

## 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,  
CFA  
Investment  
director



Mátyás Sárvári  
Portfolio  
manager



### Prizes



### 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:

Global bond markets performed well overall in October. Developed markets were able to perform well during the risk-off period in the middle of the month, while riskier securities continued to rally thereafter. Risk appetite remained strong, causing risk premiums to narrow further. At the end of the month, developed market yields began to rise in response to hawkish comments from Fed policymakers questioning the December rate cut. Our negative expectations remain unchanged; we anticipate rising yields and widening spreads. The front end of the yield curve is somewhat anchored by the Fed's renewed cycle of interest rate cuts, but we see long bonds as more vulnerable due to unsustainable fiscal trajectories. This could give a further boost to the steepening of yield curves in the medium term. We expect the euphoria seen in several asset classes on the capital markets to give way to sobering up, which would result in widening yield spreads for riskier bonds. The last time we saw similarly low spread levels was before the 2008 crisis, which we believe has long been mispriced in the current macroeconomic environment. The Fund maintains a more cautious exposure than the benchmark index.

#### Changes to the fund:

The narrowing spread (due to more cautious positioning) and the continued strengthening of the forint dragged down the Fund's performance. In October, we further reduced our interest rate risk exposure. Within our developed market positions, we sold the 2054 UK government bond and, in contrast, bought 8-year Norwegian government bonds above 4% again. We continue to favor Norwegian bonds, and our position in them now exceeds 10%. We completely reduced our Romanian exposure, selling the remaining 2039 euro-denominated maturity as the yield spread narrowed. Following the issuance of Romanian euro-denominated government bonds during the month, we successfully traded the new 2045 bonds. On the currency front, we see the calm surrounding the forint as nearing exhaustion. We traded in a range in EURHUF during the month, resulting in a slight decrease in the HUF short level, currently at -31%. We increased our long position in the Japanese yen and opened a short position in the dollar with EURUSD purchases. In addition, we used the rise in the EURNOK and EURAUD exchange rates to open tactical long positions in the Norwegian krone and Australian dollar. We closed these positions during the month.

## OTP EMEA Derivative Bond Fund

### Net asset value & price

	Currency	Amount
Net Asset Value*	HUF	23 959 618 249
Price**	HUF	2,180289

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

\*\*Net asset value per unit.

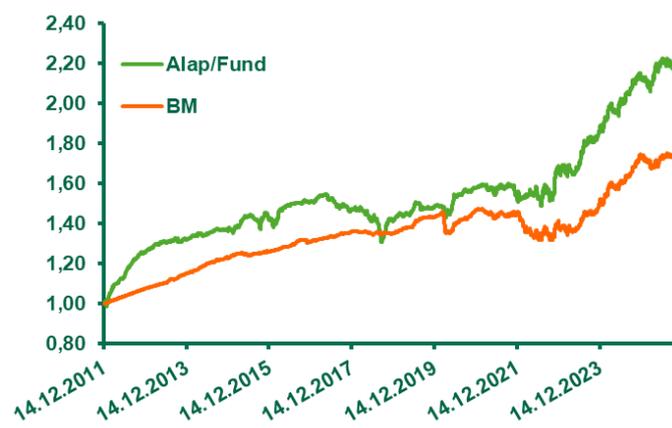
### Annualized past performances

Annual returns*	1Y	3Y	5Y	10Y	From launch
Fund	2,38%	11,99%	6,95%	4,28%	5,77%
Performance index**	2,36%	9,24%	4,03%	3,34%	4,10%
Relative return	0,02%	2,76%	2,92%	0,94%	1,67%

\*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\*

141,42%
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\*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	11,7%
T-bills	0,0%
Government bonds	79,4%
Mortgage bonds	0,0%
Other bonds	7,6%
Equities	0,0%
Investment fund units	0,0%
Other	1,3%

### Risk level:

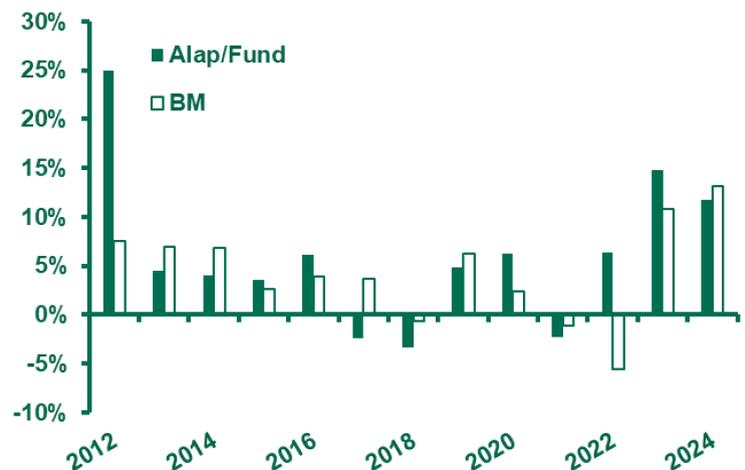


Recommended investment time frame: 3 years

### Risk indicators

Risk indicators	1Y	3Y	5Y	10Y	From launch
Deviation	5,89%	5,86%	5,76%	4,94%	4,51%
Max. drawdown	-4,37%	-4,37%	-6,81%	-15,45%	-15,45%

### Calendar years performance



### Assets above 10%

NGB 3 08/15/2033

### Portfolio

Positions above 10% of the NAV

FRENCH DISCOUNT T-BILL, GERMAN TREASURY BILL, NORWAY GOVERNMENT BOND

Positions above 50% of the NAV

None

Positions above 100% of the NAV

None

## OTP EMEA Derivative Bond Fund

### Effective duration

Effective duration	1,93
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### Time to maturity (years)

Time to maturity	Ratio
0 to 1	76,52%
1 to 3	3,84%
3 to 5	0,14%
5 to 10	13,27%
10 +	5,43%
Other	0,81%

### Distribution

Distributor	OTP Bank Nyrt.
Distributing partners	Concorde Értékpapír Zrt., Raiffeisen Bank Zrt., Erste Befektetési Zrt., Unicredit Bank Hungary Zrt., SPB Befektetési 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](http://otpalap.hu)