

# VIG Alfa Absolute Return Investment Fund

A series HUF MONTHLY report - 2023 DECEMBER (made on: 12/31/2023)

## 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

The main event in December was the central bank's interest rate decision meeting. It is now accepted view that inflation has been contained and the year-on-year figure has been falling for months, but the big question was how the Fed would respond. At the post-meeting press briefing, investors got an answer to that question, wrapped in as a Christmas present. Based on Fed Chairman Jerome Powell's statements, investors can take it for granted that the cycle of rate hikes is over and the higher-for-longer principle on interest rates is also over. While the Chairman hinted that interest rate policy will continue to be determined by macro data, investors read between the lines that not only will there be no more rate hikes, but that there will be rate cuts in 2024. As a result, market participants have started to raise their target rates for next year. There are, of course, analysts who believe that early rate cuts are a throwback to the 1970s, when the Fed started cutting rates early and inflation started to rise again. The Hungarian National Bank cut its base rate by another 75 basis points to 10.75%, and inflation also fell further in November, now at 7.9%, and according to the Hungarian Central Statistical Office, it could fall below 7% in December. The only change in the MNB's communication was that they no longer consider it out of the question that they could cut rates by as much as 100 basis points next time. Vice President Barnabas Virág said that the rate cut would become data-dependent and that if justified, they would not rule out cutting rates by more than 75 basis points. Meanwhile, the forint remained relatively stable against the euro, it did not move significantly from around 380 level.

## 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:	HU0000703970
Start:	02/10/2006
Currency:	HUF
Net Asset Value of the whole Fund:	38,893,953,292 HUF
Net Asset Value of A series:	16,106,587,231 HUF
Net Asset Value per unit:	3.424609 HUF

## DISTRIBUTORS

CIB BANK ZRT, Commerzbank Zrt., Concorde Securities Ltd., Equilor Befektetési Zrt, ERSTE Group Bank AG Austria, Erste Investment Plc., KBC Securities Magyarországi Fióktelepe, MBH Bank Nyrt., MBH Befektetési Bank Zrt, MKB Bank Nyrt. 0789, OTP Bank Nyrt., Patria Finance Magyarországi Fióktelepe, Raiffeisen Bank cPlc., SPB Befektetési Zrt., UniCredit Bank Hungary cPlc., VIG Asset Management Hungary Plc.

## 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	28.04 %
Corporate bonds	27.15 %
Hungarian equities	19.24 %
T-bills	12.52 %
Collective securities	8.14 %
International equities	0.18 %
Receivables	4.14 %
Current account	0.87 %
Liabilities	-0.30 %
Market value of open derivative positions	0.04 %
<b>Total</b>	<b>100,00 %</b>
Derivative products	69.74 %
Net corrected leverage	100.00 %

### Assets with over 10% weight

ROMANI EUR 2033/09/18 6,375% (Romanian State)

## RISK PROFILE

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

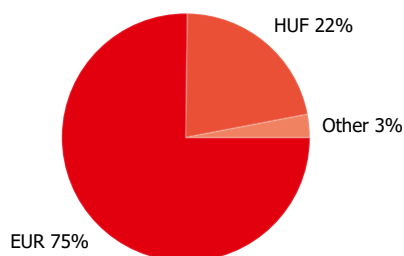
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## NET YIELD PERFORMANCE OF THE SERIES

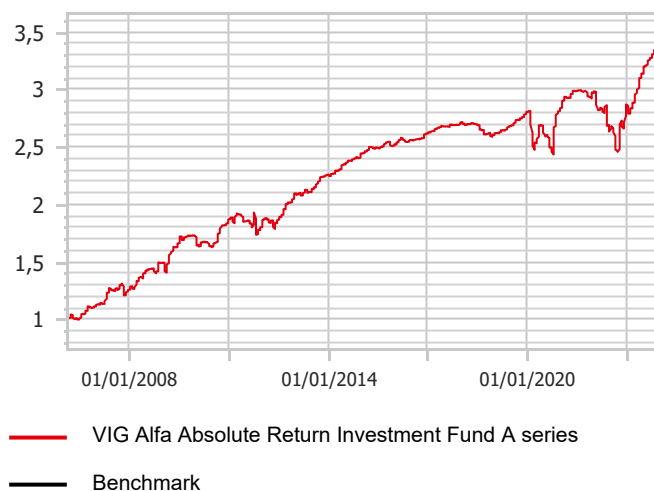
Interval	Yield of note	Benchmark yield
YTD	26.17 %	9.93 %
From launch	7.12 %	4.25 %
1 month	2.59 %	0.76 %
3 months	5.15 %	2.40 %
2023	26.17 %	9.93 %
2022	-6.58 %	3.04 %
2021	3.39 %	-0.60 %
2020	0.96 %	0.41 %
2019	7.38 %	0.23 %
2018	-3.58 %	0.31 %
2017	3.08 %	0.20 %
2016	4.08 %	1.22 %
2015	4.27 %	1.50 %
2014	6.81 %	3.31 %
2013	9.57 %	5.71 %

### Currency exposure:



## NET PERFORMANCE OF THE SERIES

net asset value per share, 02/10/2006 - 12/31/2023



## RISK INDICATORS

Annualized standard deviation of the fund's weekly yields- based on 1 year	6.89 %
Annualized standard deviation of the benchmark's weekly yields- based on 1 year	0.26 %
Annualized standard deviation of the fund's weekly yields- based on 3 year	10.85 %
Annualized standard deviation of the fund's weekly yields- based on 5 year	10.14 %
WAM (Weighted Average Maturity)	1.94 years
WAL (Weighted Average Life)	2.87 years

## TOP 10 POSITIONS

Asset	Type	Counterparty / issuer	Maturity	
ROMANI EUR 2033/09/18 6,375%	interest-bearing	Romanian State	09/18/2033	10.59 %
EUR/HUF 24.12.09 Forward Sell	derivative	ING Bank Hun	12/09/2024	9.84 %
BTF 0 04/17/24	zero coupon	French state	04/17/2024	6.62 %
Adventum MAGIS Zártkörű Alapok Alapja	investment note	Adventum MAGIS Closed-End Funds		6.56 %
ROMANI EUR 2029/09/27 6,625%	interest-bearing	Romanian State	09/27/2029	6.42 %
Magyar Államkötvény 2024/B	interest-bearing	Government Debt Management Agency Pte. Ltd.	06/26/2024	6.22 %
RATB 0 01/25/24	zero coupon	Austrian State	01/25/2024	6.01 %
Graphisoft Park S.E új	share	Graphisoft Park SE		5.01 %
OTP Bank törzsrészvény	share	National Building Society and Commercial Bank Plc. (OTP Bank Plc.)		4.57 %
RABKAS 7,125% 01/19/26 visszahívható 2025	interest-bearing	RAIFFEISENBANK A.S.	01/19/2026	4.25 %

### Legal declaration

The recent document qualifies as Portfolio Report according to the Kbfv. 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 | alapkezo@am.vig | www.vigam.hu