

# VIG Alfa Absolute Return Investment Fund

El series EUR MONTHLY report - 2024 APRIL (made on: 04/30/2024)

## 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

In the US, the key market indicators remain inflation and unemployment. The Federal Reserve is confident that its relatively high Fed funds rate will bring inflation down over time, but the big headwind is that policymakers continue to run very large budget deficits. The US national debt is \$34,000bn and rising. The annual interest cost of the debt is already \$1,000bn, which is more than the US spends on defense. Against this backdrop, the Fed has a difficult task, because although it would like to lower interest rates in the face of rising interest costs, the inflation figures do not yet support this decision. The question is what the central bank will do if the unemployment rate starts to rise but inflation does not come down. Although Fed Chairman Jerome Powell believes that the most likely scenario is that the unemployment rate will remain low while inflation gradually declines, the macroeconomic numbers do not support this. Where we think the Fed chairman is wrong is that inflation is not coming from the supply side, but from excessive fiscal spending. This in turn is driven by politicians and there is no will to tighten. Here at home, the Hungarian National Bank cut its key rate by 50 basis points to 7.75% in April. The decision was unanimous, and Barnabás Virág, the bank's vice-president, said that the key rate could fall to 6.50-7.00% by the middle of the year, provided the macro data remain strong. The HNB will decide on the basis of incoming data, and inflation developments will remain an important factor in the decision. Following the rate decision, the forint strengthened slightly against the euro and stabilized around the 392 level at the end of the month.

In March, the Fund achieved a slight increase in its return and made minor adjustments to its portfolio. It purchased long-term CEE government bonds in EUR, USD and HUF, as well as regional blue-chip equities, and continued to realise profits in Hungarian small-cap equities. Our outlook on the bond market is more optimistic, while we seek unique investment opportunities in the equity market. Overall, we believe the equity market is currently more expensive than bonds. The Fund has a position on a weakening forint.

## 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 4%
ISIN code:	HU0000729520
Start:	07/13/2022
Currency:	EUR
Net Asset Value of the whole Fund:	45,723,235,695 HUF
Net Asset Value of El series:	1,620,397 EUR
Net Asset Value per unit:	1.205844 EUR

## DISTRIBUTORS

## SUGGESTED MINIMUM INVESTMENT PERIOD



## ASSET ALLOCATION OF THE FUND

Asset	Weight
Government bonds	53.46 %
Corporate bonds	31.17 %
Hungarian equities	8.59 %
Collective securities	7.14 %
International equities	1.04 %
Liabilities	-3.66 %
Current account	1.18 %
Receivables	0.75 %
Market value of open derivative positions	0.36 %
<b>Total</b>	<b>100,00 %</b>
Derivative products	16.51 %
Net corrected leverage	103.65 %

### Assets with over 10% weight

2024C (Államadósság Kezelő Központ)

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

## RISK PROFILE



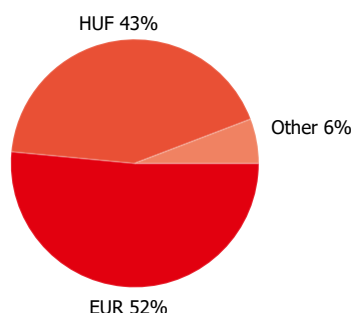
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## NET YIELD PERFORMANCE OF THE SERIES

Interval	Yield of note	Benchmark yield
YTD	3.02 %	1.35 %
From launch	10.98 %	0.80 %
1 month	-0.16 %	0.36 %
3 months	1.42 %	0.99 %
2023	12.19 %	0.00 %

### Currency exposure:



## NET PERFORMANCE OF THE SERIES

net asset value per share, 07/13/2022 - 04/30/2024



## RISK INDICATORS

Annualized standard deviation of the fund's weekly yields-based on 1 year	2.92 %
Annualized standard deviation of the benchmark's weekly yields-based on 1 year	0.28 %
Annualized standard deviation of the fund's weekly yields-based on 3 year	9.60 %
Annualized standard deviation of the fund's weekly yields-based on 5 year	9.60 %
WAM (Weighted Average Maturity)	2.93 years
WAL (Weighted Average Life)	4.07 years

## TOP 10 POSITIONS

Asset	Type	Counterparty / issuer	Maturity	
Magyar Államkötvény 2024/C	interest-bearing	Államadósság Kezelő Központ	10/24/2024	16.17 %
ROMANI EUR 2033/09/18 6,375%	interest-bearing	Romanian State	09/18/2033	13.05 %
2035A	interest-bearing	Államadósság Kezelő Központ	10/24/2035	7.97 %
ROMANI EUR 2029/09/27 6,625%	interest-bearing	Romanian State	09/27/2029	5.72 %
Adventum MAGIS Zártkörű Alapok Alapja	investment note	Adventum MAGIS Closed-End Funds		5.71 %
Magyar Államkötvény 2024/B	interest-bearing	Államadósság Kezelő Központ	06/26/2024	5.69 %
OTP Bank törzsrészvény	share	OTP Bank Nyrt.		4.15 %
RABKAS 7,125% 01/19/26 visszahívható 2025	interest-bearing	RAIFFEISENBANK A.S.	01/19/2026	3.54 %
REPHUN 2031/06/16 4,25% EUR	interest-bearing	Államadósság Kezelő Központ	06/16/2031	3.53 %
EUR/HUF 24.12.09 Forward Sell	derivative	Raiffeisen Hun	12/09/2024	3.42 %

### 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