

OTP Fundman Equity Fund

Introduction (A series)

Name:	OTP Fundman Equity Fund
Kind, type:	open-ended, public, equity
Name of fund manager:	OTP Fund Management
Start of the fund:	06/11/2014
Benchmark:	30% CETOP EUR + 25% MSCI EMU Net Total Return USD + 25% MSCI Emerging Net Total Return USD + 10% MSCI World Net Total Return USD + 10% RMAX
ISIN	HU0000713714
Bloomberg	OTPEHUF HB Equity

Portfolio managers



Levente Boér
Investment director



Eszter Lokietek
Senior portfolio
manager



Máté Kovács-
Kvotidián
Portfolio manager



Investment policy

The Fund aims to generate outperformance compared to a global stock index in the recommended minimum holding period. As the focus is on stock selection, the equity exposure is typically between 90%-100% depending on the number of attractively priced companies found and the level of the fund managers' conviction. The Fund invests in equities with a value investing approach. There is no restriction regarding the geography or sector of the investments, but the investment universe has an EMEA regional bias. The Fund tends to find value in under-researched mid-sized companies.

Monthly statement

The last month of the year ended mixed for equity markets (S&P -2.5%, Nasdaq +0.4, Stoxx 50 +1.9%, Cetop: +2.6%, MSCI Emerging Market Index: -0.3%), while bond yields rose (US 10-year +40bp, German 10-year +28bp, Hungarian 10-year +20bp). The modest movements of the first two weeks were broken by the Fed meeting on 18 December, with the expected 25bp cut and 2025 expectations taking a deep hit, with fewer and highly inflation-dependent cuts forecast - pushing both the expected interest rate path and the year-end rate up. In the US market, which has stretched valuation and over-positioned, this has caused a sharp sell-off alongside a surge in volatility. Europe and emerging markets have followed the lead, both because the expected high yield environment is putting pressure on other currencies and because the dollar, which is typically strong in risk aversion, does not favour emerging markets. After a few days of strong selling pressure, the Christmas period brought some relief, with better inflation data bringing back buying sentiment and regional and European peripheral markets (Greece, Romania, Turkey) ending the month on a good note. The OTP Fundman Equity Fund closed December slightly in the red. Although our car exposures (BMW +13%, Forvia +7.5%), our regional bank exposures (Erste +15%, Raiffeisen +7%), our Turkish favourites and the long-followed Kazakh Halyk bank performed well, they unfortunately couldn't offset the negative impact of our other positions. The Fund's performance was not helped by the weakness of the sharply correcting Intel, Teamviewer and our favourites At&S and Kazakh fintech Kaspi. Among our regional exposures, fast-food restaurant operator Amrest and Polish oil and gas company Orlen ended the month with falls, the latter of which we reduced our exposure to. At Orlen, the underperformance was caused by disappointing investment plans, with the market expecting high expectations for the 2030 strategic plans, which the company has promised to announce in December. This has been postponed, but in return they have unveiled plans to rationalise their gigantic olefins plant with a negative present value. The plan was not an unqualified success, as it highlighted the fact that, despite the cutback in investment, cash flow will be under severe pressure in the coming years, limiting the size of the dividend that can be paid. We also sold some of our Turkish exposures: software company Logo, which performed strongly at the beginning of the month, and Garanti bank. In the panic around the Romanian elections, we bought into Banca Transilvania, part of which we sold in the post-election lull. We bought shares in Allegro, a long-followed Polish e-commerce company: the company is growing rapidly in the region, breaking into the Czech and Hungarian markets after Poland, the key question will be whether it can achieve sufficient profitability in the coming years to make new investments productive in terms of cash flow - the management meeting with the company in early December confirmed to us that they are on the right track and the depressed share price offers a good entry point. We have increased our exposure in the shipping company Starbulk, which we bought a few months ago. We believe the valuation of the company is favourable and the sector's fundamentals - given the potential for repricing between supply and demand - offer a good entry point. The Fund ended the year with a weight of 87.9%, a moderate underweight compared to the 90% weight of the benchmark index.

OTP Fundman Equity Fund

Net asset value & price

	Currency	Amount
Net Asset Value*	HUF	43,071,437,738
Price**	HUF	1.677450

*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	12.66%	3.01%	4.34%	7.12%	5.02%
Benchmark	20.70%	n.a	n.a	n.a	n.a
Relative return	-8.04%	n.a	n.a	n.a	n.a

*Net returns based on net asset value. For periods longer than 1 year, net returns are annualized (compound interest, 1 year = 365 days).

Performance chart



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

Total net risk exposure*

103.75%

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

Currency composition

Currency	Ratio
Euro	34.42%
Hungarian Forint	14.69%
Polish Zloty	13.61%
Kazakhstani Tenge	6.92%
US Dollar	6.40%
Turkish Lira	6.22%
Hong Kong Dollar	6.02%
South African Rand	2.04%
New Romanian Leu	1.81%
Other	7.87%

Risk level:

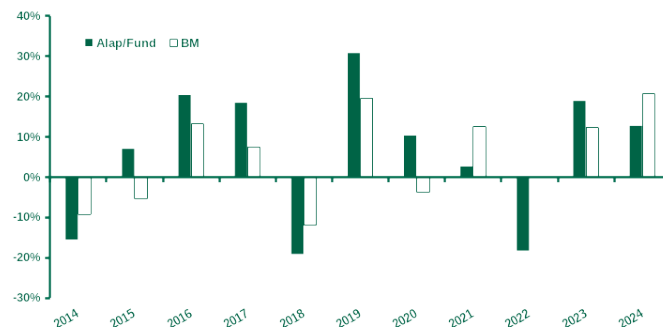


Recommended investment time frame: 5 years

Risk indicators

Risk indicators	1Y	3Y	5Y	10Y	From launch
Deviation	11.81%	18.92%	21.01%	17.67%	17.75%
Tracking error	6.00%	n.a.	n.a.	n.a.	n.a.
Information ratio	-1.34	n.a.	n.a.	n.a.	n.a.
Beta	1.0522	n.a.	n.a.	n.a.	n.a.
Alfa	-8.76%	n.a.	n.a.	n.a.	n.a.
Max. drawdown	-9.02%	-34.23%	-40.73%	-40.73%	-40.73%

Calendar years performance



Assets above 10%

None

TOP 5 holdings

Kaspi	Kazakhstani	fintech	3.01%
Jumbo	Greek	retailer	3.01%
Halyk	Kazakhstani	bank	2.96%
Vonovia	German	real estate	2.96%
Faurecia	French	auto supplier	2.88%

OTP Fundman Equity Fund

Country composition

Country	Ratio
Poland	13.48%
Hungary	12.05%
Germany	10.12%
Fund/ETF	8.28%
Austria	7.97%
Kazakhstan	6.92%
Turkey	6.18%
France	5.20%
Greece	4.82%
Other	24.97%

Industry composition

Industry	Ratio
Consumer Discretionary	26.14%
Financials	16.53%
Industrials	11.70%
Information Technology	10.41%
Energy	6.01%
Real Estate	5.70%
Cash	4.56%
Communication Services	1.85%
Materials	1.20%
Other	15.89%

Distribution

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

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