

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



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:

The upturn in tariff risks added to the rise in yields in March. The rebound in yields was most visible in Europe, where the German fiscal package pushed the yield curve up by 30-50 basis points. The infrastructure and defence investment package is suddenly being seen by market participants as a catalyst for the whole of European industry - doubts about which we will not go into here. In our view, European bond markets could calm down for a while while the German coalition talks drag on. However, we would not expect any significant strengthening, as the new government is in place and spending plans are on the rise, which could be compounded by inflationary pressures as the tariff war heats up. All of this will also have an impact on the regional bond market, so it will be worthwhile to prepare for tactical, range-bound trading this year.

Changes to the fund:

The Fund's March return outperformed the benchmark, with our cautious positioning paying off amid the rise in regional yields. We reduced our exposure to developed bonds during the month. We sold 2030 French government bonds, and we also cut back on US duration by selling 2034, 2046 government bonds and US Treasury ETFs. We continued to buy 8-year Norwegian government bonds instead. In the rising yield episode, we started to increase the Romanian exposure. We have sold the 2035 euro paper and swapped the 2033 bond for a 2034 bond within the existing euro for a premium of nearly 20 bps. We did not buy the new 2039 maturity at issuance, it was issued at a very narrow premium. In the following days it underperformed, the spread widened, and we took advantage of this and bought in. Our view on the forint has not changed, we expect it to weaken in the coming months, so we have increased the Fund's HUF short position. In addition to weak economic fundamentals and fiscal situation, the belief in a quick end to the Russian-Ukrainian war seems to be breaking down. As we approach next year's elections, we expect both political noise to rise and fiscal "constraints" to ease, resulting in a rising EURHUF exchange rate despite the tight monetary policy stance. Within our existing positions, we have realized profits on the vast majority of NOK long. The Norwegian krone strengthened spectacularly within the month, which we took advantage of to close a significant part of the exposure. We have built up long exposure in the Australian dollar against the euro and the dollar, a currency that is sensitive to tariff news and has lagged behind developed currencies this year.

Net asset value & price

	Currency	Amount
Net Asset Value*	HUF	20 522 035 668
Price**	HUF	2,110477

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

Risk level:



Recommended investment time frame: 3 years

OTP EMEA Derivative Bond Fund

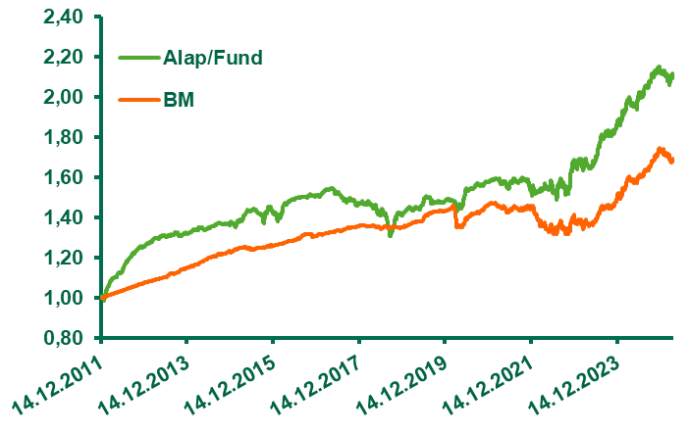
Annualized past performances

Annual returns*	1Y	3Y	5Y	10Y	From launch
Fund	5,61%	10,82%	7,79%	4,26%	5,77%
Performance index**	5,41%	7,51%	4,40%	3,06%	4,02%
Relative return	0,20%	3,31%	3,39%	1,20%	1,76%

*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*

312,90%

*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	4,4%
T-bills	5,8%
Government bonds	86,3%
Mortgage bonds	0,0%
Other bonds	6,7%
Equities	0,0%
Investment fund units	0,0%
Other	-3,2%

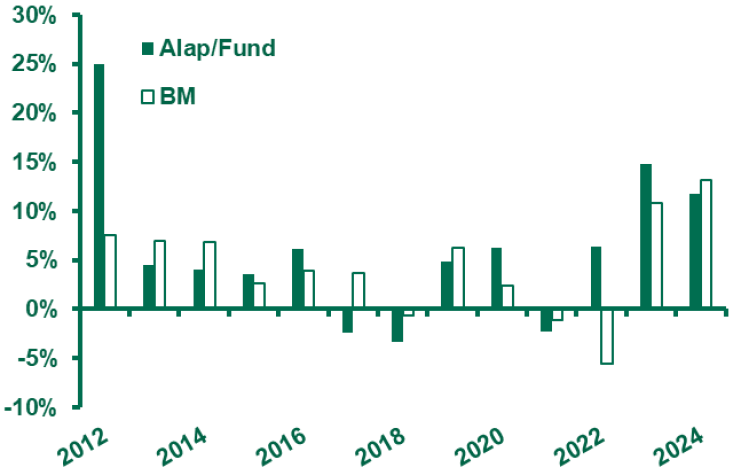
Effective duration

Effective duration	3,43
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Risk indicators

Risk indicators	1Y	3Y	5Y	10Y	From launch
Deviation	5,45%	6,26%	5,53%	4,85%	4,44%
Max. drawdown	-4,37%	-5,96%	-6,81%	-15,45%	-15,45%

Calendar years performance



Assets above 10%

ROMANI 3.875 10/29/35
BTF 0 08/27/2025
BTF 0 05/28/2025

Portfolio

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

Time to maturity (years)

Time to maturity	Ratio
0 to 1	62,11%
1 to 3	3,71%
3 to 5	0,32%
5 to 10	7,95%
10 +	25,07%
Other	0,84%

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Distribution

Distributor	OTP Bank Nyrt.
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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