

# OTP Stratégiai Euró Kötvény Alap

## Introduction (A series)

Name:	OTP Stratégiai Euró Kötvény Alap (OTP Strategic Euro Bond Fund)
Category:	Open end, public, bond
Issuer:	OTP Alapkezelő Zrt. (OTP Fund Management)
Launch date:	29.11.2023

## Portfolio managers



István Tóth  
CFA Senior portfolio  
manager



Dóra Katalin  
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 story

The fund's price rose a little in May, despite the headwinds of European core yields closing on a local peak on a month-on-month basis, following a dip during the first half of the month. Interest rate cut expectations in the European and US markets were not significantly changed. Regional credit spreads tightened further which was favourable for the Fund's main exposure, euro-denominated corporate bonds.

We participated in several new regional issues during the month, that still offered attractive entry levels, although overall credit spreads have tightened a lot this year. To name a few, we invested in bonds issued by LHV, a Lithuanian-based bank; Uzbek euro and dollar government bonds; and a bond issued by EPH, a Czech utility company. We did not change the duration of the portfolio significantly amid rising yield levels, but kept it in the 3.5-4-year range. At present, a prolonged high interest rate environment seems to be the most likely scenario, but we expect that yields could peak locally within a year, so we believe it makes sense to hold a relatively longer duration. The long forint position held through the 10-year IRS, opened last month, has already shown signs of reversal in May, and if confirmation from developed market yields comes, it could reach the 6-6.50% range again. A new addition to the portfolio was the purchase of 7 and 10-year callable so-called Credit Linked Note type dollar securities based on the CDS of Polish government bonds issued by JP Morgan and Societe General for our funds. These structured securities were purchased at a significant USD interest rate of 7.68% and 8.75%, allowing us to achieve significantly higher carry than with Polish dollar bonds of similar maturity. The fund had no active currency exposure during the month.

## Annualized past performances

Annual returns*	1Y	3Y	5Y	10Y	From launch
Fund	n.a.	n.a.	n.a.	n.a.	2.35%

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

## Net asset value & price

	Currency	Amount
Net Asset Value*	HUF	23,063,546,573
Price**	EUR	1.023506

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

\*\*Net asset value per unit.

## Risk indicators

Risk indicators	1Y	3Y	5Y	10Y	From launch
Deviation	n.a.	n.a.	n.a.	n.a.	1.43%
Max. drawdown	n.a.	n.a.	n.a.	n.a.	-0.52%

\*Net returns based on net asset value.

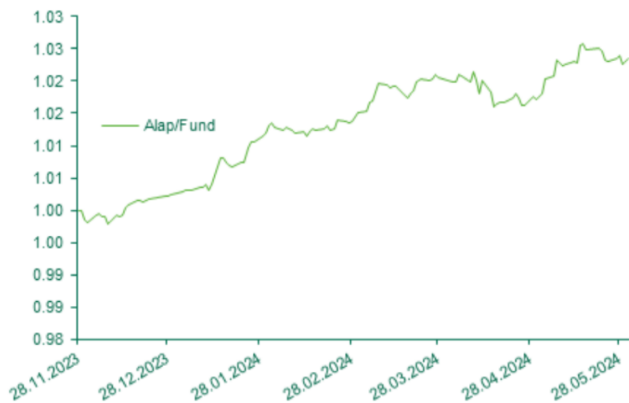
## Risk level: Low



Recommended investment term: 3 years

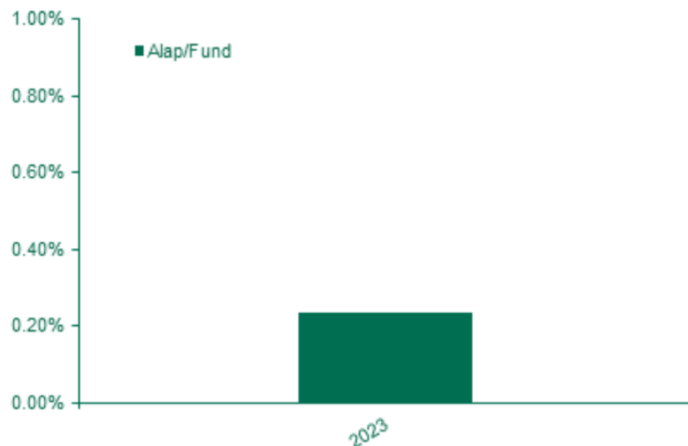
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## Performance chart



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

## Calendar years performance



## Asset composition

Asset	Ratio
Deposits	0.0%
T-bills	9.5%
Government bonds	16.1%
Mortgage bonds	0.0%
Other bonds	68.0%
Equities	0.0%
Investment fund units	0.0%
Other	6.4%

## Time to maturity (years)

Time to maturity	Ratio
0 to 1	29.21%
1 to 3	17.00%
3 to 5	26.71%
5 to 10	21.57%
10 +	5.51%
Other	

## Total net risk exposure\*

110.82%

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

## Effective duration

3.36

## Distribution

Distributor

OTP Bank Nyrt.

## 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)