

VIG Developed Markets Government Bond Investment Fund

I series HUF MONTHLY report - 2023 OCTOBER (made on: 10/31/2023)

INVESTMENT POLICY OF THE FUND

The objective of the Fund is to create a highly defensive investment portfolio for its Investors, which typically invests in developed-market government bonds and related exchange-traded derivatives. According to the intentions of the Fund Manager, the bulk of the Fund's portfolio is made up of bonds issued by foreign states and foreign companies through public offerings. With regard to foreign securities, the Fund only purchases publicly traded securities listed on a foreign stock exchange. It keeps the planned share of non-investment grade securities low. The proportion of bonds that can be held in the Fund at any given time may reach the prevailing legal maximum. In order to ensure liquidity, the Fund may purchase Hungarian government securities (primarily discount treasury bills) and MNB bonds. The Fund Manager has the option, at its own discretion, of hedging all or part of its foreign exchange risks using forward currency positions subject to observing the applicable legal requirements.

MARKET SUMMARY

Last month, the war between Israel and Hamas triggered fresh geopolitical uncertainty and modestly higher energy prices. The US September inflation report showed weaker progress on disinflation, with services inflation picking up. Several Fed officials emphasised the central bank could proceed carefully and that a rise in long-term yields may mean less need to raise rates. The ECB left interest rates unchanged, as expected by the majority of the market, and the tone was slightly less hawkish. Both the Fed and the BoE left interest rates unchanged and retained a tightening bias, although the odds of further hikes appear to be waning. China's PMIs resumed weakening from low levels, signalling that growth remains under pressure. The BoJ tweaked its yield-curve-control framework, refraining from making any substantial changes. Weak growth and easing inflation in the Eurozone, together with a moderately dovish FOMC meeting outcome, drove government-bond yields down; the 10Y UST yield fell to 4.65%, while the 10Y Bund yield dropped to 2.70%. Equities were well supported in this environment and are set to close the month with gains. Credit spreads tightened across the board. EUR-USD steadied above 1.06, while USD-JPY fell back towards 150, after having reached a peak of nearly 152. We didn't make meaningful changes to the fund's composition throughout last month.

GENERAL INFORMATION

Fund Manager:	VIG Investment Fund Management Hungary
Custodian:	Erste Bank Hungary Zrt.
Main distributor:	VIG Investment Fund Management Hungary 80% Bloomberg Global Treasury Majors ex Japan Total Return Index Unhedged USD + 20% ZMAX Index
Benchmark composition:	
ISIN code:	HU0000724224
Start:	03/19/2021
Currency:	HUF
Net Asset Value of the whole Fund:	9,805,947,986 HUF
Net Asset Value of I series:	8,042,500,555 HUF
Net Asset Value per unit:	0.952495 HUF

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
Government bonds	71.04 %
T-bills	20.92 %
Corporate bonds	6.80 %
Current account	0.99 %
Market value of open derivative positions	0.21 %
Receivables	0.14 %
Liabilities	-0.10 %
Total	100,00 %
Derivative products	7.32 %
Net corrected leverage	100.00 %
Assets with over 10% weight	
USGB 2044/11/15 3% (Amerikai Egyesült Államok)	
USGB 2028/02 2,75% (Amerikai Egyesült Államok)	

RISK PROFILE

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

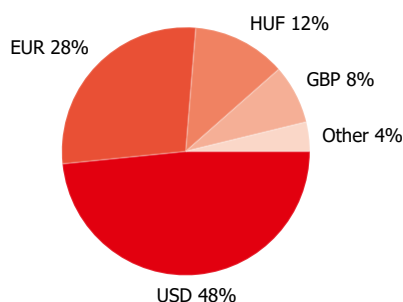
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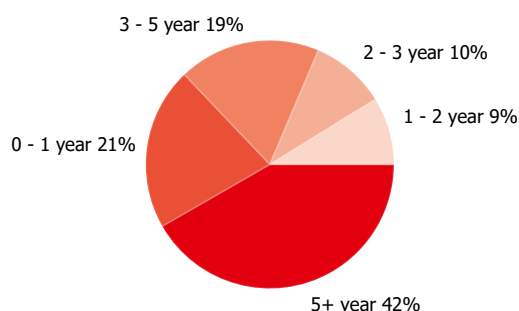
NET YIELD PERFORMANCE OF THE SERIES

Interval	Yield of note	Benchmark yield
From launch	-1.84 %	-1.00 %
1 month	-3.05 %	-2.71 %
3 months	-2.39 %	-1.54 %
2022	-2.88 %	-2.82 %

Currency exposure:



Bonds by tenor:



NET PERFORMANCE OF THE SERIES

net asset value per share, 03/19/2021 - 10/31/2023



— VIG Developed Markets Government Bond Investment Fund series
— Benchmark

RISK INDICATORS

Annualized standard deviation of the fund's weekly yields-based on 1 year	11.12 %
Annualized standard deviation of the benchmark's weekly yields-based on 1 year	10.85 %
Annualized standard deviation of the fund's weekly yields-based on 3 year	13.38 %
Annualized standard deviation of the fund's weekly yields-based on 5 year	13.38 %
WAM (Weighted Average Maturity)	6.88 years
WAL (Weighted Average Life)	8.34 years

TOP 10 POSITIONS

Asset	Type	Counterparty / issuer	Maturity	
USGB 2044/11/15 3%	interest-bearing	Amerikai Egyesült Államok	11/15/2044	11.08 %
USGB 2028/02 2,75%	interest-bearing	Amerikai Egyesült Államok	02/15/2028	10.81 %
US T-Bill 02/08/24	zero coupon	Amerikai Egyesült Államok	02/08/2024	8.82 %
EU 04/04/32 3,375%	interest-bearing	Európai Unió	04/04/2032	7.55 %
D240221	zero coupon	Államadósság Kezelő Központ Zrt.	02/21/2024	6.81 %
USGB 2025/01 2,5%	interest-bearing	Amerikai Egyesült Államok	01/31/2025	6.04 %
USGB 2042/02 3,125%	interest-bearing	Amerikai Egyesült Államok	02/15/2042	5.46 %
RABKAS 7,125% 01/19/26 visszahívható 2025	interest-bearing	RAIFFEISENBANK A.S.	01/19/2026	5.37 %
SPGB 2052/10/31 1,9%	interest-bearing	Spanyol Állam	10/31/2052	5.18 %
ROMANI EUR 2028/03/07 2,125%	interest-bearing	Román Állam	03/07/2028	5.17 %

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 | alapkezeslo@am.vig | www.vigam.hu