

# VIG Central European Equity Investment Fund

El series EUR MONTHLY report - 2023 OCTOBER (made on: 10/31/2023)

## INVESTMENT POLICY OF THE FUND

The Fund purchases stocks issued by companies in Central and Eastern European region (primarily Hungary, the Czech Republic, Poland, Austria, Romania, secondarily Slovenia, Croatia, Russia, Turkey), but it may also invest in the stocks of other developing and developed foreign companies as well as other collective investment securities. The Fund may hedge some or all of its foreign currency risk using forward currency positions against the target currency composition of the Fund, i.e., the current settlement currency of the benchmark (CEE region currencies), depending on the market processes. In addition, the use of equity and index futures is permitted in order to effectively build the Fund's portfolio. To ensure liquidity, the Fund wishes to add government securities issued by the Government Debt Management Agency on behalf of the Hungarian State to its portfolio. There is no possibility for making individual investor decisions in respect of the Fund.

## 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.

Central European markets had a strong month, with the Polish market performing particularly well. The main driver was the Polish elections, which seem to have resulted in the formation of a government by the previously opposition Civic Coalition. From a market perspective, this could see a strong appreciation, both on the back of the arrival of EU subsidies and improved corporate governance in state-owned enterprises. The fund started the month with a slight overweight, which it ended with a significant overweight of 112% on gradual Polish buying. In addition to Poland, we expect the Hungarian and Romanian markets to rally, with good sector performance expected in banks and consumer sectors.

## GENERAL INFORMATION

Fund Manager:	VIG Investment Fund Management Hungary
Custodian:	Erste Bank Hungary Zrt.
Main distributor:	VIG Investment Fund Management Hungary 45% MSCI Emerging Markets Poland Net Total Return Local Index + 15% MSCI Austria Net Total Return + 15% MSCI Emerging Markets Czech Republic Net Total Return Local Index + 15% MSCI Emerging Markets Hungary Net Total Return Local Index + 10% MSCI Romania Net Total Return
Benchmark composition:	
ISIN code:	HU0000730361
Start:	07/18/2022
Currency:	EUR
Net Asset Value of the whole Fund:	19,975,384,283 HUF
Net Asset Value of El series:	168,035 EUR
Net Asset Value per unit:	1.316033 EUR

## 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
International equities	82.48 %
Hungarian equities	12.24 %
Collective securities	0.00 %
Current account	4.48 %
Receivables	0.87 %
Liabilities	-0.06 %
Market value of open derivative positions	-0.01 %
<b>Total</b>	<b>100,00 %</b>
Derivative products	16.41 %
Net corrected leverage	117.15 %
Assets with over 10% weight	
There is no such instrument in the portfolio	

## RISK PROFILE

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

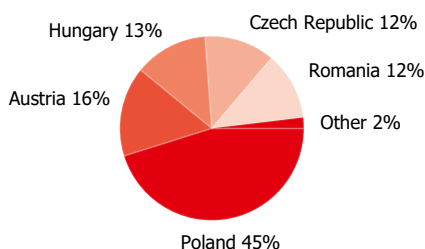
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EI series EUR MONTHLY report - 2023 OCTOBER (made on: 10/31/2023)

## NET YIELD PERFORMANCE OF THE SERIES

Interval	Yield of note	Benchmark yield
From launch	23.77 %	24.38 %
1 month	7.44 %	7.95 %
3 months	0.02 %	0.05 %

### Stocks by countries



## NET PERFORMANCE OF THE SERIES

net asset value per share, 07/18/2022 - 10/31/2023



— VIG Central European Equity Investment Fund EI series  
— Benchmark

## RISK INDICATORS

Annualized standard deviation of the fund's weekly yields- based on 1 year	18.26 %
Annualized standard deviation of the benchmark's weekly yields- based on 1 year	18.06 %
Annualized standard deviation of the fund's weekly yields- based on 3 year	20.36 %
Annualized standard deviation of the fund's weekly yields- based on 5 year	20.36 %
WAM (Weighted Average Maturity)	0.00 years
WAL (Weighted Average Life)	0.00 years

## TOP 10 POSITIONS

Asset	Type	Counterparty / issuer	Maturity
CEZ	share	CEZ A.S	8.02 %
Erste Bank	share	ERSTE BANK AG	7.72 %
Polski Koncern Naftowy	share	PL Koncern Naftowy	7.27 %
OTP Bank törzsrészevény	share	Országos Takarékpénztár és Kereskedelmi Bank Nyrt.	7.27 %
PKO Bank	share	PKO Bank	5.12 %
Dino Polska SA	share	DINO POLSKA SA	4.94 %
POWSZECHNY ZAKŁAD UBEZPIECZEŃ	share	POWSZECHNY ZAKŁAD UBEZPIECZEŃ	4.22 %
Bank Pekao SA	share	Bank Pekao SA	3.96 %
BANCA TRANSILVANIA	share	BANCA TRANSILVANIA	3.89 %
Komercni Banka	share	Komercni Banka	3.69 %

### 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 | alapkezel@am.vig | www.vigam.hu