

# VIG MoneyMaxx Emerging Market Total Return Investment Fund

I series HUF MONTHLY report - 2023 SEPTEMBER (made on: 09/30/2023)



## INVESTMENT POLICY OF THE FUND

The aim of the Fund is to create an investment portfolio through asset allocation between and within asset classes that achieves annualised capital growth for investors higher than the benchmark over a 3-year time horizon. The Fund seeks investment opportunities primarily in emerging markets. In order to realise the investment objectives, the asset groups in the Fund's portfolio may be freely varied without having to adhere to any predetermined risk profile. The Fund is a "total return" fund, which can invest in several asset classes, i.e. instead of focusing on just one sub-sector of the money or capital market, it concentrates its investments within a combination of assets that promises the highest possible return at any given time. The Fund does not aim to track a fixed benchmark, nor does it adhere to a fixed equity-to-bond portfolio ratio, but seeks to vary this ratio within broad boundaries, with the composition of the portfolio changing dynamically in order to achieve the Fund's return target. The Fund's investments focus on emerging markets. The Fund primarily allocates its assets between emerging-market local currency government securities, hard currency government and corporate bonds, and equity markets, in accordance with the latest market expectations. The Fund may thus assume interest rate risk, currency risk, credit risk, as well as equity market risk. The Fund may take positions in other regions and markets (e.g. commodity markets) besides the emerging markets. The Fund hedges most of its currency positions, but it may also take open currency positions. In the interest of efficient portfolio design, the Fund may also assume forward and futures positions.

## MARKET SUMMARY

In the US, at a press conference after the US Federal Reserve's September meeting, the Fed chairman said that he believes US interest rates will remain higher for longer than market participants had previously thought, which could mean that despite the fall in inflation, based on the macroeconomic numbers, the Fed is not willing to cut rates quickly. Also, Fed Chairman Jerome Powell does not seem to want to declare victory over inflation too soon, after his ill-fated "inflation is only temporary" statement two years ago, which means that he is leaning towards tightening, especially while economic indicators are still strong. Powell has also talked about soft-landing, but contrary to market expectations, this is not the Fed's baseline scenario. Real wages in the US are rising again, which is boosting economic activity, and the combined effect of these could lift the inflation trajectory in the coming months.

In Hungary, the MNB has continued to cut interest rates and after a long period, the base rate and the policy rate are the same. The base rate is now only 13%, which raises the question of how the forint will react to this. Although 13% is the highest in the region, the political risk premium makes it uncertain that the forint can remain stable. The MNB expects domestic inflation and core inflation to continue to fall at a rapid pace in the coming months. As the pace of disinflation continues to accelerate, inflation is expected to ease into the single-digit range in the autumn.

The Fund ended the month with a negative performance, with developed market bond and emerging market equity positions weighing on returns. During the month, we reduced our weighting in Hungarian forint government bonds with long yields below 7%, and we bought long euro-denominated Hungarian paper with part of the sale price. We increased our weight in European government bonds as the growth outlook continued to deteriorate. We continue to gradually increase our developed market interest rate risk, expecting that monetary tightening will eventually put the brakes on the economy, albeit more slowly than usual. We are keeping our equity weighting around 17%, part of which we have hedged with put options. We use the weaker periods of the forint to build tactical forint long positions.

## 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 9.5%
ISIN code:	HU0000716014
Start:	03/08/2016
Currency:	HUF
Net Asset Value of the whole Fund:	14,374,236,278 HUF
Net Asset Value of I series:	5,769,764,322 HUF
Net Asset Value per unit:	1.002511 HUF

## DISTRIBUTORS

Equilor 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
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## ASSET ALLOCATION OF THE FUND

Asset	Weight
Government bonds	38.27 %
Corporate bonds	28.14 %
T-bills	15.04 %
Collective securities	9.66 %
Hungarian equities	2.49 %
International equities	1.56 %
Current account	4.78 %
Liabilities	-4.75 %
Receivables	3.69 %
Market value of open derivative positions	1.14 %
<b>Total</b>	<b>100,00 %</b>
Derivative products	122.93 %
Net corrected leverage	130.15 %

### Assets with over 10% weight

There is no such instrument in the portfolio

## RISK PROFILE

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

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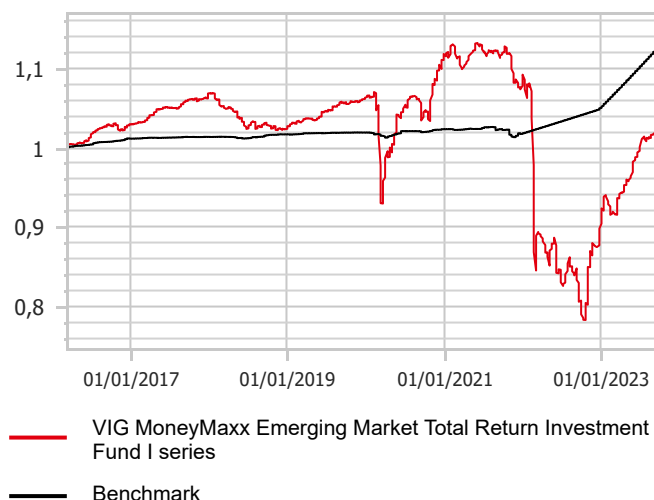


## NET YIELD PERFORMANCE OF THE SERIES

Interval	Yield of note	Benchmark yield
From start	0.03 %	1.57 %
1 month	-1.79 %	0.76 %
3 months	0.87 %	2.40 %
2022	-18.55 %	3.04 %
2021	-3.31 %	-0.60 %
2020	4.59 %	0.41 %
2019	3.73 %	0.23 %
2018	-3.63 %	0.31 %
2017	3.28 %	0.20 %

## NET PERFORMANCE OF THE SERIES

net asset value per share, 03/08/2016 - 09/30/2023



## RISK INDICATORS

Annualized standard deviation of the fund's weekly yields-based on 1 year	8.68 %
Annualized standard deviation of the benchmark's weekly yields-based on 1 year	0.46 %
Annualized standard deviation of the fund's weekly yields-based on 3 year	21.00 %
Annualized standard deviation of the fund's weekly yields-based on 5 year	23.36 %
WAM (Weighted Average Maturity)	3.20 years
WAL (Weighted Average Life)	4.88 years

## TOP 10 POSITIONS

Asset	Type	Counterparty / issuer	Maturity	
US 5YR NOTE (CBT) Dec23 Buy	derivatív	Raiffeisen Hun	12/29/2023	14.60 %
EUR/HUF 23.12.05 Forward Sell	derivatív	ING Bank Hun	12/05/2023	10.89 %
PLN/HUF 23.12.13 Forward Sell	derivatív	Unicredit Hun	12/13/2023	9.98 %
MSCI EmgMkt Dec23 Buy	derivatív	Raiffeisen Hun	12/15/2023	7.35 %
USD/HUF 24.01.22 Forward Sell	derivatív	Unicredit Hun	01/22/2024	5.64 %
ROMGB 2036/04/28 4,25%	interest-bearing	Román Állam	04/28/2036	5.35 %
US 10YR NOTE (CBT)Dec23 Buy	derivatív	Raiffeisen Hun	12/19/2023	5.27 %
US LONG BOND(CBT) Dec23 Buy	derivatív	Raiffeisen Hun	12/19/2023	4.67 %
BSTDBK 2.52 10/19/23	interest-bearing	BLACK SEA TRADE AND DEVELOPEMENT BANK	10/19/2023	4.61 %
Magyar Államkötvény 2023/A	interest-bearing	Államadósság Kezelő Központ Zrt.	11/24/2023	4.37 %

### 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