

VIG Alfa Absolute Return Investment Fund

UI series USD MONTHLY report - 2023 AUGUST (made on: 08/31/2023)

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

Data from early August show that US labor market demand has already slowed in a number of sectors, with wage growth remaining strong. However, the macro data so far show no signs of deterioration, with the Atlanta Fed raising its latest third quarter GDP growth estimate from 5 to 5.8 percent on good housing and industrial production data, which has also pushed yields higher, with the 10-year US Treasury rising to levels not seen since 2007. The FOMC's latest meeting suggests that monetary policymakers still see "significant upside risks to inflation" and may therefore consider further rate hikes necessary. FED Chair Jerome Powell's Jackson Hole speech at the end of the month seemed austere, but statements such as "caution may be the way forward" indicate that the Fed will not raise rates unless the inflation trend worsens, leaving the option of raising rates for a worse scenario. In Hungary, the MNB continued to cut interest rates. The policy rate is now at 14% and could converge to the base rate in September. Thereafter, the base rate may also be cut, but this will require a continuation of decline in inflation. It is noteworthy that, in contrast to previous rate cuts, the forint has not weakened against the euro, but has risen to a one-month high of 379 forints to 1 euro by the end of the month.

The Fund achieved a positive return in August. We did not change the the bond positions' interest rate risk, but repositioned it a little. 1/3 of the exposure is in foreign currency bonds, which is hedged, the rest is invested in short-term Hungarian treasury bills. During the month, we reduced the equity weighting. We sold the shares we bought during the banking crisis in March, so the equity weight is already below 10%. But we also hedged this 10% by selling index futures, so the net equity exposure is 0. On the foreign exchange side, we keep 25% of the fund in positions that will benefit from the weakening of the HUF. Overall, the Fund's risk profile has further decreased, we have high liquidity, as we expect higher volatility in the second half of the year, where we hope to be able to increase the Fund's risk exposure at much better levels.

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 0%
ISIN code:	HU0000729538
Start:	07/13/2022
Currency:	USD
Net Asset Value of the whole Fund:	32,764,203,951 HUF
Net Asset Value of UI series:	97,062 USD
Net Asset Value per unit:	1.123354 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
T-bills	32.41 %
Corporate bonds	25.56 %
Government bonds	15.73 %
Hungarian equities	10.25 %
Collective securities	8.39 %
International equities	0.34 %
Market value of open derivative positions	3.91 %
Current account	2.90 %
Receivables	0.73 %
Liabilities	-0.19 %
Total	100,00 %
Derivative products	53.85 %
Net corrected leverage	109.24 %

Assets with over 10% weight

BTF 0 04/17/24 (Francia Állam)

RISK PROFILE

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

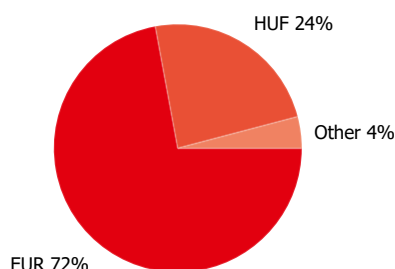
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NET YIELD PERFORMANCE OF THE SERIES

Interval	Yield of note	Benchmark yield
From start	10.80 %	0.37 %
1 month	-0.19 %	0.00 %
3 months	3.40 %	0.00 %

Currency exposure:



NET PERFORMANCE OF THE SERIES

net asset value per share, 07/13/2022 - 08/31/2023



— VIG Alfa Absolute Return Investment Fund UI series
— Benchmark

RISK INDICATORS

Annualized standard deviation of the fund's weekly yields- based on 1 year	11.17 %
Annualized standard deviation of the benchmark's weekly yields- based on 1 year	0.06 %
Annualized standard deviation of the fund's weekly yields- based on 3 year	12.12 %
Annualized standard deviation of the fund's weekly yields- based on 5 year	12.12 %
WAM (Weighted Average Maturity)	1.23 years
WAL (Weighted Average Life)	1.72 years

TOP 10 POSITIONS

Asset	Type	Counterparty / issuer	Maturity	
BTF 0 04/17/24	zero coupon	Francia Állam	04/17/2024	15.17 %
RATB 0 01/25/24	zero coupon	Oszták Állam	01/25/2024	7.00 %
Adventum MAGIS Zártkörű Alapok Alapja	investment note	Adventum MAGIS Zártkörű Alapok		6.92 %
Graphisoft Park S.E új	share	Graphisoft Park SE		5.70 %
Magyar Államkötvény 2024/B	interest-bearing	Államadósság Kezelő Központ Zrt.	06/26/2024	5.62 %
Magyar Államkötvény 2023/A	interest-bearing	Államadósság Kezelő Központ Zrt.	11/24/2023	4.75 %
REPHUN 2031/06/16 4,25% EUR	interest-bearing	Államadósság Kezelő Központ Zrt.	06/16/2031	4.47 %
TVLRO 8 7/8 04/27/27	interest-bearing	BANCA TRANSILVANIA	04/27/2027	4.10 %
D240430	zero coupon	Államadósság Kezelő Központ Zrt.	04/30/2024	3.59 %
BTF 0 11/29/23	zero coupon	Francia Állam	11/29/2023	3.45 %

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