

OTP Strategic EUR Bond Fund

Introduction (A series)

Name:	OTP Strategic EUR Bond Fund
Kind, type:	open-ended, public, bond
Name of fund manager:	OTP Fund Management
Start of the fund:	11/29/2023
ISIN	HU0000733472
Bloomberg	OTPSEBA HB Equity

Portfolio managers



István Tóth, CFA
Investment director



Katalin Dóra
Tombácz
Portfolio manager



Investment policy

The fund's objective is to achieve return above the set minimum return target, while keeping volatility at modest levels. The fund aims to provide access to the euro hard currency fixed income universe; thus, the predominant risk exposure is the European Union. The fund is actively managed and its advantage is an unconstrained strategy to asset allocation, which enables the execution of an all-weather approach within the fixed income universe. The fund can take on leverage and may apply derivative positions.

Monthly statement

Macro Environment:

The Iran war remained the key macroeconomic driver throughout May, keeping energy prices elevated and inflation significantly above central bank targets in both Europe and the United States. Sentiment around ceasefire negotiations fluctuated between optimism and setbacks. Early reports of a US-Iran memorandum of understanding temporarily supported risk assets and compressed yields, but subsequent rejections by both sides triggered renewed sell-offs. By month-end, the US and Iran reached a provisional agreement to extend the ceasefire, although it had not yet been formally approved. In Europe, the ECB did not hold a policy meeting in May but clearly shifted its communication in a more hawkish direction. President Lagarde noted that while energy prices had stabilized from previous peaks, headline inflation increased to 3.2% year-on-year. Markets continue to price in three rate hikes for 2026, with a terminal rate of 2.89%. European government bond yields declined toward the end of the month; the German 10-year Bund yield fell back below 3.0% after peaking at 3.19% mid-month. Peripheral spreads remained broadly stable and in some cases tightened, although fiscal risks and divergent growth outlooks persist. In the US, the Federal Reserve also did not hold a rate-setting meeting in May. However, the minutes from the April meeting indicated that most policymakers believe further rate hikes may be necessary if inflation remains persistently above target, with many advocating for a complete removal of any easing bias. The transition to a Warsh-led Federal Reserve added further uncertainty, while markets started to price in a potential rate hike by year-end. The 10-year US Treasury yield reached 4.67% on May 19, its highest level since January 2025, before closing the month around 4.44%. The 30-year yield surpassed the 5% level for the first time since 2007. European credit spreads continued their tightening trend during the month, while US credit indices moved wider in May. Primary market activity remained strong, with significant new bond issuance adding to market risks. At the same time, rising leverage and the restrictive monetary environment continue to weigh negatively on higher-risk credit segments.

Changes in the Fund:

In May, the fund's EUR share class returned +0.64%, while the HUF share class gained +1.04%. During the month, we closed our 5-year HUF interest rate swap position with a profit, as well as our convergence trade between 5-year Polish and Hungarian rates, also at a profit. We participated in several new EUR-denominated bond issuances, primarily in the 5-year segment, adding only modestly to the fund's duration. We invested in the MREL-eligible 2036 bond issued by Bulgaria's First Investment Bank and in a bond issued by Poland's mBank. We also participated in the USD bond issuance of Bank of Georgia (2031 maturity) and added exposure to Bosnia and Herzegovina (2031 maturity) and Indonesia (2031 maturity). We reopened a short position in the CAD/JPY currency pair, supported by macroeconomic developments, including the expected slowdown in the Canadian economy and rate hikes by the Bank of Japan. During the month, the fund's duration was around 3.1 years.

OTP Strategic EUR Bond Fund

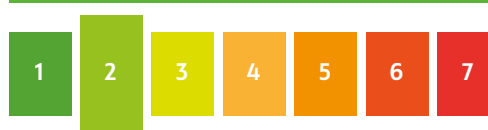
Net asset value & price

	Currency	Amount
Net Asset Value*	HUF	163 263 082 152
Price**	EUR	1,123639

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

**Net asset value per unit.

Risk level:Low



Recommended investment time frame: 3 years

Annualized past performances

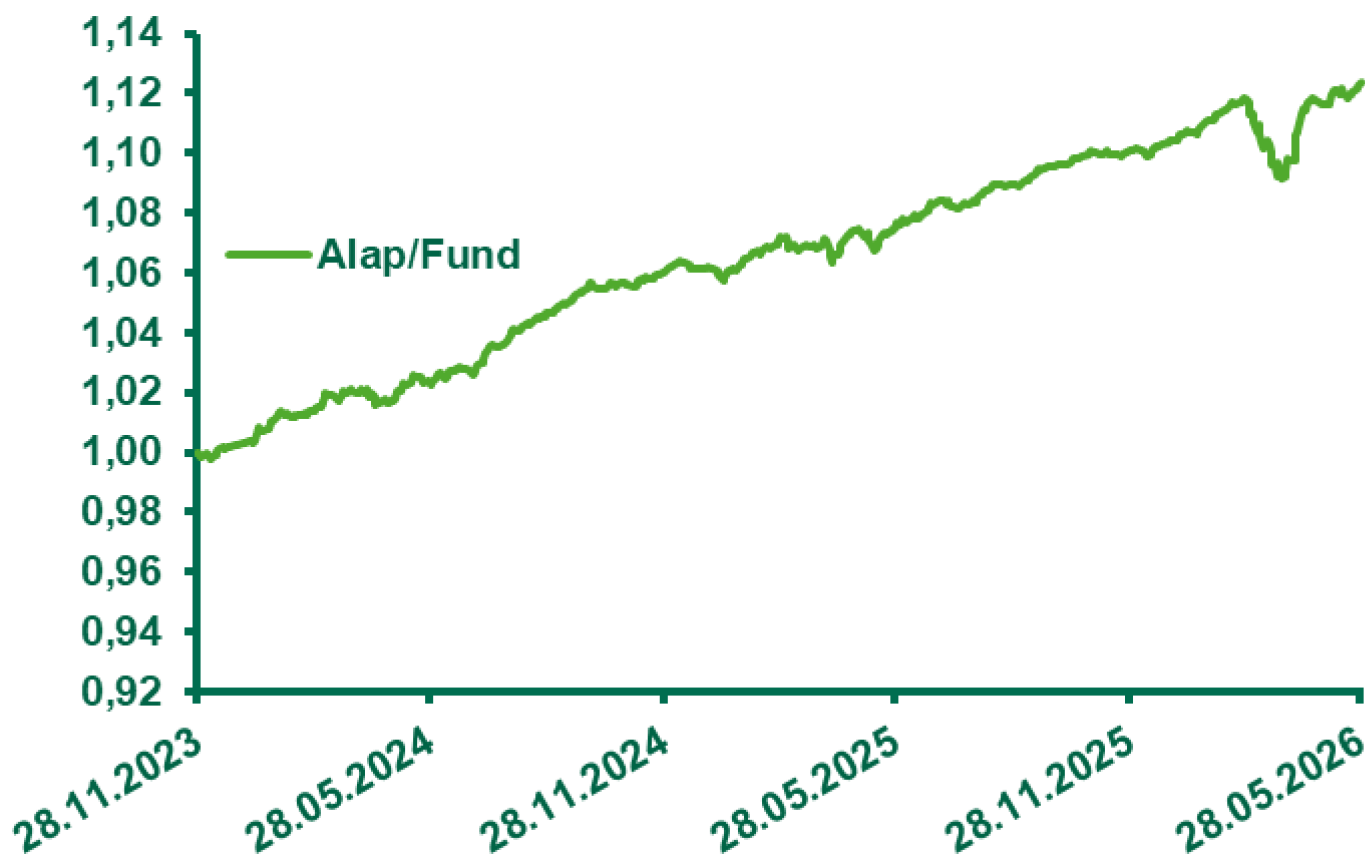
Annual returns*	1Y	3Y	5Y	10Y	From launch
Fund	4,36%	n.a	n.a	n.a	4,77%

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

Risk indicators

Risk indicators	1Y	3Y	5Y	10Y	From launch
Deviation	1,73%	n.a	n.a	n.a	1,48%
Max. drawdown	-2,39%	n.a	n.a	n.a	-2,39%

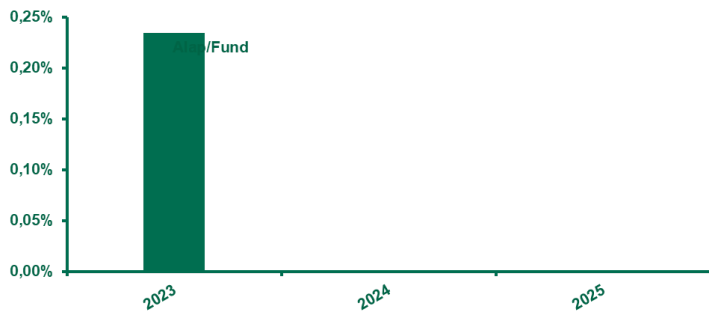
Performance chart



The chart shows the periode: from launch to last banking day of the month.

OTP Strategic EUR Bond Fund

Calendar years performance



Total net risk exposure*

117,43%

*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	6,4%
T-bills	9,4%
Government bonds	33,6%
Mortgage bonds	0,0%
Other bonds	51,3%
Equities	0,0%
Investment fund units	0,0%
Other	-0,7%

Effective duration

Effective duration	3,00
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Assets above 10%

None

Time to maturity (years)

Time to maturity	Ratio
0 to 1	32,15%
1 to 3	13,01%
3 to 5	17,95%
5 to 10	30,68%
10 +	6,23%
Other	

TOP 10 instruments

Instrument	Weight
MNB260604	9,35%
REPHUN 4.25 05/26/2033	4,09%
ROMANI 5 09/27/2026	3,09%
ROMANI 5.875 07/11/2032	2,74%
BGARIA 4.125 07/18/2045	2,48%
C FLOAT 03/20/2036	2,12%
MAGYAR 0.375 06/09/2026	2,07%
MAGYAR 5.5 06/29/2027	1,99%
OTPHB 6.125 10/05/2027	1,60%
MAGYAR 4.375 06/27/2030	1,47%

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Distributor

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Disclaimer

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