

OTP Palette Derivative Mixed Fund

Introduction (A series)

Name:	OTP Palette Derivative Mixed Fund
Kind, type:	open-ended, public, mixed
Name of fund manager:	OTP Fund Management
Start of the fund:	11/17/1997
Benchmark:	15% CETOP + 12,5% MSCI EMU ND + 12,5% MSCI EM ND + 5% MSCI World ND + 55% hozamkorlát (6%)
ISIN	HU0000702881
Bloomberg	OTPPAOE HB Equity

Portfolio managers



Levente Boér
Investment director



Eszter Lokietek
Senior portfolio manager



Máté Kovács-
Kvotidián
Portfolio manager



Olivér Csáti
Portfolio manager



Investment policy

The Fund aims to outperform its balanced benchmark which consists of balanced portfolio, with a net equity exposure typically between 30%-60%. The Fund has a value based global investment strategy and it does not have any regional and sectorial constraints, but has an EMEA regional bias where the portfolio managers have the most expertise. The diversified portfolio, the low average position size and the long/short equity positions help to maintain the risk and the price volatility at a relatively low level.

Monthly statement

Macro environment:

International investors experienced enough news flow and market shocks for a year during March. Automotive manufacturers and suppliers were the hardest hit sector as a result of Trump's tariff announcements, but the EU in general was also in the crosshairs alongside Canada. The February election has given Germany a new chance to shake off the stagnation of recent years, with budget deficits and debt levels allowing for a package of military and infrastructure investment, complemented by tax cuts. Thus, the rotation from the US market, which is overweight in investors' portfolios and trading on higher valuation, towards an improving growth path, a strengthening euro and a more supportive central bank environment has continued. The fate of Ukraine remains in question, with Trump able to put a 30-day near-ceasefire proposal on the table, as well as a deal that is not favourable to the EU and Ukraine in exchange for existing and additional support. Bond yields at CEE and in Europe rose on the back of looser fiscal policy, while in the US they were little changed. In Turkey, a leading opposition politician was arrested on corruption charges, to which the market reacted strongly, but the finance minister and central bank governor took the necessary steps to restore investor confidence.

Changes in the fund:

During the month we increased our position in our favourite regional growth exposure, parcel machine operator Inpost, which reported a strong quarter, but its main customer Allegro again tried to put pressure on the company by increasing competition. We have reduced our weighting in Allegro, which posted a weaker quarterly forecast amid competition from China, and the reduction in stakes by a large private equity fund could put pressure on the share price in the period ahead. We also took profit on Orlen, with a more balanced return risk. The German yield increase negatively impacted the German residential real estate stocks, which otherwise operate with a healthy supply-demand situation, improving growth and low vacancy rates, so we increased our weight in Vonovia and LEG. However, we sold our exposure in Mercialis, a French mall portfolio, which held up well despite the rise in yields and managed to rise. We were buyers in Renault, which with its European focus was protected from both US tariffs and Chinese domestic demand question marks, and was able to be the automotive gem of last year by delivering on management plans, all coupled with high cash balances and favourable valuations. We actively managed our automotive exposure in the shadow of the sluggish tariff news, buying French Forvia and then taking a profit. In the light of the turbulence in the Turkish market, we saw fit to cut back our Turkish government bond, one of the best yield contributors last year, and reduced our weight in LOGO, a provider of enterprise IT software solutions, which withstood the general downturn well. On the other hand we bought shares in Sabanci Holding, which we considered oversold.

Net asset value & price

	Currency	Amount
Net Asset Value*	HUF	42 977 431 718
Price**	HUF	7,425388

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

Risk level:



Recommended investment time frame: 3 years

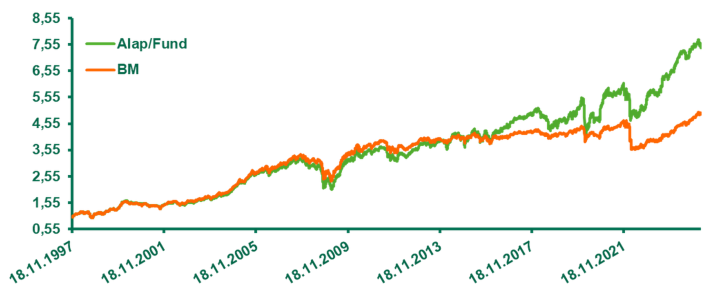
OTP Palette Derivative Mixed Fund

Annualized past performances

Annual returns*	1Y	3Y	5Y	10Y	From launch**
Fund	5,40%	14,50%	11,90%	6,17%	6,58%
Benchmark	9,49%	11,27%	4,11%	1,99%	2,62%
Relative return	-4,09%	3,22%	7,79%	4,18%	3,97%

*Net returns based on net asset value. For periods longer than 1 year, net returns are annualized (compound interest, 1 year = 365 days).
**From new strategy: 30.12.2011.

Performance chart



The chart shows the periode: from the new strategy (30.12.2011) to last banking day of the month.

Total net risk exposure*

103,59%

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

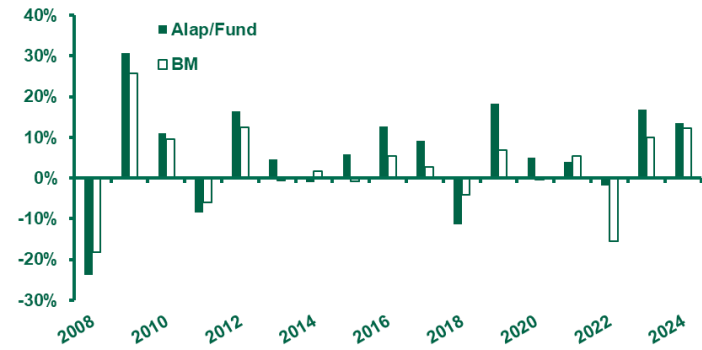
Asset composition

Asset	Ratio
Deposits	23,2%
T-bills	11,4%
Government bonds	11,6%
Mortgage bonds	0,0%
Other bonds	6,5%
Equities	38,3%
Investment fund units	8,7%
Other	0,3%

Risk indicators

Risk indicators	1Y	3Y	5Y	10Y	From launch**
Deviation	6,57%	8,35%	11,56%	10,88%	10,21%
Tracking error	3,03%	3,93%	7,17%	6,21%	5,78%
Information ratio	-1,35	0,82	1,09	0,67	0,69
Beta	1,0900	1,1661	0,9684	1,1457	1,1468
Alfa	-4,40%	2,84%	7,74%	4,32%	4,07%
Max. drawdown	-4,27%	-5,68%	-23,09%	-28,95%	-28,95%

Calendar years performance



Assets above 10%

None

Currency composition

Currency	Ratio
Hungarian Forint	53,64%
Euro	17,57%
US Dollar	5,96%
Polish Zloty	5,41%
Turkish Lira	4,27%
Kazakhstani Tenge	4,12%
Hong Kong Dollar	3,24%
South African Rand	1,07%
New Romanian Leu	0,76%
Other	3,95%

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Country composition

Country	Ratio
Cash	24,30%
Hungary	19,09%
France	9,56%
Poland	6,41%
Fund/ETF	5,27%
Turkey	4,24%
Kazakhstan	4,12%
Romania	4,10%
Austria	3,98%
Other	18,93%

Industry composition

Industry	Ratio
Cash	24,30%
Financials	22,66%
Consumer Discretionary	11,91%
Industrials	5,12%
Energy	4,69%
Information Technology	3,82%
Real Estate	2,34%
Communication Services	0,72%
Materials	0,48%
Other	23,96%

Portfolio

Positions above 10% of the NAV
EUR Long *, HUF Short *, USD Long *, OTP Bank time deposit, Erste Bank Hungary Zrt. time deposit
Positions above 50% of the NAV
None
Positions above 100% of the NAV
None

Distribution

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