

OTP Multi-Asset Conservative Fund of Funds

Introduction (A series)

Name:	OTP Multi-Asset Conservative Fund of Funds
Kind, type:	open-ended, public, mixed
Name of fund manager:	OTP Fund Management
Start of the fund:	08/29/2022
ISIN	HU0000729793
Bloomberg	OTPMCNA HB Equity

Portfolio managers



Zoltán Halas
Investment director



Ágnes Czako
Senior portfolio manager



Attila Gajdacs
Portfolio manager



Frigyes Ferdinánd Heinz
Global macro analysis and strategic leader



Ferenc Bakk
Strategy and analysis

Investment policy

The Fund is member of a product family called OTP Multi-Asset Funds. The fund units are issued in euro, the fund invests in numerous other investment funds. Thanks to the fund of funds structure, you can build a well diversified international securities portfolio by investing in a single investment fund. The OTP Multi-Asset Funds include both active and passive strategies in each asset class. We select actively managed equity funds, that may overperform their category peer group thanks to their competent. We select funds with better past performance and lower volatility according to the appropriate risk management strategy. The funds are selected based on both quantitative and qualitative aspects, relying on the knowledge of the investment process. The funds seek global exposure to both equity and bond markets. This means, that in addition to all American and European exposure, the funds also include a smaller proportion of emerging markets. However, the focus is on the major markets.

Composition of the Fund:

40-80% bond

5-20% alternative assets

5-35% equity

Monthly statement

Macro Environment:

March was marked by fear and caution in developed equity markets. The month was primarily spent speculating and waiting for the US tariff announcements scheduled for early April. Perhaps the only significant macroeconomic change was the EU, and specifically the German government's efforts to build defense capabilities, which could lead to economic recovery in Europe but slightly increased European yield levels.

Changes in the Fund:

The Fund's performance in March was clearly influenced by the 4.25% rise in the EURUSD exchange rate and the decline in developed equity markets. We reacted very quickly to the EURUSD strengthening (our USD exposure of around 40% at the beginning of the month decreased to around 10% by the end of the month; we primarily hedged back to EUR around 1.055, but defensively also took a 10% USDJPY short position towards the end of the month) and by the end of the month, our open USD position was around 10%.

The equity portfolio elements (except for our Central European Equity Fund exposure), which we hold as constant exposure in some proportion, all achieved negative returns in their local currencies, ranging from -1.4% to -7.6% (the latter being the Nasdaq100). Not only did our volcontrol mechanism work on reducing equity exposure, but we also reduced our trade-related exposures: we realized profits on our cybersecurity, gaming industry (in the first half of the month), and Polish market (on March 27) exposures. We only took small positions in the MDAX index-tracking ETF (medium-sized companies in the German market, expecting that the winners of fiscal easing will primarily come from non-export-oriented companies) and the US healthcare sector ETF (as defensive equity exposure), the latter only in the Balanced and Dynamic funds.

At the end of February (when the VIX was around 20-21), we did not expect much higher volatility or a higher VIX index; in February, half of the equity ratio was hedged with PUT options, but towards the end of the month, we significantly reduced this with profits. The market disagreed with us: seeing the significant return of the VIX, which peaked slightly below 30, on March 25 (when the VIX index was around 17), we fully hedged the equity ratio with PUT options on the S&P 500 index. Alongside reducing the equity ratio, we significantly increased the cash ratio in the funds, planning to maintain a defensive position until the picture clears up. We slightly reduced our bond exposure on March 4 (around 4.15% US 10-year yield) in the Conservative and Balanced funds, but in the second half of the month, we no longer found the defensive direction of the equity market aligned with the resilient behavior of bond yields; we think that if significant economic slowdown comes, it should lead to a drop in bond yields, we are less concerned about inflation in this scenario (although inflation fears remain high, the market fears stagflation). Accordingly, on March 19, we added approximately 10% US 10-year bond exposure to the funds around a yield level of 4.26%.

The significant rise in European bond yields following March 5 (due to fiscal easing for economic stimulation and building defense capabilities) negatively affected our German and Spanish bond exposures, but we did not change these.

OTP Multi-Asset Conservative Fund of Funds

Net asset value & price

	Currency	Amount
Net Asset Value*	EUR	12 786 796
Price**	EUR	1,107850

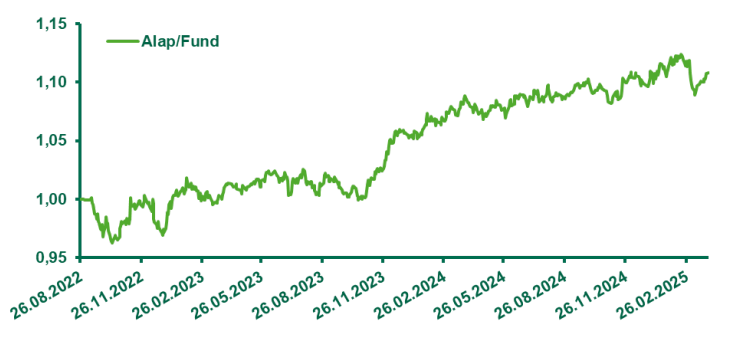
*Total net asset value of the different investment fund series.
**Net asset value per unit.

Annualized past performances

Annual returns*	1Y	3Y	5Y	10Y	From launch
Fund	1,77%	n.a	n.a	n.a	4,02%

*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*

116,43%

*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	Exposure
Fund	85,98%
Equity	9,60%
Cash	2,42%
Bond	0,77%
Other	1,22%

Risk level:

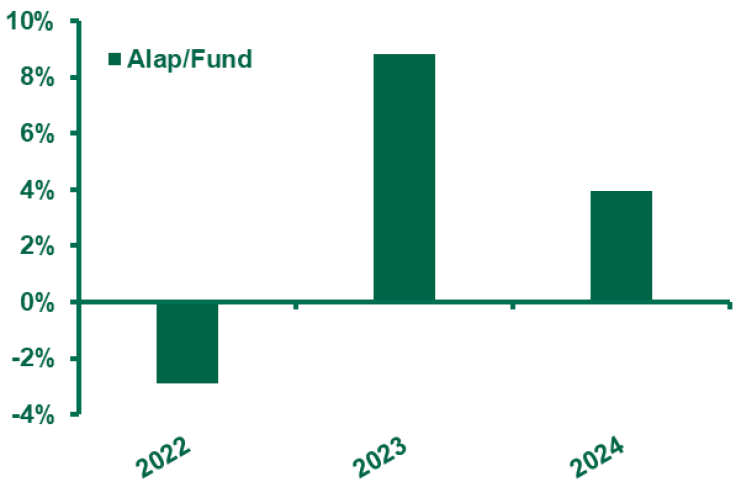


Recommended investment time frame: 4 years

Risk indicators

Risk indicators	1Y	3Y	5Y	10Y	From launch
Deviation	4,50%	n.a	n.a	n.a	5,05%
Max. drawdown	-3,10%	n.a	n.a	n.a	-3,86%

Calendar years performance



Assets about 10%

ISHARES 7-10 YEAR TREASURY B ETF
ISHARES US TREAS 0-1YR USD A
ISHARES USD TIPS 0-5

TOP 5 investments

ISHARES 7-10 YEAR TREASURY B
ISHARES USD TRES BOND 7-10Y
ISHARES USD TIPS 0-5
PIMCO GIS-INCOME FUND
DEKA DB EUROGOV GERMANY 5-1

OTP Multi-Asset Conservative Fund of Funds

Country composition

Country	Exposure
United States	56,26%
Fund/ETF	21,87%
Germany	12,84%
Spain	4,95%
Hungary	2,11%
European Monetary Union	0,93%
United Kingdom	0,24%
France	0,14%
Japan	0,11%
Other	0,55%

Industry composition

Industry	Exposure
Information Technology	2,24%
Industrials	1,65%
Financials	1,34%
Consumer Discretionary	1,01%
Communication Services	0,90%
Health Care	0,78%
Consumer Staples	0,48%
Materials	0,44%
Utilities	0,29%
Real Estate	0,27%
Energy	0,21%

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