

OTP EMEA Derivative Bond Fund

Introduction (A series)

Name:	OTP EMEA Bond Fund
Kind, type:	open-ended, public, bond
Name of fund manager:	OTP Fund Management
Start of the fund:	12/15/2011
Benchmark:	80% ICE BofA BBB&Lower EMEA Sovereign EUR External Debt + 20% ZMAX
ISIN	HU0000711015
Bloomberg	OTPEMBD HB Equity

Portfolio managers



András Büki
Investment director



Mátyás Sárvári
Portfolio manager



Prizes



Investment policy

The Fund is actively managed aiming to outperform its benchmark following a rather unconstrained, total return investment strategy. The Fund aims to provide access to the emerging economies' higher return potential and may have concentrated positions in emerging market currencies and bonds from time to time. Bonds in these countries tend to be more volatile than bonds of advanced economies and carry excess liquidity risk. Even though the Fund's predominant investment region is the EMEA region, it does not necessarily track the performance of the region closely. The investment rationale is based on fundamental macro analysis looking to identify long-term price misalignments in the market.

Monthly Statement

Macro environment:

By May, capital markets had calmed down, with the easing of the customs policy fiasco supporting most risk assets. In contrast, developed market bond yields started to rise again, with the looming "Big Beautiful Bill" again focusing attention on fiscal concerns. Public spending is expected to pick up on both sides of the Atlantic, which does not bode well for bond investors in the medium term. The announcement of the easing of capital requirements for US banks could support bonds for a while, but we expect yields to rise further in the medium term.

In our view, the overall picture could be significantly changed by the withdrawal of US tariffs or by market support measures (in this case, long bond purchases) by central banks (especially the Fed). We do not see any realistic political will to do the former, and on the latter we are far from the panic that the Fed should do so. The inconsistency of US economic policy has (among other things) eroded confidence in US assets in recent times. We have used the rising volatility for active trading in this case, but in the longer term the important question is whether the dollar and treasuries will lose their safe haven status as a result of the policy hack.

Changes to the fund:

We continued to maintain a more cautious positioning, with the Fund underperforming the benchmark index in May amid tightening spreads. When US real yields rebounded, we again bought inflation-linked government bonds with a maturity of 2052, and quickly made a profit on a small part of the position at the end of the month. Nominal yields also rose during the month, with fiscal concerns hitting the long end of the yield curve. We used this to buy 2049 US Treasuries, trading in a range of 5.05-5.22%. Longer term, we expect further yield rises in developed markets, but in the short term, we see a positive trading opportunity in ultra-long US Treasuries due to the focus on the asset class and the announcement of the easing of capital requirements for US banks. Within our emerging market exposure, we bought into Eurobonds maturing in 2032 and 2039 as we approached the second round of the Romanian election, a small portion of which (along with our existing 2037 exposure) we sold at a nice profit in the post-election bounce. We increased our exposure to Ukrainian 2035 Eurobonds, the prices of which corrected spectacularly when the ceasefire talks stalled. We participated in the euro issue of Slovenian OTP Banka.

We closed long the Australian dollar and took profit on our long Norwegian krona position, as the easing of tariff tensions saw a nice recovery in these currencies. We increased our forint short: we bought EURHUF below 405 and traded PLNHUF between 94 and 95.43. Our expectation of a weakening forint exchange rate remains unchanged. Within our existing exposure, we have reduced our zloty short.

OTP EMEA Derivative Bond Fund

Net asset value & price

	Currency	Amount
Net Asset Value*	HUF	22 345 708 400
Price**	HUF	2,201367

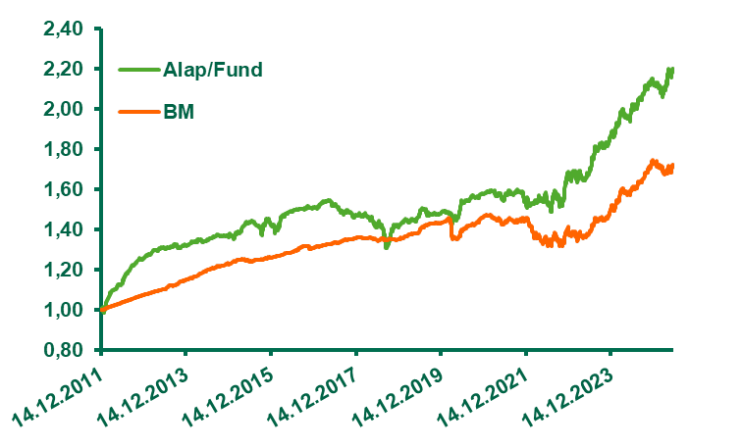
*Total net asset value of the different investment fund series.
**Net asset value per unit.

Annualized past performances

Annual returns*	1Y	3Y	5Y	10Y	From launch
Fund	11,83%	11,73%	7,83%	4,43%	6,03%
Performance index**	8,40%	8,08%	4,49%	3,28%	4,11%
Relative return	3,43%	3,65%	3,34%	1,15%	1,92%

*Net returns based on net asset value. For periods longer than 1 year, net returns are annualized (compound interest, 1 year = 365 days).
**Performance index is used only for success fee calculation.

Performance chart



The chart shows the periode: from launch to last banking day of the month.

Total net risk exposure*

201,32%

*Risk indicator involving risk of derivative transactions. Figures above 100 indicate leverage, therefore the rate of the fund may vary beyond the market.

Asset composition

Asset	Ratio
Deposits	3,6%
T-bills	9,1%
Government bonds	77,2%
Mortgage bonds	0,0%
Other bonds	8,7%
Equities	0,0%
Investment fund units	0,0%
Other	1,5%

Risk level:

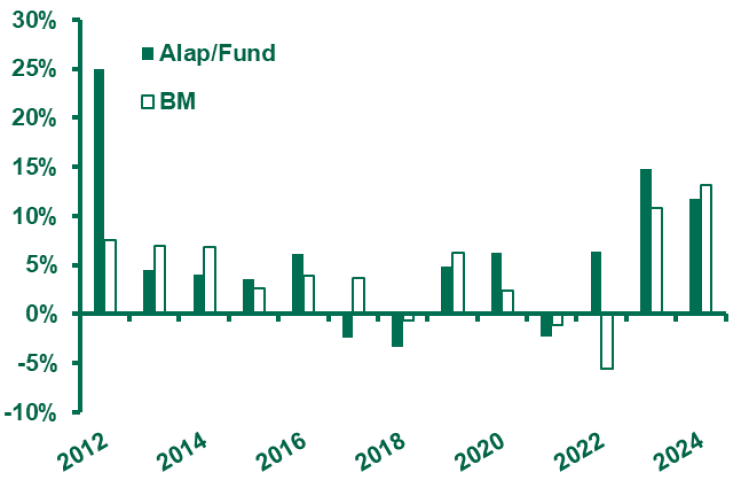


Recommended investment time frame: 3 years

Risk indicators

Risk indicators	1Y	3Y	5Y	10Y	From launch
Deviation	5,83%	6,34%	5,61%	4,94%	4,48%
Max. drawdown	-4,37%	-5,96%	-6,81%	-15,45%	-15,45%

Calendar years performance



Assets above 10%

ROMANI 6.75 07/11/2039
BTF 0 11/19/2025
BTF 0 08/27/2025

Portfolio

Positions above 10% of the NAV
PLN Short, FRENCH DISCOUNT T-BILL, ROMANIAN GOVERNMENT BOND
Positions above 50% of the NAV
HUF Short
Positions above 100% of the NAV
EUR Long

OTP EMEA Derivative Bond Fund

Effective duration

Effective duration	4,10
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Time to maturity (years)

Time to maturity	Ratio
0 to 1	58,94%
1 to 3	4,33%
3 to 5	0,15%
5 to 10	7,69%
10 +	28,06%
Other	0,83%

Distribution

Distributor	OTP Bank Nyrt.
Distributing partners	Concorde Értékpapír Zrt., Raiffeisen Bank Zrt., Erste Befektetési Zrt., Unicredit Bank Hungary Zrt., SPB Befektetési Zrt.

Disclaimer

This document is a marketing issue. Past performances don't guarantee future performances. Calculations of past performances, returns, risk indicators, net asset value, price and composition of portfolio are based on the last banking day of the month. Sources of past performances: Bloomberg (benchmark) and OTP Alapkezelő (funds). No information, opinions or data in this document constitute either investment advice or contract proposal. For detailed information on the fund's investment policy and potential investment risks, please see the key information documents, official prospectus, and fund rules available at the fund's distribution place. Expenses related to the marketing of the investment fund (purchasing, holding, selling) are available in the fund rules and at the distribution sites. Website: otpalap.hu