam | 01/25/2024 | 8.62 % |
| BTF 0 01/24/24 | zero coupon | Francia Állam | 01/24/2024 | 6.76 % |
| MAEXIM 14 12/07/23 | interest-bearing | Magyar Export-Import Bank Zrt. | 12/07/2023 | 6.11 % |
| EUR Betét | Betét | OTP Bank | 08/04/2023 | 5.77 % |
| MAEXIM 16 02/14/24 | interest-bearing | Magyar Export-Import Bank Zrt. | 02/14/2024 | 5.61 % |
| D240221 | zero coupon | Államadósság Kezelő Központ Zrt. | 02/21/2024 | 0.42 % |

Legal declaration

The recent document qualifies as Portfolio Report according to the Kbfvt. 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