

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

The main event in December was the central bank's interest rate decision meeting. It is now an 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 significant rate cuts in 2024. As a result most asset classes rallied including bonds. 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. Meanwhile, the forint remained relatively stable against the euro, it did not move significantly from around 380 level.

In December our Fund provided a strong performance in absolute terms. Global rally was amplified by local news: EU unfreezed cohesion funds in the amount of EUR 10bln, HUF remained strong and Hungarian short bond yields fell. Yields of Hungarian government bonds 2024/C and 2024/B fell by circa 200bps in December from peak to low, while 1.5-2 year yields fell by circa 1%, before a smaller correction started. Our Fund started December with a similar duration exposure as the reference index, we bought some new Maexim bonds, though yield spread of the issuer also declined significantly, making it less attractive for future buy transactions, however the outperformance of 2024/C and 2024B papers detracted from our relative performance versus the benchmark.

At the beginning of 2024 the Hungarian yield levels are still higher than regional average, which may be of significant support especially for the shorter maturities, however after the huge rally seen in November and December 2023 a correction is in the cards, investors are waiting for a new impulse, as many assets already reached target prices for 2024 in the last two months of 2023.

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:	HU0000705157
Start:	03/19/2007
Currency:	HUF
Net Asset Value of the whole Fund:	2,706,591,318 HUF
Net Asset Value of A series:	988,570,563 HUF
Net Asset Value per unit:	1.990143 HUF

DISTRIBUTORS

CIB BANK ZRT, Commerzbank Zrt., Concorde Securities Ltd., Equilor Befektetési Zrt, Erste Investment Plc., MBH Befektetési Bank Zrt, OTP Bank Nyrt., 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
--------	--------	------	------	------	------	------

ASSET ALLOCATION OF THE FUND

Asset	Weight
Corporate bonds	44.71 %
Government bonds	36.68 %
T-bills	13.01 %
Current account	5.21 %
Market value of open derivative positions	0.44 %
Liabilities	-0.04 %
Total	100.00 %
Derivative products	17.69 %
Net corrected leverage	100.00 %

Assets with over 10% weight

2025B (Government Debt Management Agency Pte. Ltd.)

MAEXIM 16 03/14/24 (Hungarian Export-Import Bank cPlc.)

2024C (Government Debt Management Agency Pte. Ltd.)

MAEXIM 10 11/27/24 (Hungarian Export-Import Bank cPlc.)

RISK PROFILE

1	2	3	4	5	6	7
---	---	---	---	---	---	---

← Lower risk Higher risk →

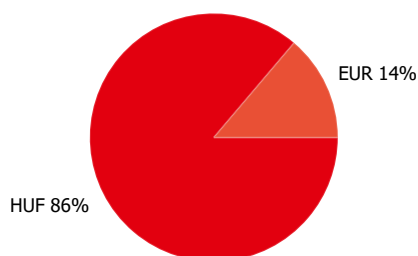
VIG Ozon Annual Capital Protected Investment Fund

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

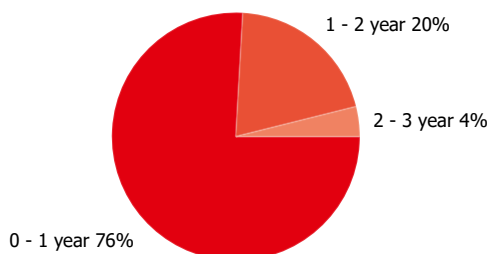
NET YIELD PERFORMANCE OF THE SERIES

Interval	Yield of note	Benchmark yield
YTD	14.66 %	15.77 %
From launch	4.19 %	4.56 %
1 month	1.12 %	1.58 %
3 months	2.74 %	3.21 %
2023	14.66 %	15.77 %
2022	5.54 %	3.53 %
2021	-1.17 %	-0.10 %
2020	0.89 %	0.92 %
2019	0.50 %	0.74 %
2018	0.08 %	0.81 %
2017	0.30 %	0.22 %
2016	1.14 %	1.22 %
2015	1.74 %	1.50 %
2014	3.75 %	3.31 %
2013	5.80 %	5.71 %

Currency exposure:

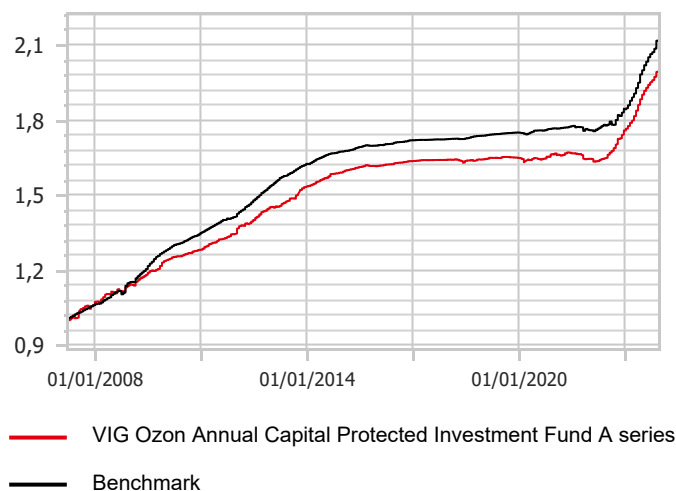


Bonds by tenor:



NET PERFORMANCE OF THE SERIES

net asset value per share, 03/19/2007 - 12/31/2023



RISK INDICATORS

Annualized standard deviation of the fund's weekly yields- based on 1 year	1.13 %
Annualized standard deviation of the benchmark's weekly yields- based on 1 year	1.34 %
Annualized standard deviation of the fund's weekly yields- based on 3 year	1.48 %
Annualized standard deviation of the fund's weekly yields- based on 5 year	1.66 %
WAM (Weighted Average Maturity)	0.65 years
WAL (Weighted Average Life)	0.67 years

TOP 10 POSITIONS

Asset	Type	Counterparty / issuer	Maturity	
Magyar Államkötvény 2025/B	interest-bearing	Government Debt Management Agency Pte. Ltd.	06/24/2025	18.79 %
MAEXIM 16 03/14/24	interest-bearing	Hungarian Export-Import Bank cPlc.	03/14/2024	15.59 %
Magyar Államkötvény 2024/C	interest-bearing	Government Debt Management Agency Pte. Ltd.	10/24/2024	13.77 %
MAEXIM 10 11/27/24	interest-bearing	Hungarian Export-Import Bank cPlc.	11/27/2024	12.14 %
MAEXIM 16 01/17/24	interest-bearing	Hungarian Export-Import Bank cPlc.	01/17/2024	9.59 %
RATB 0 01/25/24	zero coupon	Austrian State	01/25/2024	7.20 %
BTF 0 01/24/24	zero coupon	French state	01/24/2024	5.65 %
MAEXIM 16 02/14/24	interest-bearing	Hungarian Export-Import Bank cPlc.	02/14/2024	4.88 %

2026H	interest-bearing	Government Debt Management Agency Pte. Ltd.	10/21/2026	3.67 %
MAEXIM 11 10/02/24	interest-bearing	Hungarian Export-Import Bank cPlc.	10/02/2024	1.94 %

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