

# VIG Central European Equity Investment Fund

A series HUF MONTHLY report - 2024 JANUARY (made on: 01/31/2024)



## INVESTMENT POLICY OF THE FUND

The Fund purchases stocks issued by companies in Central and Eastern European region (primarily Hungary, the Czech Republic, Poland, Austria, Romania, secondarily Slovenia, Croatia), but it may also invest in the stocks of other developing and developed foreign companies as well as other collective investment securities. The Fund may hedge some or all of its foreign currency risk using forward currency positions against the target currency composition of the Fund, i.e., the current settlement currency of the benchmark (CEE region currencies), depending on the market processes. In addition, the use of equity and index futures is permitted in order to effectively build the Fund's portfolio. To ensure liquidity, the Fund wishes to add government securities issued by the Government Debt Management Agency on behalf of the Hungarian State to its portfolio. There is no possibility for making individual investor decisions in respect of the Fund.

## MARKET SUMMARY

In January, markets were still trying to decide whether or not the economic scenario outlined by the Federal Reserve would materialize. Since last November, the Fed has been saying that the economy will be soft landing, despite a 5.25% interest rate and several macroeconomic data points pointing to a recession in the US economy. Investors who positive about the future are looking at how much AI will reform the US economy and what fundamental changes it will bring to the economy. But there are those who believe that the Fed has raised interest rates too high in an attempt to curb inflation and that a recession is inevitable. But if it starts to cut rates because of a potential recession and inflation starts to rise again, the Fed will be backed into a corner. In 2024, the Fed's decisions will be even more influenced by macro data and markets could be more volatile than usual.

The Hungarian National Bank cut its key rate by another 75 basis points to 10.00%. Inflation also continued to fall in November, to 5.5% according to KSH data, and could fall below 5% in January. In December, the National Bank had indicated that it could cut the key rate by up to 100 basis points, but it stuck to 75 basis points due to the weakening forint. Interestingly, after the lower-than-expected rate decision, the forint strengthened and traded below 385 against the euro at the end of the month.

Central European stock markets as a whole closed January at around their year-end levels. This time, however, the Polish market was the laggard, while the Hungarian market was the best performer. Magyar Telekom had a particularly strong month, rising almost 15% on analyst upgrades and expectations of a strong fourth quarter. Within the banking sector, OTP, Erste and Czech banks also performed well, while Polish banks were more affected by the correction. The weakest sectors were utilities and retail, the former due to falling electricity prices in Europe and the latter due to worse than expected retail sales data. The Fund's Polish overweight was significantly reduced in December last year, but the correction in January was used to buy again, bringing the Fund's equity weight to 107% at year-end.

## GENERAL INFORMATION

Fund Manager:	VIG Investment Fund Management Hungary
Custodian:	Erste Bank Hungary Zrt.
Main distributor:	VIG Investment Fund Management Hungary 45% MSCI Emerging Markets Poland Net Total Return Local Index + 15% MSCI Austria Net Total Return + 15% MSCI
Benchmark composition:	Emerging Markets Czech Republic Net Total Return Local Index + 15% MSCI Emerging Markets Hungary Net Total Return Local Index + 10% MSCI Romania Net Total Return
ISIN code:	HU0000702501
Start:	03/16/1998
Currency:	HUF
Net Asset Value of the whole Fund:	24,688,317,123 HUF
Net Asset Value of A series:	4,316,622,610 HUF
Net Asset Value per unit:	8.548622 HUF

## ASSET ALLOCATION OF THE FUND

Asset	Weight
International equities	79.18 %
Hungarian equities	14.97 %
T-bills	1.63 %
Collective securities	0.00 %
Current account	5.80 %
Liabilities	-1.85 %
Receivables	0.29 %
Market value of open derivative positions	0.00 %
<b>Total</b>	<b>100,00 %</b>
Derivative products	14.65 %
Net corrected leverage	114.80 %
<b>Assets with over 10% weight</b>	
There is no such instrument in the portfolio	

## DISTRIBUTORS

CIB BANK ZRT, Concorde Securities Ltd., Equilor Befektetési Zrt, ERSTE Group Bank AG Austria, Erste Investment Plc., MBH Bank Nyrt., MBH Befektetési Bank Zrt, MKB Bank Nyrt. 0789, 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
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## RISK PROFILE

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

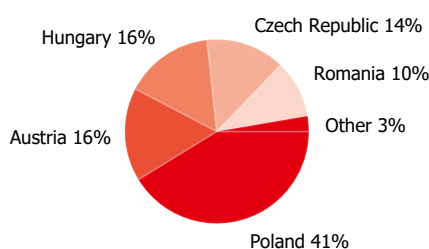
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## NET YIELD PERFORMANCE OF THE SERIES

Interval	Yield of note	Benchmark yield
YTD	0.53 %	0.25 %
From launch	8.64 %	3.04 %
1 month	0.53 %	0.25 %
3 months	11.71 %	9.27 %
2023	32.73 %	31.39 %
2022	-14.03 %	-10.51 %
2021	33.18 %	33.21 %
2020	-5.95 %	-5.77 %
2019	10.90 %	12.03 %
2018	-8.23 %	-7.91 %
2017	26.04 %	25.00 %
2016	7.31 %	5.96 %
2015	-1.48 %	-2.82 %
2014	2.70 %	0.69 %

### Stocks by countries



## NET PERFORMANCE OF THE SERIES

net asset value per share, 03/16/1998 - 01/31/2024



— VIG Central European Equity Investment Fund A series  
— Benchmark

## RISK INDICATORS

Annualized standard deviation of the fund's weekly yields-based on 1 year	15.12 %
Annualized standard deviation of the benchmark's weekly yields-based on 1 year	15.10 %
Annualized standard deviation of the fund's weekly yields-based on 3 year	18.45 %
Annualized standard deviation of the fund's weekly yields-based on 5 year	21.35 %
WAM (Weighted Average Maturity)	0.01 years
WAL (Weighted Average Life)	0.01 years

## TOP 10 POSITIONS

Asset	Type	Counterparty / issuer	Maturity
OTP Bank törzsrészvény	share	OTP Bank Nyrt.	8.05 %
Erste Bank	share	ERSTE Group Bank AG Austria	7.95 %
CEZ	share	CEZ A.S	7.67 %
PKO Bank	share	PKO Bank Polski SA	6.42 %
Polski Koncern Naftowy	share	PL Koncern Naftowy	5.46 %
POWSZECHNY ZAKŁAD UBEZPIECZEŃ	share	POWSZECHNY ZAKŁAD UBEZPIECZEŃ	5.00 %
Bank Pekao SA	share	Bank Pekao Sa	4.27 %
OMV	share	OMV AV	4.08 %
Komercni Banka	share	Komercni Banka A. S.	4.04 %
Dino Polska SA	share	DINO POLSKA SA	3.99 %

### 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