



Budapest Fund Management

Budapest Paradigma Fund

May 2018



Purpose of Fund, investment strategy

Fund managers



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The aim of the Fund over a minimum of 2 years is to generate returns that exceed those of money-market funds, assuming risks that are higher than such funds yet lower than pure equity funds. Complying with the rules laid down by the Fund's investment policy, Budapest Fund Management primarily wishes to invest in government bonds, corporate bonds, equities and exchange-traded funds (ETFs), as well as money-market assets and other interest-bearing instruments. In addition to

all these, Budapest Fund Management may also conclude derivatives.

Fund risk



Recommended investment horizon



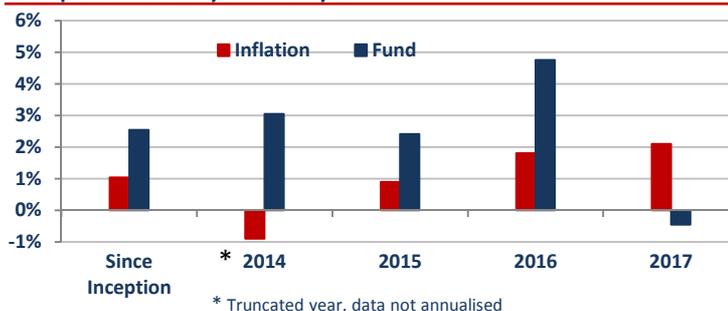
Investor profile

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 2 years than deposits and money-market 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 accordingly between low and high risk assets; instead they prefer to entrust this to financial professionals.

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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Fund description

Type	Absolute return
Fund launch	24 February 2014
Custodian	Citibank Europe plc. Hungary
Fund management fee	1.60%

Fund performance

	3 months*	6 months*	1 year	3 years	5 years
Return	-1.66%	-2.74%	-2.75%	0.24%	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)	17,067,596,949
Unit price (HUF)	1.0771

Breakdown of investments

Corporate bond	70.53%
Government bond	16.46%
Equities, ETF	3.72%
Cash, other	9.29%

Securities exceeding 10% of net asset value:

None

Risk indicators

Months with positive return (ratio)	66.67%
Volatility of weekly returns (last 5 years)	1.72%
Max downside (last 5 years)	-2.53%
Net aggregate risk exposure	107.03%

Monthly summary

US government bond yields continued increasing in May as 10-year US Treasuries broke through the 3% mark. 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%. The significant increase in yields brought about losses in corporate bond positions. During the month we closed our gold position, which was suffering under the US yield increases. Due to the results of the Italian parliamentary elections the European banking sector plunged, therefore we stopped out from this exposure as well. 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. We made no substantial changes to our corporate bond position.