

## OTP Turkish Equity Fund

### Introduction (A series)

Name:	OTP Turkish Equity Fund
Kind, type:	open-ended, public, equity
Name of fund manager:	OTP Fund Management
Start of the fund:	08/09/2010
Benchmark:	5% ZMAX + 95% Dow Jones Turkey Titans 20 TRY
ISIN	HU0000709001
Bloomberg	OTPTKEA HB Equity

### Portfolio managers



Levente Boér, CFA  
Investment director



Máté Kovács-Kvotidián, CFA  
Portfolio manager



Eszter Lokietek, CFA  
Senior portfolio manager



### Prizes



### Investment policy

The fund seeks to provide opportunity to benefit from the performance of the Turkish equity markets with its actively managed portfolio.

### Monthly statement

#### Macro environment:

From the highs at the end of September, a more serious correction took place on the Turkish stock market in the middle of the month. By the end of it the market had found its footing and the main stock index closed at the levels seen at the beginning of the month. The reason for the positive turnaround is that the court dropped the lawsuit against the main opposition party's leadership election practice and its elected leader, but former presidential candidate Immamoglu remains in prison (since March) and there is no sign of a turnaround. Meanwhile, the economy is on a painful path to reduce inflation, with high interest rates having an impact on society, not only on the lower classes but also on the middle classes. Although disinflation has been bumpy in recent months due to food prices, it continues, laying the groundwork for interest rate cuts in the coming period. Accordingly, the Turkish Central Bank made another 100 basis point interest rate cut in October. The economic policy shift—especially monetary tightening—is also gradually restoring investor confidence, and Erdogan has managed geopolitical pitfalls well (the Kurdish question, Israel-Gaza, Ukraine, relations with the US), while European economic stagnation continues to pose a challenge for Turkey, and thus directly for several companies we hold.

#### Changes in the fund:

In October, we continued to actively engage in previously successful exchanges between multiple share series and parent-subsidiary structures for the shares we follow, taking advantage of occasional mispricing opportunities. We "redeemed" part of our exposure from Aygaz, a company engaged in PB gas (LPG) trading, to Tupras, an oil refinery partly owned by Aygaz and more closely followed by international investors. Similarly, we continued the swap between the steel company Ereğli and its subsidiary Isdemir, where we also see a historical mispricing in terms of valuation. We cut our position in the shares of the car manufacturer Tofas, which rose by nearly 40% this year until the end of October. Tofas manufactures for Stellantis, which offers a more predictable margin and cash flow profile than traditional car manufacturers, reinforced by this year's factory acquisition and new model licenses. However, based on the share price development, we believe that the growth story, which has been accompanied by several years of revenue and margin improvement, is becoming increasingly priced in, while several segments of the market offer increasingly better risk-return potential.

The OTP Turkish Equity Fund closed August with a share weighting of 97.4%.

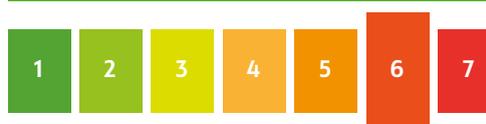
### Net asset value & price

	Currency	Amount
Net Asset Value*	HUF	9 724 064 394
Price**	HUF	1,183326

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

\*\*Net asset value per unit.

### Risk level:



Recommended investment time frame: 5 years

## OTP Turkish Equity Fund

### Annualized past performances

Annual returns*	1Y	3Y	5Y	10Y	From launch
Fund	-9,13%	10,37%	21,87%	2,39%	1,11%
Benchmark	-8,68%	5,90%	19,21%	1,56%	0,50%
Relative return	-0,45%	4,46%	2,67%	0,84%	0,61%

\*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\*

101,14%

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

### Currency composition

Currency	Ratio
Turkish Lira	99,68%
Euro	0,52%
US Dollar	0,00%
British Pound Sterling	0,00%
Hungarian Forint	-0,21%

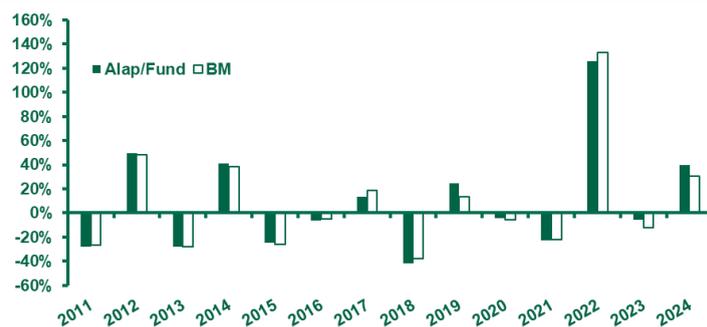
### Industry composition

Industry	Ratio
Industrials	32,64%
Financials	27,44%
Consumer Staples	8,11%
Consumer Discretionary	6,64%
Materials	6,59%
Information Technology	5,53%
Energy	5,02%
Communication Services	3,37%
Real Estate	1,09%
Other	3,58%

### Risk indicators

Risk indicators	1Y	3Y	5Y	10Y	From launch
Deviation	29,39%	31,22%	35,66%	32,88%	30,78%
Tracking error	2,76%	4,39%	4,88%	5,00%	4,48%
Information ratio	-0,16	1,02	0,55	0,17	0,14
Beta	1,0053	0,9661	0,9821	1,0131	1,0070
Alfa	-0,38%	4,36%	2,90%	0,86%	0,63%
Max. drawdown	-29,32%	-30,76%	-39,16%	-60,49%	-68,05%

### Calendar years performance



### Assets above 10%

None

### Country composition

Country	Ratio
Turkey	99,68%
Cash	0,32%
Hungary	0,00%
United States	0,00%

## OTP Turkish Equity Fund

### Distribution

---

Distributor	OTP Bank Nyrt.
Distributing partners	Concorde Értékpapír Zrt., Raiffeisen Bank Zrt., Erste Befektetési Zrt., SPB Befektetési Zrt., Unicredit Bank Hungary Zrt., Patria Finance Magyarországi Fióktelepe

### 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)