

VIG Hungarian Money Market Investment Fund

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2023 ANNUAL report (FREE TRANSLATION)

VIG Hungarian Money Market Investment Fund

This report has been prepared by VIG Befektetési Alapkezelő Magyarország Zrt. as the fund manager of VIG Hungarian Money Market Investment Fund (hereinafter: the Fund), on the basis of Sections 131 and 132 of (Hungarian) Act XVI of 2014 on collective investment forms and their managers as well as on the amendment of certain finance-related laws (hereinafter: Kbtv), for the purpose of presenting the Fund's operations in the year 2023. ANNUAL (FREE TRANSLATION).

Further information on the general operation of the Fund is contained in the prospectus approved by the National Bank of Hungary (MNB) for the public offering of the Fund's investment units, which can be found at VIG Befektetési Alapkezelő Magyarország Zrt. (VIG Asset Management Hungary Closed Company Limited by Shares), the places of distribution of the Fund's investment units and on the Fund Manager's website (<https://www.vigam.hu/>).

Budapest, 26. April 2024.

Péter Kadocsa
Chairman and CEO

Bálint Kocsis
Chief Administration Officer

For security reasons, this document does not include an image of a handwritten signature. The content of this document may be deemed substantially identical in all respects to the original document furnished with an official corporate signature and with the electronic signatures of other responsible persons and is fully valid and authoritative even without a handwritten signature.

VIG Hungarian Money Market Investment Fund

GENERAL INFORMATION ABOUT THE FUND

Name of the Fund

VIG Hungarian Money Market Investment Fund

Abbreviated name of the Fund

Money Market

Registration number of the Fund

1111-121

Kind of the Fund

open-end

Type of the Fund

public

Series and type of Investment Units traded in the reporting period

Series	Currency	ISIN code
A	HUF	HU0000702303
I	HUF	HU0000718135

Yield Payment

The Fund do not pay a yield against any capital growth; the entire capital growth is reinvested in accordance with the investment policy of the Fund. Investors can realise the capital growth as the difference between the purchase and resale prices of the Investment Units they own, as a price gain

Eligible Investors

Investment Units may be purchased by both resident (Hungarian) and non-resident (foreign) individuals, juridical entities (e.g. companies) and unincorporated business entities.

Details of the Fund Manager

VIG Befektetési Alapkezelő Magyarország Zrt.
1091 Budapest, Üllői út 1.
Phone: (06-1) 477-48-14

Details of the custodian

Unicredit Bank Hungary Zrt.
1054 Budapest, Szabadság tér 5-6.

Details of the auditing firm engaged by the Fund

PricewaterhouseCoopers Könyvvizsgáló Kft.
1055 Budapest, Bajcsy-Zsilinszky út 78.
Trade registry number: 01 09 063022
Registration number: 001464

Details of the auditor employed by the auditing firm

Barsi Éva
Membership number 002945

VIG Hungarian Money Market Investment Fund

I. NET WORTH STATEMENT

Composition of the assets and liabilities of the investment fund at the start and at the end of the reporting period and the share of each asset within total assets

Description	2022.12.30.		2023.12.29.	
	Amount / Value (HUF)	NAV in percent (%)	Amount / Value (HUF)	NAV in percent (%)
Bank balances	7,281,459,366	40.25	6,823,434,583	23.66
Repo				
Negotiable securities	10,649,390,308	58.88	21,799,843,994	75.58
Derivative transactions	40,445,550	0.22	30,826,340	0.11
Other assets	141,838,192	0.78	273,434,646	0.95
Total assets	18,113,133,416	100.13	28,927,539,563	100.30
Liabilities	-23 765 036	-0.13	-86 926 415	-0.30
Net asset value	18,089,368,380	100.00	28,840,613,148	100.00

The table was prepared on the basis of the net asset values valid as at the last trading day of the period

II. NUMBER OF INVESTMENT UNITS IN CIRCULATION

Investment unit				2022.12.30.	2023.12.29.
Fund	Series	Currency	ISIN		
VIG Hungarian Money Market Investment Fund	A	HUF	HU0000702303	5,361,968,356	6,863,359,090
VIG Hungarian Money Market Investment Fund	I	HUF	HU0000718135	4,650,509,145	7,910,781,992

The table was prepared on the basis of the net asset values valid as at the last trading day of the period

III. NET ASSET VALUE PER INVESTMENT UNIT

Investment unit				2022.12.30.	2023.12.29.
Fund	Series	Currency	ISIN		
VIG Hungarian Money Market Investment Fund	A	HUF	HU0000702303	2,435489	2,77342
VIG Hungarian Money Market Investment Fund	I	HUF	HU0000718135	1,081678	1,239528

The table was prepared on the basis of the net asset values valid as at the last trading day of the period

IV. COMPOSITION OF THE INVESTMENT FUND

Description	2022.12.30.		2023.12.29.	
	Amount / Value (HUF)	In percent (%)	Amount / Value (HUF)	In percent (%)
Total officially listed negotiable securities				
Total negotiable securities traded on other regulated markets				
Total recently issued negotiable securities				
Other negotiable securities				
Debt securities - Domestic - General government	8,950,304,690	84.05	17,553,902,434	80.52
Debt securities - Domestic - Monetary financial institutions	1,094,006,080	10.27	2,844,149,257	13.05
Debt securities- EMU -General Government	605,079,539	5.68	1,401,792,303	6.43
Debt securities - Domestic - Total	10,649,390,308	100.00	21,799,843,994	100.00
Total securities	10,649,390,308	100.00	21,799,843,994	100.00

The table was prepared on the basis of the net asset values valid as at the last trading day of the period

V. Changes in the assets of the investment fund

VIG Hungarian Money Market Investment Fund

Income from investment:

data in THUF

Income from financial transactions	2023
Interest received from financial institutions	509 773
Exchange gains on discount instruments	969 019
Exchange gains on shares and investment units	156 421
Interests received on bonds	-105 046
Interests received on bonds	397 175
Exchange rate differences	85 391
Profits of forward transactions	507 122
Total:	2 519 855

Prepared on the basis of the data in the 2023 accounting records of the Fund.
data in THUF

Expenses of financial transactions	2023
Loss of forward transactions	214 623
Exchange losses on interest-paying bonds	67 483
Total:	282 106

Prepared on the basis of the data in the 2023 accounting records of the Fund.

Other income and other expenses:

In 2023, the Fund recognised **THUF 118** penalty commission income as **Other income** and its special tax of **THUF 12 372** and **THUF 3** rounding difference under **Other expenses**

Costs, fees and taxes recognised in the business year:

data in THUF

Operating costs	2023
Management fees	80 930
Custodian fee	5 119
Lead distributor fees	12 392
Transaction fees	22
Distributor fees	57 938
Auditor's fee	1 172
Supervision fee	8 676
Bank charges	179
Keler fee	1 944
Total:	168 372

Prepared on the basis of the data in the 2023 accounting records of the Fund

VIG Hungarian Money Market Investment Fund

Net income, changes on the capital account and increases in investment value

data in THUF

Capital growth:	2023
Value difference of repurchased investment units	5 027 220
from revaluation difference	1 298 104
from the profit of previous years	5 688 348
from the profit of the business year	2 057 120
Total:	14 070 792

Prepared on the basis of the data in the 2023 accounting records of the Fund

The fund had no distributed or reinvested income in 2023.

VI. Change in the net asset values and the net asset value per unit

Fund	Series	Currency	ISIN code	Net Asset Value	Unit price	Value date
VIG Hungarian Money Market Investment Fund	A	HUF	HU0000702303	8,338,500,874	2.276178	2020.12.31.
VIG Hungarian Money Market Investment Fund	A	HUF	HU0000702303	6,512,268,192	2.275666	2021.12.31.
VIG Hungarian Money Market Investment Fund	A	HUF	HU0000702303	13,059,014,949	2.435489	2022.12.30.
VIG Hungarian Money Market Investment Fund	A	HUF	HU0000702303	19,034,977,367	2.773420	2023.12.29.
VIG Hungarian Money Market Investment Fund	I	HUF	HU0000718135	1,027,707,934	1.003691	2020.12.31.
VIG Hungarian Money Market Investment Fund	I	HUF	HU0000718135	3,311,274,082	1.006777	2021.12.31.
VIG Hungarian Money Market Investment Fund	I	HUF	HU0000718135	5,030,353,431	1.081678	2022.12.30.
VIG Hungarian Money Market Investment Fund	I	HUF	HU0000718135	9,805,635,781	1.239528	2023.12.29.

The table was prepared on the basis of the net asset values valid as at the last trading day of the period

VII. Derivative transactions

Movement	Maturity	Open	Unit price	Last unit price	Value	Currency	Day
EUR/HUF 23.05.16 Forward Sell	2023.05.16.	1,500,000	446.900	404.2379	63,993,150	HUF	2023.01.31.
EUR/HUF 23.02.08 Forward Sell	2023.02.08.	3,700,000	392.200	390.3817	6,727,710	HUF	2023.01.31.
Total					70,720,860	HUF	2023.01.31.
EUR/HUF 23.05.16 Forward Sell	2023.05.16.	1,500,000	446.900	390.8347	84,097,950	HUF	2023.02.28.
EUR/HUF 23.03.08 Forward Sell	2023.03.08.	3,700,000	384.880	381.2173	13,551,990	HUF	2023.02.28.
Total					97,649,940	HUF	2023.02.28.
EUR/HUF 23.05.16 Forward Sell	2023.05.16.	1,500,000	446.900	387.9136	88,479,600	HUF	2023.03.31.
EUR/HUF 23.05.30 Forward Sell	2023.05.30.	3,700,000	394.110	390.0106	15,167,780	HUF	2023.03.31.
EUR/HUF 23.04.28 Forward Sell	2023.04.28.	4,000,000	383.800	385.2105	-5,642,000	HUF	2023.03.31.
Total					98,005,380	HUF	2023.03.31.
EUR/HUF 23.05.16 Forward Sell	2023.05.16.	1,500,000	446.900	375.5940	106,959,000	HUF	2023.04.28.
EUR/HUF 23.05.30 Forward Sell	2023.05.30.	3,700,000	394.110	377.6215	61,007,450	HUF	2023.04.28.
EUR/HUF 23.05.12 Forward Sell	2023.05.12.	4,000,000	377.800	375.1686	10,525,600	HUF	2023.04.28.

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Movement	Maturity	Open	Unit price	Last unit price	Value	Currency	Day
Total					178,492,050	HUF	2023.04.28.
EUR/HUF 23.08.14 Forward Sell	2023.08.14.	4,000,000	382.740	380.4520	9,152,000	HUF	2023.05.31.
EUR/HUF 23.06.30 Forward Sell	2023.06.30.	3,700,000	376.750	375.2014	5,729,820	HUF	2023.05.31.
Total					14,881,820	HUF	2023.05.31.
EUR/HUF 23.08.14 Forward Sell	2023.08.14.	4,000,000	382.740	376.8956	23,377,600	HUF	2023.06.30.
EUR/HUF 23.07.31 Forward Sell	2023.07.31.	3,700,000	373.910	375.1071	-4,429,270	HUF	2023.06.30.
EUR/HUF 24.01.25 Forward Sell	2024.01.25.	3,000,000	390.650	393.6107	-8,882,100	HUF	2023.06.30.
Total					10,066,230	HUF	2023.06.30.
EUR/HUF 23.08.14 Forward Sell	2023.08.14.	4,000,000	382.740	387.0169	-17,107,600	HUF	2023.07.31.
EUR/HUF 24.01.25 Forward Sell	2024.01.25.	3,000,000	390.650	403.7446	-39,283,800	HUF	2023.07.31.
EUR/HUF 24.01.26 Forward Sell	2024.01.26.	500,000	402.417	403.8463	-714,600	HUF	2023.07.31.
EUR/HUF 23.08.14 Forward Sell	2023.08.14.	3,700,000	384.940	387.0169	-7,684,530	HUF	2023.07.31.
Total					-64,790,530	HUF	2023.07.31.
EUR/HUF 24.01.25 Forward Sell	2024.01.25.	3,000,000	390.650	393.6297	-8,939,100	HUF	2023.08.31.
EUR/HUF 24.01.26 Forward Sell	2024.01.26.	500,000	402.417	393.7206	4,348,250	HUF	2023.08.31.
EUR/HUF 23.09.11 Forward Sell	2023.09.11.	4,000,000	384.840	381.2510	14,356,000	HUF	2023.08.31.
EUR/HUF 23.09.11 Forward Sell	2023.09.11.	3,700,000	384.930	381.2510	13,612,300	HUF	2023.08.31.
Total					23,377,450	HUF	2023.08.31.
EUR/HUF 24.01.25 Forward Sell	2024.01.25.	3,000,000	390.650	401.7808	-33,392,400	HUF	2023.09.29.
EUR/HUF 24.01.26 Forward Sell	2024.01.26.	500,000	402.417	401.8689	274,100	HUF	2023.09.29.
EUR/HUF 23.10.11 Forward Sell	2023.10.11.	4,000,000	393.560	392.4379	4,488,400	HUF	2023.09.29.
EUR/HUF 23.10.11 Forward Sell	2023.10.11.	3,700,000	393.610	392.4379	4,336,770	HUF	2023.09.29.
Total					-24,293,130	HUF	2023.09.29.
EUR/HUF 24.01.25 Forward Sell	2024.01.25.	3,000,000	390.650	389.2032	4,340,400	HUF	2023.10.31.
EUR/HUF 24.01.26 Forward Sell	2024.01.26.	500,000	402.417	389.2806	6,568,250	HUF	2023.10.31.
EUR/HUF 23.11.16 Forward Sell	2023.11.16.	3,900,000	383.560	383.8909	-1,290,510	HUF	2023.10.31.
EUR/HUF 23.11.16 Forward Sell	2023.11.16.	4,000,000	383.815	383.8909	-303,600	HUF	2023.10.31.
Total					9,314,540	HUF	2023.10.31.
EUR/HUF 24.01.25 Forward Sell	2024.01.25.	3,000,000	390.650	383.9123	20,213,100	HUF	2023.11.30.
EUR/HUF 24.01.26 Forward Sell	2024.01.26.	500,000	402.417	383.9904	9,213,350	HUF	2023.11.30.
EUR/HUF 23.12.21 Forward Sell	2023.12.21.	3,900,000	381.880	381.1671	2,780,310	HUF	2023.11.30.
EUR/HUF 23.12.21 Forward Sell	2023.12.21.	4,000,000	381.920	381.1671	3,011,600	HUF	2023.11.30.
Total					35,218,360	HUF	2023.11.30.
EUR/HUF 24.01.25 Forward Sell	2024.01.25.	3,000,000	390.650	384.7137	17,808,900	HUF	2023.12.29.
EUR/HUF 24.01.26 Forward Sell	2024.01.26.	500,000	402.417	384.7851	8,816,000	HUF	2023.12.29.
EUR/HUF 24.02.20 Forward Sell	2024.02.20.	2,000,000	387.280	386.5653	1,429,400	HUF	2023.12.29.
EUR/HUF 24.03.21 Forward Sell	2024.03.21.	3,900,000	388.360	388.0724	1,121,640	HUF	2023.12.29.
EUR/HUF 24.03.21 Forward Sell	2024.03.21.	4,000,000	388.485	388.0724	1,650,400	HUF	2023.12.29.
Total					30,826,340	HUF	2023.12.29.

The table was prepared on the basis of the net asset values valid as at the last trading day of the period

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VIII. Changes in the operations of the investment fund manager and major factors affecting developments in the investment policy

Vienna Insurance Group (VIG) has acquired the Hungarian business of Dutch Aegon after receiving the approval of the Hungarian authorities. The closing concerned the sale of two Dutch holdings (Aegon Hungary Holding B.V., Aegon Hungary Holding II B.V.), which were 100% owners of the shares of the Hungarian Aegon companies. On March 25, 2022, the Hungarian state holding Corvinus acquired a 45 percent ownership stake in VIG Group's Hungarian business.

%n The Company changed its name to VIG Befektetési Alapkezelő Magyarország Zrt. on May 15 2023 then on August 1, 2023 its parent company also changed its name to Alfa Vienna Insurance Group Biztosító Zrt. .

In November 2023 the two owners of the parent company - the Vienna Insurance Group AG (VIG) and the Hungarian State through Corvinus International Investments Zrt. - signed an agreement according to which VIG increased its ownership ratio in the Hungarian group of companies from 55 % to 90 % - including all VIG companies in Hungary - thereby further strengthening its operational management role. The transaction was closed on November 30, 2023.

Changes in the members of the Supervisory Board:

Dr. Berta Adrienn was the member of the Supervisory Board from March 25, 2022 until April 14, 2023.

Huray Kinga was member of the Supervisory Board from May 25, 2023 until November 30, 2023. Due to a change in the ownership structure her position was terminated.

Mikesy Álmos was the member of the Supervisory Board from March 29, 2022, and chairman of the Supervisory Board from May 17, 2022 Due to a change in the ownership structure his position was terminated on November 30, 2023.

Gerhard Lahner is the Chairman of the Supervisory Board from December 1st 2023Mandates of the company's board of directors:
Chairman of the Board:

Péter Kadocsa Chairman of the Board- re-elected for fixed term, for the period between October 15, 2023 and December 31, 2026.

Members of the Board of Directors are:

Bálint Kocsis CAO- re-elected for fixed term, for the period between October 15, 2023 and December 31, 2026.

András Loncsák Investment director - re-elected for fixed term, for the period between October 15, 2023 and December 31, 2026.

László Gábor Kovács Business Development director - re-elected for fixed term, for the period between March 20, 2023 and December 31, 2026.

The mandate of the board member Zsolt Kovacs - delgated by the state - started on March 29, 2022 and due to a change in the ownership structure was terminated on November 30, 2023

In line with the Investment Policy, the majority of investments were made in Hungarian treasury bills and government bonds denominated in forints. Due to favorable yield spreads, we also purchased annual papers issued by the state-guaranteed Exim Bank, thereby taking advantage of the higher yield environment. We improved performance by purchasing euro-denominated bonds and euro deposits hedged back to forints, utilizing interest rate differentials

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IX. Remuneration paid by the Fund Manager

(a)- (b) the total amount of remuneration, broken down by fixed and variable remuneration paid to employees and by employee category, with an indication of the number of beneficiaries

	Total amount of remuneration	Persons who have a significant impact on the risk profile of the AIF through their activities (including senior managers)
Headcount data (persons)	53	19
Fixed	481 997 489	380 882 575
Variable	57 744 082	118 927 064
Profit share	0	0

c) Method for calculating pay and benefits

The bonus system is meant to reward the members of the management team, Head of Risk manager, Compliance manager, Portfolio managers (except junior asset managers) and analysts, Sales manger experienced salespeople, the Head of the investment fund selection and performance measurement department, as well group leader of the Back office area for excellent performance based on criteria tailored to the individual concerned.

Based on the rating of the employees working in the above areas, the maximum payable bonus can be anything between 45% and 100% of the annual basic salary.

The Chairman and CEO sets the specific objectives for the individuals concerned, which the Head of Risk Management reviews in the case of Identified MRT Employees (substantial risk taker). The job-related duties of the Chief Executive Officer and the Head of Risk Management are approved by the Supervisory Board and/or the representative of owner Company. The fulfilment of the objectives is assessed, monitored and approved in accordance with the above.

When determining the disburseable bonus amount, the bonus budget calculated according to the conditions laid down by the remuneration committee of owner company and approved by the same is another control besides the attainment of individual goals.

d) results of the review of the remuneration policy

The internal audit's last annual review of the implementation of the Remuneration Policy made only one finding of low weight. The Fund Manager's Supervisory Board was briefed about the report of the audit.

e) substantive changes in the remuneration policy

The Remuneration Committee will decide on the remuneration and bonus schemes used by the Fund Manager and their payment from 2023. It provides support and guidance in the development, operation and monitoring of the remuneration policy.

A threshold value will be implemented in the case of deferred bonus payments for MTR employees (who take significant risks).

If the employee's actual variable remuneration will reach the threshold value the deferred part in the 3-year deferral period is 14% in the first year and then 13-13% in the following years.

If the employee's actual variable remuneration will not reach the threshold value the entire variable remuneration is paid in cash.

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X. In respect of all EU AIFs distributed by the AIFM and all AIFs distributed by the AIFM in EEA countries, not including AIFMs referred to under Section 2, subsection (2),

a) the share of the AIF’s assets to which, due to their non-liquid nature, special rules apply

The Fund did not hold any non-liquid assets defined in the Fund Manager's Liquidity Policy during the relevant period

b) all new agreements made in the relevant period relating to the liquidity management of the AIF

The Fund Manager did not conclude any new agreements regarding the Fund's liquidity management during the relevant period.

c) Current risk profile of the AIF and the risk management systems applied by the AIFM to manage these risks.

Series “A” of the Fund, denominated in the base currency of the Fund, has the following investor profile

Name of Fund	Base currency of Fund	Recommended minimum investment period (Series A)	Risk classification (Series A)
VIG Hungarian Money Market Investment Fund	HUF	1 year	1

The Fund is primarily intended for Investors who plan to invest for at least the recommended minimum investment period and who consider the indicated value on a scale of 1 to 7 of the risk/reward profile to be acceptable in light of their risk appetite.

The Fund’s aim is to function as a stable, low-risk form of investment, while providing investors with higher returns 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) and bonds issued by the National Bank of Hungary (MNB). The weighted average maturity (WAM) of the assets in the portfolio may not exceed 6 months and the weighted average life (WAL) of the assets may not exceed 12 months. 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 primarily in HUF, but also in other currencies. The Fund may also invest to a limited extent in government securities or guaranteed bonds issued by the OECD or a G20 country, or any debt security issued or guaranteed by the central government or a regional or local government or the central bank of any EU Member State, or by the European Union, the European Central Bank or the European Investment Bank. The weighted average maturity (WAM) of the assets in the portfolio may not exceed 6 months and the weighted average life (WAL) of the assets may not exceed 12 months. In addition, the remaining time to maturity of each security is a maximum of 2 years and a maximum of 397 days until the nearest interest-rate determination date. 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. VIG Moneymarket Fund is not a guaranteed investment. The risk of loss of the principal is to be borne by the investor. An investment in VIG Moneymarket Fund is different from an investment in deposits, with particular reference to the risk that the principal invested in VIG Moneymarket Fund is capable of fluctuation. VIG Moneymarket Fund does not rely on external support for guaranteeing the liquidity of the fund or stabilising the NAV per unit or share..

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The Fund Manager establishes a separate department to perform risk management and compliance tasks, with the risk management and compliance officer being responsible for its operation. Within the department, the risk management unit aims to develop risk management practices that are suitable for identifying, measuring, continuously monitoring and managing the Fund's risks. The procedures and rules applied ensure that the risk profile disclosed to investors is in line with the risk limits set out in the Fund's management regulations. As part of the risk management process, the risk management unit operates a limit system, which monitors, in separate subsystems, the legal, contractual and internal limits on the conclusion of individual transactions, the exposure to each partner, and the investment limits set by the Fund Manager in the Fund's management regulations and communicated to its investors. The Fund Manager applies a liquidity management system for the Fund to monitor the liquidity risks of the Fund and to ensure that the liquidity profile of the investments of the Fund comply with the obligations of the Fund.

XI. Use of leverage

Leverage is not used at the Fund because it is only possible to use derivative transactions for hedging purposes. That is to cover the interest rate risk and the exchange rate risk.

Fund concluded derivative transactions for hedging purposes and for efficient portfolio development. The total netted risk exposure of the Fund as at 31 December 2023 was as follows: 1 .

XII. Income Statement

	Previous year (THUF)	Current year (THUF)
I. Income from financial transactions	897 688	2 519 855
II. Expenses of financial transactions	60 257	282 106
III. Other income	5	118
IV. Operating costs	62 354	168 372
V. Other expenses	6 028	12 372
VI. Paid and payable yields	0	0
Profit/loss for the reporting year (I.-II.+III.-IV.-V.-VI.)	769 054	2 057 123