

Budapest Fund Management

Budapest Paradigma Plus Fund

May 2018



Purpose of Fund, investment strategy

Fund managers



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The Fund wishes to offer an investment alternative to its clients with a combination of risky and safer instruments that provides an attractive risk/return profile.

The aim of the Fund over a minimum of 3 years is to generate returns that exceed those of money-market and Hungarian government bond funds, assuming risks that are clearly higher than such funds yet lower than pure equity funds. Budapest Fund Management strives to invest the

Fund's assets rationally in terms of risk, and to achieve the highest possible return from interest, price and dividend income under such risk.

Fund risk

1	2	3	4	5	6	7
	medium					

Recommended investment horizon

1 month	6 months	1 year	2 years	3 years	5 years

Investor profile

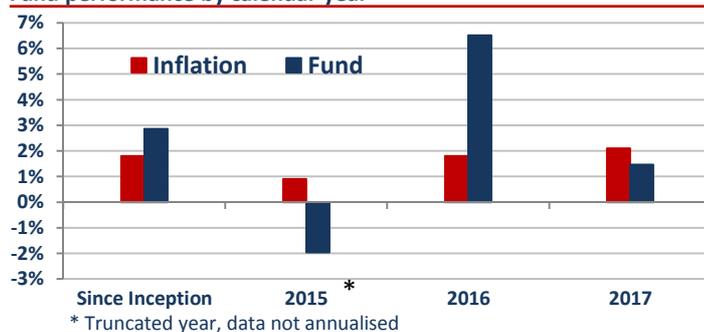
We recommend this Fund to our clients with an average risk appetite and a medium to long-term investment outlook, who wish to obtain a higher yield on their invested capital over at least 3 years than money-market and Hungarian government bond investments, but are also not opposed to adverse returns for a few months. That said, they do not want to monitor market changes on a daily basis, and transfer their savings between low and high risk assets accordingly; instead they prefer to entrust this to financial professionals.

Minimum recommended investment term by fund manager: 3 years

Unit price



Fund performance by calendar year



The returns on this page were calculated based on Section 25 (3) of the Act on Collective Investment Forms and on guidelines from the Association of Hungarian Investment Fund and Asset Management Companies

Past performance of funds provides no guarantee as to the level of future returns. Before making your investment decision, please study the Fund's prospectus and management policy, which provide details on the Fund's investment policy and potential investment risks. The Fund's prospectus and management policy are available where the Fund units are traded, or can be downloaded from the www.bpalap.hu website.

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www.bpalap.hu

Fund description

Type	Absolute return
Fund launch	22 October 2015
Custodian	Citibank Europe plc. Hungary
Fund management fee	1.60%

Fund performance

	3 months*	6 months*	1 year	3 years	5 years
Return	-2.22%	-3.32%	-3.08%	n/a	n/a

* Less than one year, data not annualised; more than one year, annualised data

Fund size and price

31 May 2018

Net asset value (HUF)	19,483,881,809
Unit price (HUF)	1.0322

Breakdown of investments

Corporate bond	75.83%
Government bond	9.13%
Equities, ETF	5.39%
Cash, other	9.65%

Securities exceeding 10% of net asset value:

None

Risk indicators

Months with positive return (ratio)	64.52%
Volatility of weekly returns (last 5 years)	1.97%
Max downside (last 5 years)	-2.60%
Net aggregate risk exposure	112.04%

Monthly summary

US government bond yields continued increasing in May as 10-year US Treasuries broke through the 3% mark. The dollar gained momentum owing to stronger US growth and weakening euro area figures: the EUR/USD rate improved from 1.24 to 1.17. Rising US yields and the strengthening dollar hit emerging markets hard. The weak performance of the emerging markets had a negative effect on the performance of the fund, and it closed May down by around 1.6%. The significant increase in yields brought about losses in corporate bond positions. Our losses were mitigated by the weakening of the forint against the dollar. Following a significant strengthening of the dollar, we also closed this position. We still maintain our short bund, long MXN/HUF and long Mexican bond market exposures. Besides this we have placed smaller bets on rising commodity prices and have an ETF exposure tracking robotics and automation companies. The short-term prospects in Argentina significantly improved following the IMF agreement, so we started building up a cautious position there.