06/30/2026

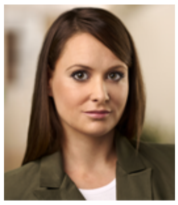
OTP Strategic EUR Bond Fund

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:

June brought meaningful progress toward resolving the Iranian conflict. A ceasefire agreement was reached, restrictions on the Strait of Hormuz were lifted, and negotiations commenced regarding the suspension of Iran's nuclear programme. Unlike previous episodes of geopolitical de-escalation, however, bond markets failed to stage a meaningful rally. Already at the beginning of the month, US labour market data surprised to the upside, while inflation concerns continued to intensify. May CPI rose by 0.5% month-on-month and 4.2% year-on-year, while core inflation stood at 2.9% on an annual basis. These developments reinforced the narrative of a potential resurgence in inflation, pushing fears of an economic slowdown into the background. At the same time, core PCE inflation forecasts were revised higher to 3.3%. In the United States, the June 17 FOMC meeting marked Kevin Warsh's first policy decision as Federal Reserve Chair. The Fed left the policy rate unchanged at 3.50–3.75%, but the updated projections adopted a distinctly more hawkish tone. Markets interpreted the communication as a further unwinding of earlier rate-cut expectations, with the median year-end 2026 Fed funds projection rising from 3.8% to 4.0%. The 10-year Treasury yield climbed as high as 4.58% during the quarter before ending June near 4.47%. In contrast, the ECB took a more cautious approach. On June 11, it raised its key policy rates by 25 basis points, bringing the deposit rate to 2.25%. According to the Governing Council, the inflationary consequences of the Middle East conflict justified tighter monetary policy under a range of plausible scenarios. The ECB revised its 2026 headline inflation forecast upward from 2.6% to 3.0%, while lowering its growth projection to 0.8%. At the same time, labour market conditions remained resilient, with euro area unemployment stable at 6.2% in May. Market reaction to the rate hike was mixed, with roughly half a rate cut priced out following the decision. Several commentators drew parallels with the ECB's 2011 tightening cycle, when rates were raised despite weakening economic momentum. During the ECB Forum on Central Banking in Sintra, policymakers also signalled a preference for relying less on forward guidance and providing fewer explicit indications regarding the future path of interest rates. Corporate bond markets remained broadly resilient, although the picture was mixed across regions and sectors. US investment-grade spreads widened modestly during June but finished the quarter around 15 basis points tighter overall. Credit spreads remained compressed despite substantial issuance volumes, including several large AI-related transactions. Concerns have nevertheless begun to emerge regarding the scale of these new issues and their potential implications for future credit market risk. Against this backdrop, selectivity remains warranted within higher-risk credit segments, as tight spreads, an uncertain inflation outlook and a more hawkish central bank reaction function leave limited room for further spread compression.

Changes in the Fund:

The Fund's EUR share class gained 0.38% during the month, while the HUF share class advanced 0.73%. During June, we took advantage of attractive valuations in the Polish government bond market, purchasing both 10-year inflation-linked bonds and local-currency sovereign debt in the secondary market. Following the rapid normalization in prices, these positions were closed at a profit within the month. We also reduced our position in US 2-year Treasury futures by half during the rally triggered by positive geopolitical developments, realizing a small loss. The exposure was partially replaced with 5-year US inflation-linked Treasuries, which had become increasingly attractive following the rise in real yields. The Fund participated in several primary market transactions, including issues from Air France-KLM (5-year), CA Immobilien (3-year), ORLEN (7-year), and OTP Bank (10-year). In addition, we established exposure to Kazakhstan through a supranational issuer. The portfolio's duration increased to 3.3 years by the end of the month.

OTP Strategic EUR Bond Fund

Net asset value & price

	Currency	Amount
Net Asset Value*	HUF	171,662,702,255
Price**	EUR	1,127946

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

Risk level:Low

1 2 3 4 5 6 7

Recommended investment time frame: 3 years

Annualized past performances

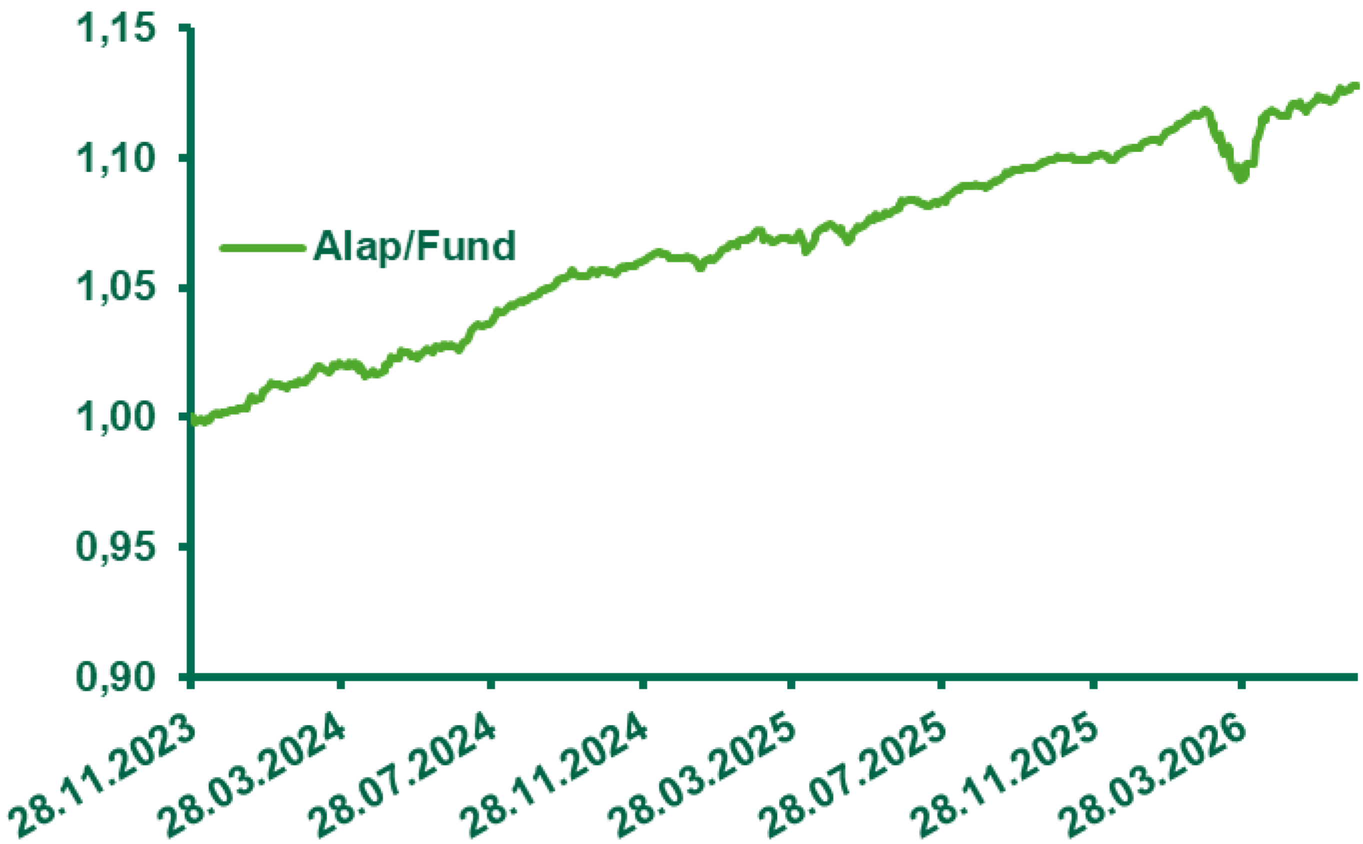
Annual returns*	1Y	3Y	5Y	10Y	From launch
Fund	4,10%	n.a	n.a	n.a	4,77%

*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	1,71%	n.a	n.a	n.a	1,47%
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.

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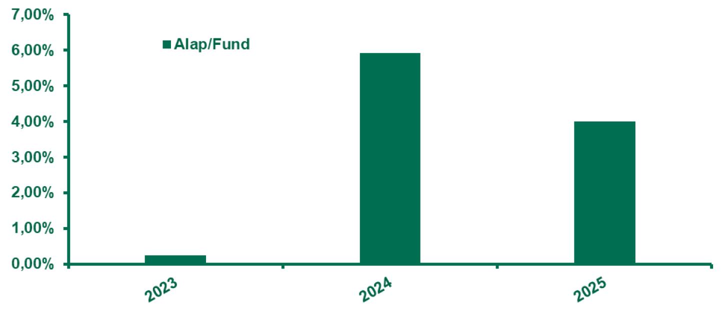
Calendar years performance



Total net risk exposure*

112,24%

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

Assets above 10%

None

Asset composition

Asset	Ratio
Deposits	2,9%
T-bills	9,1%
Government bonds	39,3%
Mortgage bonds	0,0%
Other bonds	49,0%
Equities	0,0%
Investment fund units	0,0%
Other	-0,3%

Time to maturity (years)

Time to maturity	Ratio
0 to 1	28,32%
1 to 3	12,40%
3 to 5	21,14%
5 to 10	29,50%
10 +	8,65%
Other	

Effective duration

Effective duration	3,37

TOP 10 instruments

Instrument	Weight
MNB260702	9,09%
REPHUN 4.25 05/26/2033	3,93%
TSY INFL IX N/B 1.25 04/15/2031	3,60%
ROMANI 5 09/27/2026	2,95%
ROMANI 5.875 07/11/2032	2,62%
BGARIA 4.125 07/18/2045	2,38%
BTF 0 07/15/2026	2,07%
POLGB 2 08/25/2036 INFL LINKED	2,05%
C FLOAT 03/20/2036	2,04%
MAGYAR 5.5 06/29/2027	1,80%

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Disclaimer

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