

## INVESTMENT POLICY OF THE FUND

The Fund's aim is to function as a stable, averagely low-risk form of investment, while providing investors with higher returns over the medium term than they could expect from bank deposits. In order to ensure liquidity, the Fund intends primarily to hold in its portfolio government bonds and discount treasury bills issued by the Government Debt Management Agency (ÁKK) on behalf of the Hungarian State, and bonds issued by the National Bank of Hungary (MNB). The Fund may hold in its portfolio low-risk debt securities issued by banks and companies, which are expected to provide higher returns than government securities and are denominated in HUF. The Fund may also keep its liquid assets in bank deposits. The fund may hold a limited amount of foreign currency assets in its portfolio, but only subject to the full hedging of currency risk.

## MARKET SUMMARY

In December, disinflation continued in Hungary, the pace of price increases have decreased to 5,5%. This means, that not only did the rate of price increases close the year in single digits, but inflation in December was nearly 20% lower compared to the peak in January. In December, the lower fuel prices fell out of the base, contributing positively to disinflation. However, in January 2024, several tax changes are expected to push prices higher, potentially slowing down the rapid decrease in inflation. At the last rate setting meeting of the year, the Monetary Council continued the rate cut cycle by cutting the base rate by 75 basis points, ending the year at 10,75%. From January onwards, if the risk assessment remains positive, it is feasible that the pace of rate cuts could accelerate to 100 basis points. During December, the budget situation did not improve, in fact the previously increased deficit target of 5,2% was raised again without official announcement in the last days of the year. The budget ultimately closed the year with a deficit of 4 593 billion HUF, which is likely even higher than the newly raised 5.9% deficit. During the month, not only did short-term yields decrease, but the long end of the yield curve also moved lower, with yields dropping by 87 basis points on the 5-year maturity and 80 basis points on the 10-year maturity. The year 2023 proved to be successful for Hungarian bonds, with the fund ending the year with outperforming the benchmark.

## GENERAL INFORMATION

Fund Manager:	VIG Investment Fund Management Hungary
Custodian:	Raiffeisen Bank Zrt.
Main distributor:	VIG Investment Fund Management Hungary
Benchmark composition:	100% MAX Index
ISIN code:	HU0000718127
Start:	12/01/2016
Currency:	HUF
Net Asset Value of the whole Fund:	41,489,235,493 HUF
Net Asset Value of I series:	25,370,080,384 HUF
Net Asset Value per unit:	1.097382 HUF

## DISTRIBUTORS

UNION Vienna Insurance Group Biztosító Zrt., 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	87.61 %
Corporate bonds	5.81 %
T-bills	2.86 %
Current account	3.58 %
Market value of open derivative positions	0.14 %
Receivables	0.05 %
Liabilities	-0.05 %
<b>Total</b>	<b>100,00 %</b>
Derivative products	5.14 %
Net corrected leverage	100.00 %

### Assets with over 10% weight

2032A (Government Debt Management Agency Pte. Ltd.)

2028A (Government Debt Management Agency Pte. Ltd.)

## RISK PROFILE

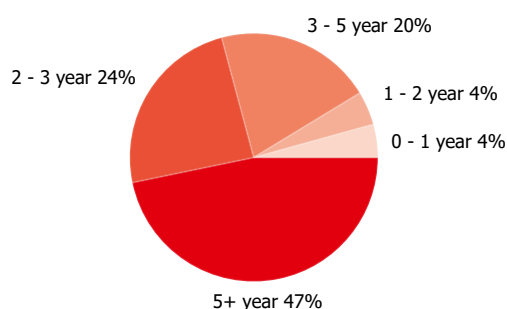
1	2	3	4	5	6	7
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← Lower risk Higher risk →

## NET YIELD PERFORMANCE OF THE SERIES

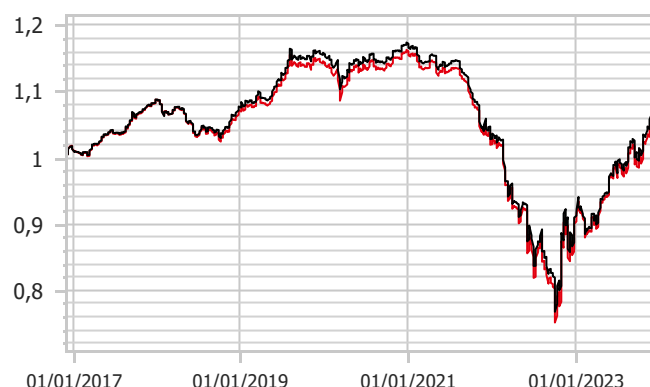
Interval	Yield of note	Benchmark yield
YTD	27.87 %	26.82 %
From launch	1.32 %	1.43 %
1 month	4.81 %	4.54 %
3 months	9.97 %	9.63 %
2023	27.87 %	26.82 %
2022	-16.66 %	-16.05 %
2021	-11.24 %	-11.36 %
2020	1.55 %	1.41 %
2019	7.23 %	7.74 %
2018	-1.51 %	-0.95 %
2017	6.28 %	6.41 %

### Bonds by tenor:



## NET PERFORMANCE OF THE SERIES

net asset value per share, 12/01/2016 - 12/31/2023



— VIG Hungarian Bond Investment Fund I series  
— Benchmark

## RISK INDICATORS

Annualized standard deviation of the fund's weekly yields-based on 1 year	11.20 %
Annualized standard deviation of the benchmark's weekly yields-based on 1 year	10.52 %
Annualized standard deviation of the fund's weekly yields-based on 3 year	13.00 %
Annualized standard deviation of the fund's weekly yields-based on 5 year	10.81 %
WAM (Weighted Average Maturity)	5.47 years
WAL (Weighted Average Life)	6.19 years

## TOP 10 POSITIONS

Asset	Type	Counterparty / issuer	Maturity	
Magyar Államkötvény 2032/A	interest-bearing	Government Debt Management Agency Pte. Ltd.	11/24/2032	11.13 %
Magyar Államkötvény 2028/A	interest-bearing	Government Debt Management Agency Pte. Ltd.	10/22/2028	10.51 %
Magyar Államkötvény 2026/D	interest-bearing	Government Debt Management Agency Pte. Ltd.	12/22/2026	9.78 %
Magyar Államkötvény 2030/A	interest-bearing	Government Debt Management Agency Pte. Ltd.	08/21/2030	6.65 %
Magyar Államkötvény 2027/A	interest-bearing	Government Debt Management Agency Pte. Ltd.	10/27/2027	6.45 %
Magyar Államkötvény 2041/A	interest-bearing	Government Debt Management Agency Pte. Ltd.	04/25/2041	5.23 %
Magyar Államkötvény 2038/A	interest-bearing	Government Debt Management Agency Pte. Ltd.	10/27/2038	4.87 %
Magyar Államkötvény 2026/E	interest-bearing	Government Debt Management Agency Pte. Ltd.	04/22/2026	4.37 %
2026F	interest-bearing	Government Debt Management Agency Pte. Ltd.	08/26/2026	4.21 %
Magyar Államkötvény 2029/A	interest-bearing	Government Debt Management Agency Pte. Ltd.	05/23/2029	4.18 %

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