

VIG Emerging Market ESG Equity Investment Fund

U series USD MONTHLY report - 2023 DECEMBER (made on: 12/31/2023)

INVESTMENT POLICY OF THE FUND

The aim of the Fund is to share in the performance of companies benefiting from the growth of developing economies, through share price increases or dividend payments of listed companies, either directly (through investments in individual stocks) or indirectly (through ETFs or mutual Funds), while taking environmental, social and governance (ESG) criteria into account. The Fund does not directly invest in shares of Chinese companies within the emerging market universe. The geographical distribution is partly determined by the MSCI Emerging Markets Ex China Index, in which, besides a significant Asian (ex China) focus, European and Latin American companies are also heavily represented, and partly by the MSCI World with Emerging Markets (EM) Exposure Index, in which American and European companies represent the greatest weight. The use of stock and index futures is permitted in order to hedge and effectively build the Fund's portfolio. In selecting the stocks, the Fund pays special attention to the ESG compliance of individual companies; therefore, besides analysing financial factors, portfolio managers also consider environmental, social and governance factors in the investment decision process. The Fund Manager seeks to build a portfolio in which the positive ESG characteristics of companies prevail, i.e. companies with high ESG scores are overrepresented in the portfolio as compared to companies with low ESG scores.

The environmental criterion covers the elements where a business interacts with the environment. This includes, for example, the energy usage, waste management, and emission of pollutants of corporations, as well as the preservation of natural resources. Social criteria include all relations of a corporation with external partners, customers and internal employees. Corporate governance criteria include the legal conditions affecting the reliable operation of a corporation.

Due to the strategy of the Fund, it may also invest in assets denominated in foreign currency. The Fund may hedge some or all of its foreign currency risk using forward currency positions against the target currency, i.e. the settlement currency of the benchmark (USD). The Fund Manager has a discretionary right to reduce the foreign currency risk of positions denominated in a currency other than the target currency, depending on market developments, by entering into hedge transactions. In addition, the use of equity and index futures is permitted in order to effectively build the Fund's portfolio. The Fund records its assets in Hungarian forint (HUF).

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 70% MSCI Emerging Markets ex China Net Return USD Index + 30% MSCI World with EM Exposure Net Total Return Index |
| Benchmark composition: | |
| ISIN code: | HU0000723705 |
| Start: | 05/26/2020 |
| Currency: | USD |
| Net Asset Value of the whole Fund: | 14,689,911,090 HUF |
| Net Asset Value of U series: | 292,441 USD |
| Net Asset Value per unit: | 1.135862 USD |

DISTRIBUTORS

Conseq Investment Management, a.s., ERSTE Group Bank AG Austria, Erste Investment Plc., OTP Bank Nyrt., VIG Asset Management Hungary Plc.

SUGGESTED MINIMUM INVESTMENT PERIOD

| | | | | | | |
|--------|--------|------|------|------|------|------|
| 3 mths | 6 mths | 1 yr | 2 yr | 3 yr | 4 yr | 5 yr |
|--------|--------|------|------|------|------|------|

ASSET ALLOCATION OF THE FUND

| Asset | Weight |
|-------------------------------------------|-----------------|
| Collective securities | 54.52 % |
| International equities | 35.65 % |
| T-bills | 4.05 % |
| Current account | 5.81 % |
| Liabilities | -0.13 % |
| Receivables | 0.11 % |
| Market value of open derivative positions | 0.00 % |
| Total | 100.00 % |
| Derivative products | 9.30 % |
| Net corrected leverage | 109.29 % |

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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NET YIELD PERFORMANCE OF THE SERIES

| Interval | Yield of note | Benchmark yield |
|-------------|---------------|-----------------|
| YTD | 12.17 % | 15.48 % |
| From launch | 3.60 % | 6.04 % |
| 1 month | 5.67 % | 6.32 % |
| 3 months | 11.66 % | 13.00 % |
| 2023 | 12.17 % | 15.48 % |
| 2022 | -25.08 % | -22.11 % |
| 2021 | -3.81 % | -2.90 % |

NET PERFORMANCE OF THE SERIES

net asset value per share, 05/26/2020 - 12/31/2023



— VIG Emerging Market ESG Equity Investment Fund U series
— Benchmark

RISK INDICATORS

| | |
|---------------------------------------------------------------------------------|------------|
| Annualized standard deviation of the fund's weekly yields- based on 1 year | 17.78 % |
| Annualized standard deviation of the benchmark's weekly yields- based on 1 year | 17.64 % |
| Annualized standard deviation of the fund's weekly yields- based on 3 year | 19.35 % |
| Annualized standard deviation of the fund's weekly yields- based on 5 year | 19.63 % |
| WAM (Weighted Average Maturity) | 0.00 years |
| WAL (Weighted Average Life) | 0.00 years |

TOP 10 POSITIONS

| Asset | Type | Counterparty / issuer | Maturity | |
|------------------------------------------------|-----------------|----------------------------------|------------|--------|
| Lyxor MSCI Korea UCITS ETF | investment note | Lyxor MSCI Korea UCITS ETF | | 8.40 % |
| Lyxor MSCI India UCITS ETF | investment note | Lyxor MSCI India UCITS ETF | | 7.67 % |
| iShares MSCI Taiwan UCITS ETF | investment note | iShares MSCI Taiwan UCITS ETF | | 6.21 % |
| Lyxor MSCI Emerging Markets Ex China UCITS ETF | investment note | Lyxor MSCI EM Ex China UCITS ETF | | 5.82 % |
| Xtrackers MSCI Taiwan UCITS ET | investment note | Xtrackers MSCI Taiwan UCITS ETF | | 5.63 % |
| Lyxor MSCI Brazil UCITS ETF | investment note | Lyxor MSCI Brazil UCITS ETF | | 4.95 % |
| WIG20 INDEX FUT Mar24 Buy | derivative | Erste Bef. Hun | 03/15/2024 | 4.46 % |
| iShares MSCI India UCITS ETF | investment note | iShares MSCI India UCITS ETF | | 4.11 % |
| US T-Bill 02/08/24 | zero coupon | USA | 02/08/2024 | 4.06 % |
| S&P500 EMINI FUT Mar24 Buy | derivative | Raiffeisen Hun | 03/15/2024 | 3.98 % |

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