

# VIG Alfa Absolute Return Investment Fund

C series CZK MONTHLY report - 2023 OCTOBER (made on: 10/31/2023)

## 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

In October, the Hamas-Israel war caused oil prices to rise 10%, but as the chances of the war not turning into a wider Middle East crisis diminished, oil prices fell back to pre-conflict levels. The US Federal Reserve is still communicating a very tight monetary policy, but markets are becoming immune because the accepted view is that a recession will come sooner or later and then the Fed is expected to cut interest rates. Currently, bond markets are pricing in the first rate cut in May by next year, with an 80 basis point cut priced in for 2024. The Hungarian National Bank has decided to cut its base rate by 75 basis points in October, slowing from the previous 100 basis point rate cut. The decision came as some surprise as the consensus had expected only a 50 basis point cut. In the statement released, the MNB indicated that strong disinflation and the reduction in the country's vulnerabilities allow for a continuation of the normalization of monetary conditions by lowering the base rate, while rising external risks justify maintaining a cautious approach and continuing to cut interest rates at a slower pace than before. Vice-President Barnabas Virág said that the decision would be taken in a step-by-step, cautious and data-driven manner, depending on the factors affecting the inflation path and the evolution of the risk environment. The forint strengthened against the euro throughout October, but weakened slightly after the rate decision meeting.

The fund delivered a positive return in October despite the unfavorable capital market environment, as it has been following a risk-averse investment strategy since July. The fund currently holds a higher than average proportion of liquid assets, part of which it intends to use to buy attractively priced securities in the current sell-off, increasing its equity exposure by 2% in October (OTP Bank, Shopper Park), which still only amounts to 14%. In the near future, further risk enhancement is expected in the fund, as good yield/risk entry points may emerge. The fund's position in the forint is neutral.

## 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 2.6%
ISIN code:	HU0000716006
Start:	03/17/2016
Currency:	CZK
Net Asset Value of the whole Fund:	34,958,026,101 HUF
Net Asset Value of C series:	515,174 CZK
Net Asset Value per unit:	1.123452 CZK

## DISTRIBUTORS

Conseq Investment Management, a.s., ERSTE Group Bank AG Austria, Patria Finance, a.s.

## 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	29.81 %
Corporate bonds	24.29 %
Government bonds	16.19 %
Hungarian equities	13.75 %
Collective securities	8.34 %
International equities	1.20 %
Market value of open derivative positions	4.47 %
Current account	1.91 %
Receivables	0.23 %
Liabilities	-0.18 %
<b>Total</b>	<b>100,00 %</b>
Derivative products	66.03 %
Net corrected leverage	100.00 %

### Assets with over 10% weight

BTF 0 04/17/24 (Francia Állam)

## RISK PROFILE



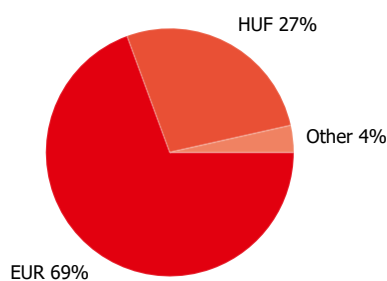
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## NET YIELD PERFORMANCE OF THE SERIES

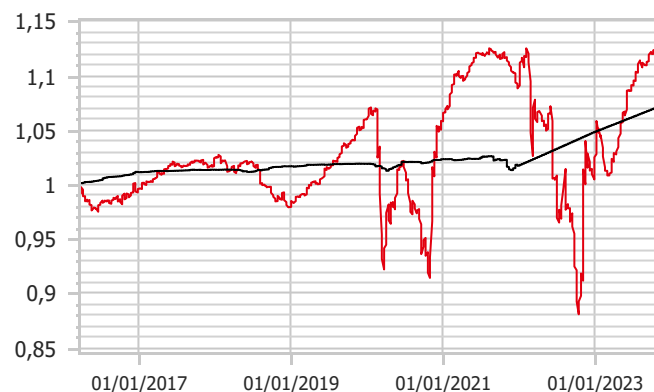
Interval	Yield of note	Benchmark yield
From launch	1.54 %	0.90 %
1 month	0.20 %	0.23 %
3 months	1.26 %	0.66 %
2022	-8.69 %	3.04 %
2021	2.86 %	-0.60 %
2020	-0.29 %	0.41 %
2019	8.35 %	0.23 %
2018	-3.69 %	0.31 %
2017	2.30 %	0.20 %

### Currency exposure:



## NET PERFORMANCE OF THE SERIES

net asset value per share, 03/17/2016 - 10/31/2023



— VIG Alfa Absolute Return Investment Fund C series  
— Benchmark

## RISK INDICATORS

Annualized standard deviation of the fund's weekly yields- based on 1 year	11.91 %
Annualized standard deviation of the benchmark's weekly yields- based on 1 year	0.08 %
Annualized standard deviation of the fund's weekly yields- based on 3 year	11.06 %
Annualized standard deviation of the fund's weekly yields- based on 5 year	9.88 %
WAM (Weighted Average Maturity)	1.01 years
WAL (Weighted Average Life)	1.47 years

## TOP 10 POSITIONS

Asset	Type	Counterparty / issuer	Maturity	
BTF 0 04/17/24	zero coupon	Francia Állam	04/17/2024	14.39 %
Magyar Államkötvény 2024/B	interest-bearing	Államadósság Kezelő Központ Zrt.	06/26/2024	7.04 %
RATB 0 01/25/24	zero coupon	Osztrák Állam	01/25/2024	6.64 %
Adventum MAGIS Zártkörű Alapok Alapja	investment note	Adventum MAGIS Zártkörű Alapok		6.55 %
Graphisoft Park S.E új	share	Graphisoft Park SE		5.39 %
Magyar Államkötvény 2023/A	interest-bearing	Államadósság Kezelő Központ Zrt.	11/24/2023	4.52 %
REPHUN 2031/06/16 4,25% EUR	interest-bearing	Államadósság Kezelő Központ Zrt.	06/16/2031	4.12 %
TVLRO 8 7/8 04/27/27	interest-bearing	BANCA TRANSILVANIA	04/27/2027	3.90 %
D240430	zero coupon	Államadósság Kezelő Központ Zrt.	04/30/2024	3.44 %
BTF 0 11/29/23	zero coupon	Francia Állam	11/29/2023	3.27 %

### 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