

OTP New Europe Total Return Derivatives Fund

Introduction (A series)

Name:	OTP New Europe Derivative Fund
Kind, type:	open-ended, public, total return
Name of fund manager:	OTP Fund Management
Start of the fund:	11/14/2007
ISIN	HU0000705827
Bloomberg	OTPNEUR HB Equity

Portfolio managers



Levente Boér
Investment director



Eszter Lokietek
Senior portfolio manager



Máté Kovács-Kvotidián
Portfolio manager



Investment policy

The Fund aims to outperform the risk free rate on the recommended investment horizon while keeping risk at a low level. It has a value based investment strategy and invests mainly in the equity and fixed income markets. It does not have any regional and sectorial constraints, but has an EMEA regional bias where the fund management team has the most expertise. The Fund also holds short positions and aims to generate positive return under all market conditions. The diversified portfolio and the low average position size help to maintain the risk and the price volatility at a moderate level.

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 New Europe Total Return Derivative Fund closed the month in positive territory, as it has done in all but one month in 2024. The good performance was helped by the Fund's exposure to automotive sector (BMW +13%, Forvia +7.5%) and Turkish equities (+Indeks +10.1%, Yatas +4.5%). In the first half of the month, we increased our exposure in the region, buying Pepco and shares in the Polish e-commerce company Allegro. We have followed Allegro for a long time, the company is growing rapidly in the region, breaking into the Czech and Hungarian markets after Poland, the main question will be whether it can achieve the necessary profitability in the coming years and thus turn new investments into cash flow generation. A personal meeting with the company in early December confirmed that they are on the right track and that the depressed share price offers a good entry point. During the month we sold our well performing Greek bank, Piraeus, and also took down our nicely bouncing Wizzair exposure. We were active in the volatile currency market, buying dollars at the start of the month, selling them in the middle, buying back again in the year-end forint rally, and buying euros into the Fund.

Net asset value & price

	Currency	Amount
Net Asset Value*	HUF	34,127,129,158
Price**	HUF	2.473192

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

**Net asset value per unit.

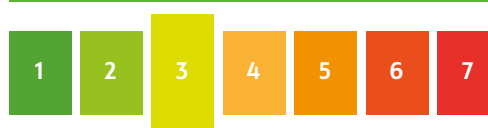
Annualized past performances

Annual returns*	1Y	3Y	5Y	10Y	From launch**
Fund	10.51%	10.23%	7.26%	5.15%	5.50%

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

**From the new strategy: 30.12.2011.

Risk level:



Recommended investment time frame: 4 years

Risk indicators

Risk indicators	1Y	3Y	5Y	10Y	From launch**
Deviation	3.22%	6.06%	6.86%	5.60%	5.42%
Sharpe	1.17	0.26	0.29	0.41	0.41
Max. drawdown	-1.66%	-10.26%	-16.21%	-16.59%	-16.59%

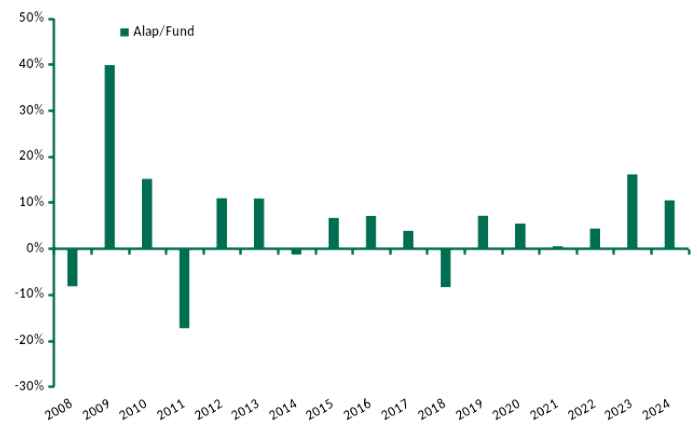
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Performance chart



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

Calendar years performance



Monthly performance

Év\Hó Y\M	1	2	3	4	5	6	7	8	9	10	11	12	Éves Annual
2024	1.03%	1.80%	1.99%	1.59%	0.72%	0.13%	0.13%	-0.47%	1.18%	1.34%	0.29%	0.35%	10.51%
2023	2.33%	0.49%	0.35%	0.30%	0.27%	2.48%	4.54%	0.31%	1.36%	-1.34%	2.55%	1.53%	16.13%
2022	-0.81%	-5.84%	0.48%	-0.05%	0.06%	-2.84%	2.86%	2.26%	-1.96%	1.69%	7.70%	1.36%	4.37%
2021	0.65%	1.29%	0.00%	0.11%	-0.62%	0.71%	-0.21%	0.58%	-0.57%	0.59%	-2.25%	0.27%	0.49%
2020	1.91%	-4.50%	-8.72%	3.41%	2.17%	3.96%	-3.50%	1.42%	0.57%	-0.90%	7.45%	3.11%	5.46%
2019	2.75%	0.15%	-0.16%	0.77%	-1.68%	1.58%	1.03%	-1.80%	2.03%	-1.26%	2.78%	0.89%	7.15%
2018	1.21%	0.30%	-1.59%	-1.30%	-0.43%	0.02%	-2.19%	-4.83%	1.38%	0.11%	1.29%	-2.58%	-8.46%
2017	0.80%	0.16%	0.44%	0.44%	-0.09%	-0.31%	0.15%	0.27%	1.01%	0.25%	-0.49%	1.16%	3.86%
2016	-2.19%	1.03%	2.89%	1.41%	0.09%	0.22%	0.84%	1.20%	0.26%	0.87%	-0.59%	0.93%	7.11%
2015	0.89%	3.11%	0.32%	2.13%	0.39%	-0.72%	-0.56%	-1.79%	-0.69%	3.59%	0.91%	-0.94%	6.68%
2014	0.01%	-1.17%	-1.26%	2.06%	2.37%	1.97%	-0.56%	0.02%	-0.73%	-0.87%	-0.69%	-2.40%	-1.36%

Total net risk exposure*

109.72%

*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	19.3%
T-bills	0.0%
Government bonds	16.5%
Mortgage bonds	0.0%
Other bonds	10.3%
Equities	21.3%
Investment fund units	9.9%
Other	22.6%

Assets above 10%

None

Country composition

Country	Ratio
Cash	44.05%
Hungary	10.77%
Turkey	8.58%
United States	6.89%
Romania	4.78%
Poland	3.82%
Fund/ETF	3.22%
Germany	2.37%
Austria	2.35%
Other	13.18%

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Portfolio

Positions above 10% of the NAV

HUF Short *, OTP Bank time deposit

Positions above 50% of the NAV

None

Positions above 100% of the NAV

None

*The unhedged currency exposure of the underlying equity positions.

Currency short/long positions

Currency	Ratio
Turkish Lira	7.51%
Euro	3.53%
Kazakhstani Tenge	2.29%
Hong Kong Dollar	1.87%
Polish Zloty	1.06%
Chinese Yuan	0.53%
Czech Koruna	-0.62%
US Dollar	-4.51%
Hungarian Forint	-13.70%
Other	2.05%

Negative=short, positive=long

Factor short/long positions

Factor	Ratio
Financials	9.92%
Real Estate	8.21%
Consumer Discretionary	8.17%
Industrials	3.55%
Information Technology	3.03%
Energy	2.35%
Commodity Future	1.28%
Communication Services	1.00%
Materials	0.32%
Health Care	0.15%
Consumer Staples	0.03%
Utilities	-0.62%
Equity Index Future	-3.40%

Negative=short, positive=long

Distribution

Distributor

OTP Bank Nyrt.

Distributing partners

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Disclaimer

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