

## INVESTMENT POLICY OF THE FUND

The Fund aims to achieve a higher return than that of short-term bonds by investing in bonds of low volatility and limited-risk profile issued or guaranteed by certain specified states, quasi-sovereign corporations, national banks or supranational institutions. The Fund invests most of its available assets in low-risk instruments, i.e. bonds issued or guaranteed by the Hungarian state or states with a credit rating at least equal to or better than the latter's latest rating (or by their debt management agencies), quasi-sovereign companies, national banks or supranational institutions. The Fund may hold bank deposits, or cash, and enter into repo and reverse repo transactions. The maximum interest rate risk with respect to the Fund as a whole (i.e. its duration) is 3 years, while the weighted average maturity of the individual securities is a maximum of 10 years. For bonds denominated in currencies other than Hungarian forint, the asset manager seeks to fully hedge the foreign exchange risk, and may only deviate from this at the expense of risky assets (i.e. in the case of foreign exchange under/over-hedging). The Fund uses a small portion of its available assets to purchase risky instruments – domestic and foreign equities, equity indexes, higher risk bonds, foreign exchange, commodity market products and collective investment securities on the spot and futures markets. The Fund may enter into both long and short trades. Based on the approach followed when purchasing risky assets, the Fund is an absolute return fund: it selects investment options with the best possible expected return/risk ratio from the options available to it on the domestic and international money and capital markets. There is no possibility for making individual investor decisions in respect of the Fund.

## MARKET SUMMARY

In October, due the Hamas-Israel war brought Middle East risks back into the market focus, with the oil market being the main focus. On the news of the war, oil prices initially rose by 10%, but as the probability to turn into a wider Middle East war decreased, oil prices fell back to pre-conflict levels. In the first two weeks, financial markets were still moving on the war news, but after that macroeconomic numbers were more influential. The US Federal Reserve is still communicating a very tight monetary policy, but markets are becoming immune to it, because the prevailing view is that sooner or later a recession will arrive and then the Fed may cut interest rates. Currently, bond markets are pricing the first rate cut for May next year and 90bps cuts are 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 cut. The decision came as some surprise as the consensus had expected only a 50 basis point cut. In the statement released, the HNB 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. In a background briefing after the rate decision meeting, Vice President Barnabás 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.

During the month, as planned, we looked for shorting opportunities. We took positions in major US (S&P 500) and European (DAX) stock indices, which contributed to performance until the end of the month. On the bond side, we lengthened the portfolio's interest rate exposure as the NBH cut by 75 basis points more than the analyst consensus expected which could provide further impetus to the decline in short yields. Demand for these securities is higher than supply due to regulatory expectations, in addition, the duration of RMAX index (consisting Hungarian bonds, with a maturity lower than 1 year) will increase passively by November as 2024/C bond will be included, and soon domestic mutual funds will have to look for a new target to replace 2023/A maturities (maturity in November), which could further drive yields lower. Accordingly, we swapped our shorter bonds and HTBs for 2024/C and 2025/B government bonds (to increase duration exposure of our fund), which also improved both relative and absolute fund performance in October.

## GENERAL INFORMATION

Fund Manager:	VIG Investment Fund Management Hungary
Custodian:	Unicredit Bank Hungary Zrt.
Main distributor:	VIG Investment Fund Management Hungary
Benchmark composition:	100% RMAX Index + 0.5%
ISIN code:	HU0000731385
Start:	01/02/2023
Currency:	HUF
Net Asset Value of the whole Fund:	2,733,711,695 HUF
Net Asset Value of I series:	1,710,313,855 HUF
Net Asset Value per unit:	1.133936 HUF

## DISTRIBUTORS

## ASSET ALLOCATION OF THE FUND

Asset	Weight
Government bonds	53.88 %
Corporate bonds	34.51 %
T-bills	12.65 %
Liabilities	-20.75 %
Receivables	14.21 %
Deposit	4.75 %
Current account	0.49 %
Market value of open derivative positions	0.26 %
<b>Total</b>	<b>100,00 %</b>
Derivative products	23.21 %
Net corrected leverage	105.92 %

### Assets with over 10% weight

2024C (Államadósság Kezelő Központ Zrt.)

2025B (Államadósság Kezelő Központ Zrt.)

MAEXIM 16 03/14/24 (Magyar Export-Import Bank Zrt.)

## SUGGESTED MINIMUM INVESTMENT PERIOD

3 mths	6 mths	1 yr	2 yr	3 yr	4 yr	5 yr
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## RISK PROFILE

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

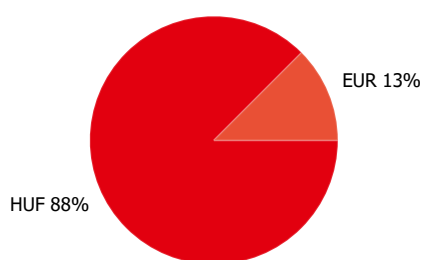
# VIG Ozon Annual Capital Protected Investment Fund

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

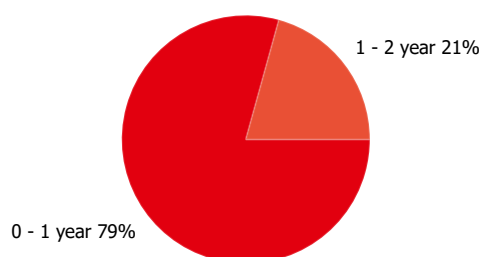
## NET YIELD PERFORMANCE OF THE SERIES

Interval	Yield of note	Benchmark yield
From launch	13.39 %	12.91 %
1 month	1.00 %	0.79 %
3 months	3.16 %	3.36 %
6 months	8.64 %	8.60 %

### Currency exposure:

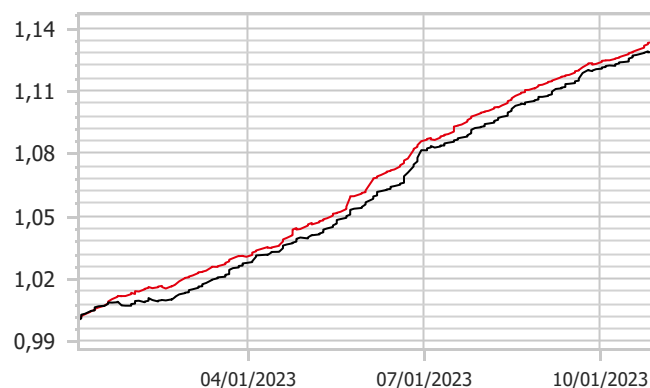


### Bonds by tenor:



## NET PERFORMANCE OF THE SERIES

net asset value per share, 01/02/2023 - 10/31/2023



— VIG Ozon Annual Capital Protected Investment Fund I series  
— Benchmark

## RISK INDICATORS

Annualized standard deviation of the fund's weekly yields- based on 1 year	1.05 %
Annualized standard deviation of the benchmark's weekly yields- based on 1 year	1.16 %
Annualized standard deviation of the fund's weekly yields- based on 3 year	1.05 %
Annualized standard deviation of the fund's weekly yields- based on 5 year	1.05 %
WAM (Weighted Average Maturity)	0.76 years
WAL (Weighted Average Life)	0.76 years

## TOP 10 POSITIONS

Asset	Type	Counterparty / issuer	Maturity	
Magyar Államkötvény 2024/C	interest-bearing	Államadósság Kezelő Központ Zrt.	10/24/2024	24.56 %
Magyar Államkötvény 2025/B	interest-bearing	Államadósság Kezelő Központ Zrt.	06/24/2025	20.84 %
MAEXIM 16 03/14/24	interest-bearing	Magyar Export-Import Bank Zrt.	03/14/2024	15.17 %
MAEXIM 16 01/17/24	interest-bearing	Magyar Export-Import Bank Zrt.	01/17/2024	9.36 %
Magyar Államkötvény 2024/B	interest-bearing	Államadósság Kezelő Központ Zrt.	06/26/2024	8.38 %
RATB 0 01/25/24	zero coupon	Oszták Állam	01/25/2024	7.07 %
BTF 0 01/24/24	zero coupon	Francia Állam	01/24/2024	5.55 %
MAEXIM 14 12/07/23	interest-bearing	Magyar Export-Import Bank Zrt.	12/07/2023	5.16 %
MAEXIM 16 02/14/24	interest-bearing	Magyar Export-Import Bank Zrt.	02/14/2024	4.75 %
EUR Betét	Betét	OTP Bank	11/14/2023	4.74 %

### 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