

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
Senior portfolio
manager



Katalin Dóra
Tombácz
Portfolio manger



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

The fund's price rose further in November, in part as a result of Euro yields falling during the month. The price of its Euro series rose 0.46% and is up to 5.81% for the year overall. The forint-backed series yielded 0.64% this month and 8.21% altogether this year.

November was also dominated by the US election and its results, but markets saw volatility fall soon after the election results. Trump's victory set expectations for interest rate policy and the economic outlook for both the US and European economies. The Trump administration is expected to impose high protective tariffs on European and emerging markets, which could worsen the GDP outlook for these markets. The narrative has been further strengthened that the slowing European economy may need a boost, which could mean further interest rate cuts without many holds. This is reflected in the number of cuts priced in until the end of 2025, as the expectation is for six rate cuts by the end of 2025 instead of four 25 basis point cuts. Not only short yields but also long yields have fallen in Europe. In contrast, expectations in the US have shifted in the opposite direction, with the yield curve steepening and the market pricing in just over three cuts next year instead of five 25 basis point cuts. CEE region yields rose on the back of US yields, and risk premiums also increased, with curves steepening. We took advantage of this, and the rise in yields caused by the uncertainty around the local parliamentary elections, to buy Romanian Euro government bonds. The Romanian yield curve is steeper than the other Central European ones, but its rating is the same as, for example, the Hungarian Rephun, whose maturity we bought is about 150 basis points higher. The spread (interest rate spread) on European and regional corporate bonds widened slightly during the month, but this did not significantly move the price of assets held in the portfolio. Duration has continued to fall slightly as the fund size has increased, and has not been lengthened back this month, currently ranging between 2.5-2.8 years. During the month we participated in the Romanian CEC bank issue, the primary issuance of an online printer company and added short, low-risk papers to the portfolio.

Net asset value & price

	Currency	Amount
Net Asset Value*	HUF	52,232,715,589
Price**	EUR	1.060555

*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	6.21%	n.a	n.a	n.a	6.02%

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

Risk level:



Recommended investment time frame: 3 years

Risk indicators

Risk indicators	1Y	3Y	5Y	10Y	From launch
Deviation	1.22%	n.a	n.a	n.a	1.23%
Max. drawdown	-0.52%	n.a	n.a	n.a	-0.52%

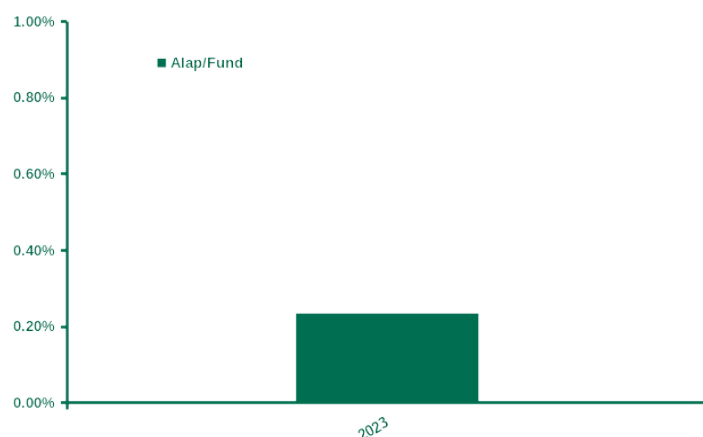
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Performance chart



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

Calendar years performance



Total net risk exposure*

105.53%

*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	0.0%
T-bills	9.5%
Government bonds	30.7%
Mortgage bonds	0.0%
Other bonds	54.6%
Equities	0.0%
Investment fund units	0.0%
Other	5.2%

Assets above 10%

None

Time to maturity (years)

Time to maturity	Ratio
0 to 1	45.43%
1 to 3	12.19%
3 to 5	17.54%
5 to 10	18.68%
10 +	6.17%
Other	

Effective duration

Effective duration	2.65
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Distribution

Distributor	OTP Bank Nyrt.
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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