

# OTP Central European Equity Fund

## Introduction (A series)

Name:	OTP Central European Equity Fund
Kind, type:	open-ended, public, equity
Name of fund manager:	OTP Fund Management
Start of the fund:	12/21/2005
Benchmark:	32% WIG20 + 24% BUX + 24% PX + 10% BET + 10% RMAX
ISIN	HU0000703855
Bloomberg	OTPCEEQ HB Equity

## Portfolio managers



Ágnes Czakó  
Senior portfolio manager



Zoltán Halas  
Senior portfolio manager



Attila Gajdács  
Portfolio manager

## Prizes



## Investment policy

The Fund is dedicated to Central and Eastern European equities, but also may invest in other mainly Western European and other developed countries. The Fund invests in stocks of companies operating across diversified sectors. The fund managers employ an active strategy based on fundamental analysis but from time to time also use short-term market opportunities, also taking into consideration the fund managers' macro-economic views. The Fund may hedge its currency risks with forward currency positions and also can take short futures positions to limit its beta risk. While the equity exposure of the Fund can range between 60% and 150%, its target average exposure is 90%.

## Monthly statement

After the correction and volatility experienced in August, the regional markets did not prove to be very strong in September either. The Romanian and Polish markets showed particularly weak performance, falling by around 2-2.5% in HUF terms. Although the Hungarian and Czech markets managed to rise, it was only by a modest 1-1.5% in HUF terms. In our view, alongside global news and quarterly reports, the rebalancing of the regional CETOP index basket generated movements in the regional stock exchanges. The strongest stock of the month was the Polish copper mining company, KGHM, whose price rose close to its May peak due to Chinese economic stimulus measures and a tight copper supply. The increased demand for the stock may have also been influenced by changes in the regional CETOP index basket, as KGHM was reinstated with a weight of around 4%, replacing the Polish clothing retailer LPP. During the month, the last quarterly reports arrived, including Allegro's, which, despite favorable quarterly figures, presented more negative outlooks than expected, leading to a sharp market decline. We used this sudden drop to close part of our underweight position. In early September, we participated in two accelerated bookbuildings. One was for Inpost (Europe's leading courier company), where the second-largest shareholder, Advent, sold a 4% stake at an 8% discount amid strong demand, just a few days after publishing very strong quarterly figures. The other was for the Polish Santander Bank, where the Spanish parent bank Santander sold 5% of its 67.5% stake, which somewhat surprised the market, as overall, it does not need the money, but rather a proactive capital allocation might have been behind it.

## Net asset value & price

	Currency	Amount
Net Asset Value*	HUF	17,420,854,821
Price**	EUR	1.989929

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

\*\*Net asset value per unit.

## Risk level:



Recommended investment time frame: 5 years

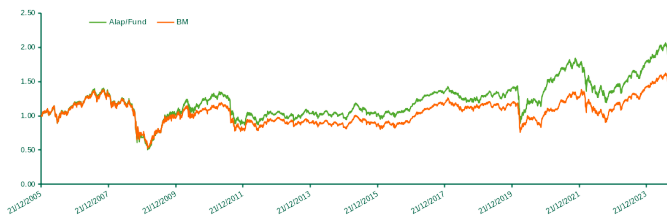
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## Annualized past performances

Annual returns*	1Y	3Y	5Y	10Y	From launch
Fund	27.32%	5.37%	8.82%	6.68%	3.73%
Benchmark	24.70%	6.74%	7.08%	5.72%	2.41%
Relative return	2.62%	-1.37%	1.74%	0.96%	1.32%

\*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\*

106.90%

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

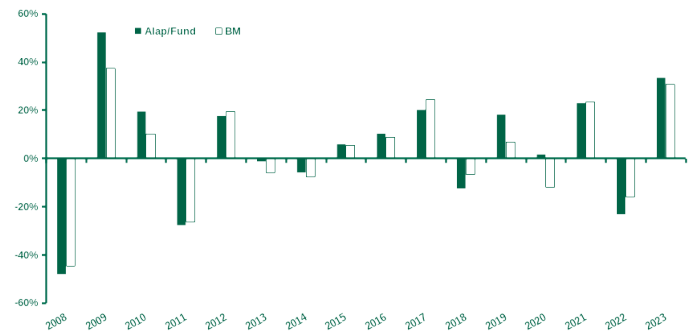
## Currency composition

Currency	Ratio
Polish Zloty	35.67%
Hungarian Forint	24.19%
Euro	20.92%
Czech Koruna	12.38%
New Romanian Leu	6.80%
Swiss Franc	0.02%
British Pound Sterling	0.01%
Russian Ruble	0.01%
US Dollar	0.00%

## Risk indicators

Risk indicators	1Y	3Y	5Y	10Y	From launch
Deviation	11.93%	16.40%	18.32%	15.24%	18.92%
Tracking error	2.18%	7.22%	7.70%	6.13%	5.48%
Information ratio	1.20	-0.19	0.23	0.16	0.24
Beta	1.0911	0.8858	0.9226	0.9048	0.9691
Alfa	0.71%	-0.77%	2.24%	1.49%	1.36%
Max. drawdown	-8.16%	-35.20%	-38.04%	-38.04%	-64.13%

## Calendar years performance



## Assets above 10%

None

## Country composition

Country	Ratio
Poland	34.72%
Hungary	23.72%
Czech Republic	12.37%
Austria	9.95%
France	7.94%
Romania	6.80%
Cash	1.47%
Netherlands	1.46%
Greece	0.76%
Other	0.81%

## OTP Central European Equity Fund

### Industry composition

Industry	Ratio
Financials	48.16%
Energy	10.45%
Utilities	7.25%
Consumer Discretionary	5.85%
Health Care	5.23%
Industrials	4.06%
Communication Services	3.68%
Materials	2.72%
Consumer Staples	1.98%
Other	10.62%

### Distribution

Distributor	OTP Bank Nyrt.
Distributing partners	Concorde Értékpapír Zrt., Raiffeisen Bank Zrt, Erste Befektetési 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)