

OTP Sigma Derivative Total Return Fund

Introduction (A series)

Name:	OTP Sigma Derivative Total Return Fund
Kind, type:	open-ended, public, total return
Name of fund manager:	OTP Fund Management
Start of the fund:	02/14/2016
ISIN	HU0000716451
Bloomberg	OTPSIGA HB Equity

Portfolio managers



István Tóth, CFA
Senior portfolio
manager



Investment policy

The aim of the Fund is to achieve a return substantially above the riskless rate of return within the recommended investment horizon. The fund manager follows an active investment strategy in order to achieve these goals, and can invest in developed and emerging market stocks, bonds, interest rates, currencies, derivatives, and commodities. The fund manager can invest the assets globally in the broadest spectrum of investment products. The investment decisions are based mainly on fundamental factors, but can also take into account technical factors. The fund manager can take both long and short positions in any eligible investments. Investments into this fund bear a significant risk, so it is not recommended for investors with an investment horizon of less than 3 years.

From 01.08.2019 the Fund has new investment policy and new portfolio manager.

Monthly statement

Macro environment:

Investors experienced another exciting month, with Trump's policies once again driving the markets. First, the conflict with China appeared to escalate after the Chinese planned to restrict exports of rare earth metals, Trump responded by threatening to impose another 100% tariff, and the expected Trump-Xi meeting was also postponed. After many months of rallying, the markets reacted with a correction, but a new conflict was avoided and the parties finally reached an agreement. In fact, the summit did take place, so there is calm for now, but in the long term, no lasting economic truce is expected between the two economic superpowers, as their interests still do not favor peaceful cooperation. The bond markets had a relatively calm month, with the wave of selling that characterized US bonds in the first half of the year appearing to have subsided. Trump is also less focused on attacking the Fed, so confidence in the safe haven status of these instruments seems to be returning. The weakening trend of the US dollar also seems to have come to a halt, with the 1.20 exchange rate against the euro off the agenda, but no further significant strengthening seems justified either, as the Fed continued its cycle of interest rate cuts at the end of October, lowering the benchmark rate by another 25 basis points. Domestic markets remained stable throughout October, with no significant changes in either the forint exchange rate or bond yields. Although the government continues to announce measures that will burden the budget in the run-up to the elections, investors are not yet punishing Hungarian assets with sell-offs.

Changes in the fund:

During October, the fund's price rose to a new high, bringing this year's return to over 10%. In view of the increasing risks and fearing a year-end correction, we further reduced the fund's equity exposure, closed our Western European and Romanian equity positions at a profit, and retained only a 3% equity allocation in the fund.

In contrast, we increased our bond exposure and purchased structured products from JP Morgan and Morgan Stanley, which pay a coupon of around 9-10% in forints, linked to the BUBOR 6-month interest rate remaining below a certain threshold. We purchased 3-year Romanian euro-denominated government bonds, which, when hedged, still offer a forint yield of 7.5-8% with moderate risk. In addition, as a new idea, we opened a position in Bulgarian 2045 euro government bonds, where we expect that with the country's accession to the eurozone in January 2026, there may be significant demand from local banks for these previously foreign currency bonds, which could push down premiums. We closed our short position in US 10-year bond futures, we do not fundamentally believe that a significant rally should occur, even though the US economic slowdown, the government shutdown, and deteriorating labor market data could cause further yield declines until the end of the year. Overall, the bond risk held by the fund has increased, and the duration is approaching 5 years.

In foreign exchange, we closed our long position in EURUSD after assessing that the weakening trend of the dollar appears to be reversing. We were active in the EURHUF currency pair, increasing our position in the forint around 393, which we reduced at the end of the month around 389. As a new position, we opened a long position in the Kazakh tenge against the dollar in two tranches, as the Kazakh central bank raised its base rate significantly, reversing the weakening trend of the tenge, so it seems worthwhile to hold the Kazakh currency given the high carry.

OTP Sigma Derivative Total Return Fund

Net asset value & price

	Currency	Amount
Net Asset Value*	HUF	55 513 040 165
Price**	HUF	1,720580

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

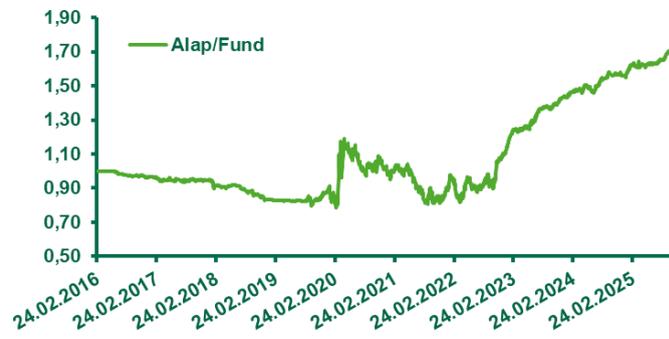
**Net asset value per unit.

Annualized past performances

Annual returns*	1Y	3Y	5Y	10Y	From launch
Fund	10,09%	22,52%	10,26%	n.a	5,76%

*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.

Risk level:

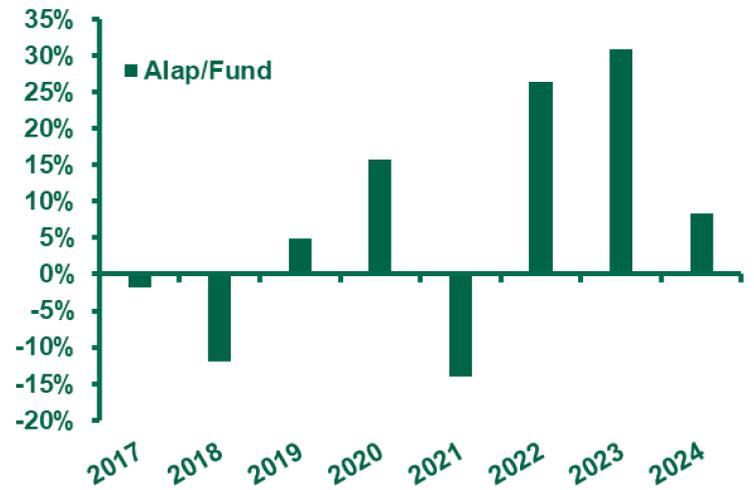


Recommended investment time frame: 5 years

Risk indicators

Risk indicators	1Y	3Y	5Y	10Y	From launch
Deviation	3,85%	6,30%	13,32%	n.a	13,60%
Sharpe	1,17	2,15	0,30	n.a	0,18
Max. drawdown	-2,36%	-3,18%	-25,77%	n.a	-32,07%

Calendar years performance



Monthly performance

Év\Hó Y\M	1	2	3	4	5	6	7	8	9	10	11	12	Éves Annual
2025	2,60%	2,15%	-1,12%	0,53%	0,33%	-0,13%	1,03%	0,35%	2,80%	1,45%			
2024	0,80%	1,15%	0,66%	0,18%	0,49%	-1,30%	2,43%	2,74%	1,66%	-0,42%	0,12%	-0,37%	8,37%
2023	8,34%	4,22%	-0,48%	1,16%	-0,25%	4,37%	4,57%	1,06%	-0,06%	1,41%	1,29%	1,97%	30,92%
2022	12,13%	-3,38%	-10,30%	7,97%	4,91%	-6,00%	1,58%	3,28%	-3,78%	3,05%	15,20%	1,96%	26,43%
2021	-5,78%	5,55%	0,00%	-0,08%	-1,01%	-6,21%	-3,20%	-9,41%	10,01%	-8,10%	-0,86%	6,02%	-14,03%
2020	-5,29%	-4,00%	42,52%	0,73%	-3,35%	1,85%	-9,71%	-3,83%	5,82%	2,30%	-0,43%	-3,83%	15,65%
2019	-0,14%	-0,42%	-0,39%	0,24%	-0,62%	0,52%	-0,16%	-0,37%	-1,43%	2,24%	2,53%	2,95%	4,96%

Total net risk exposure*

166,70%

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

Assets above 10%

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OTP Sigma Derivative Total Return Fund

Asset composition

Asset	Ratio
Deposits	1,0%
T-bills	0,0%
Government bonds	50,0%
Mortgage bonds	0,0%
Other bonds	48,4%
Equities	3,5%
Investment fund units	1,5%
Other	-4,5%

Portfolio

Positions above 10% of the NAV	EUR Short, HUF Long, USD Short, HUNGARIAN GOVERNMENT BOND, EURO BUND FUTURE SHORT
Positions above 50% of the NAV	None
Positions above 100% of the NAV	None

Distribution

Distributor	OTP Bank Nyrt.
Distributing partner	Equilor 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

Currency short/long positions

Currency	Ratio
Hungarian Forint	24,11%
Kazakhstani Tenge	6,11%
Turkish Lira	4,63%
Mexican Peso	4,55%
Hong Kong Dollar	1,49%
Uzbekistan Som	0,46%
Polish Zloty	0,23%
US Dollar	-11,75%
Euro	-29,83%

Negativ=short position, positive=long position

Effective duration

Devizanem	Effective duration
HUF	1,6
EUR	1,65
USD	0,88