

LHV Persian Gulf Fund

30-Jun-17

Monthly Return -1.45%
NAV of share 11.2426 EUR
Fund Size 11 272 282 EUR
LHV Asset Management 1 034 592 717 EUR
Share price movement (last 36 months)

Fund Manager's Comment

Joel Kukemelk

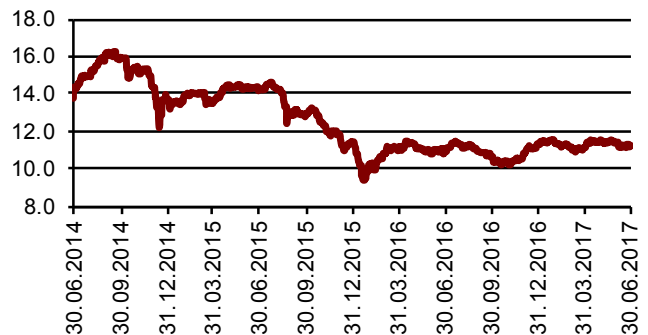


Historically June has been seasonally the weakest month and this was also the case this year bringing a negative result for the fund. In June LHV Persian Gulf Fund's return was -1.4% with year-to-date performance standing at -0.9%. The strongest market in June was Saudi Arabia which on the back of news published on June 20th that MSCI has put Saudi Arabia under review for potential MSCI EM index inclusion rose by +11.1% (MSCI index, local currency, net) and weakest was Qatar that due to the economic blockade enforced on June 5th by Saudi Arabia, Bahrain, Egypt and the UAE decreased by -7.4%.

On June 5th Saudi Arabia, Bahrain, the United Arab Emirates and Egypt withdrew their ambassadors from Qatar and enforced an economic blockade on the tiny Gulf country. The main reasons for the conflict are Qatar's support for the Muslim Brotherhood and its warming ties with Iran. The situation reminds the conflict we witnessed back in 2014 when ambassadors were withdrawn from Qatar for a total of 8 months and where the conflict was mediated by Kuwait and Oman. These two countries have also now stepped up to the challenge and try to reduce tensions between two sides but so far there has been no real progress made. For the whole region it's important to solve the conflict as quickly and painlessly as possible. As a result of the Qatar crisis we have used the opportunity to somewhat add to our Qatar positions after the drop witnessed in local equity markets.

On June 20th MSCI announced that it is adding Saudi Arabia on the review list for MSCI EM index inclusion which means that already in two years with the IPO of Saudi Aramco Saudi Arabia can make up 3%-4% of the whole MSCI EM index with all of GCC representing more than 5%. This would mean ca \$10 bn of inflow to Saudi Arabian stock market from passive index tracking investment funds. One day later Saudi Arabia announced that the new crown prince to succeed the current 81-year old king after his death will be 31-year old Mohammed bin Salman who has been a strong advocate for Saudi Aramco IPO and economic reforms within Saudi Arabia.

As of end of June fund's single investments' portfolio trades at 9.8x 12 month estimated P/E, 1.0x trailing P/B and offers 3.8% dividend yield.



Investment Objective

LHV Persian Gulf Fund invests in listed equities in the GCC (*Gulf Cooperation Council*) region – Bahrain, Oman, Qatar, Kuwait, United Arab Emirates and Saudi Arabia. Due to the specific nature of the fund, the recommended minimum investment period is at least 3 to 5 years.

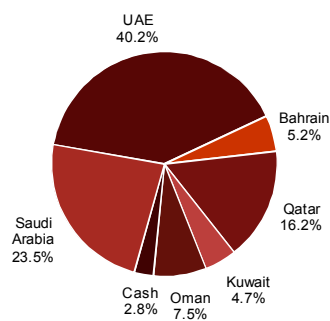
Morningstar Rating
5 Year



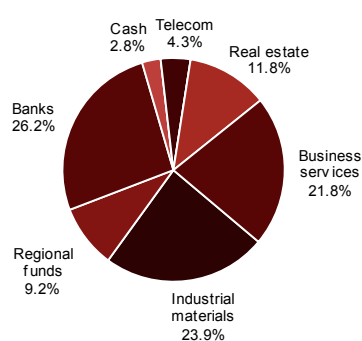
Historical Returns*

	1 month	12 months	36 months	2015-2016 average	2014-2016 average	2012-2016 average	YTD
Fund	-1.45%	2.60%	-18.50%	-9.09%	-2.58%	9.17%	-0.85%

Country Breakdown



Industry Breakdown



Top 10 Investments

Name	% of Assets
EFG-Hermes Saudi Arabia Equity	9.21%
Ras Al Khaimah Ceramics	7.85%
Bank Muscat	7.55%
Emaar Properties	7.41%
Sipchem	6.57%
Dubai Islamic Bank	6.03%
Fawaz Abdulaziz Alhokair	4.80%
Aluminium Bahrain	4.70%
Aldar Properties	4.38%
Emirates NBD	4.31%
Value of top 10 Investments	63%
Total Number of Investments	22

Fund Details

Type:	eurofund (SICAV, UCITS IV)	Depository:	Swedbank AB (publ) Luxembourg Branch
ISIN of share:	LU1138349862	Issue and Redemption Fee:	0%
Registrar of share:	Swedbank AB (publ) Luxembourg Branch	Investment Management Fee:	1.75%
Fund Manager:	Joel Kukemelk	Launched:	2/13/2008, re-domiciled 4/13/2015

*The fund's historical performance does not promise or offer any indications regarding future performance. The performance chart shows the performance of the LHV Persian Gulf Fund - Class A Unit (EE3600095287) until the merger of LHV Persian Gulf Fund into the SEF-LHV Persian Gulf Fund on 2015-04-13 and since then the performance of the SEF-LHV Persian Gulf Fund Share (LU1138349862).

Information presented herein should not be interpreted as investment advice, investment recommendation or any other investment or ancillary service.

Please refer to the prospectus and the key investor information and ask for additional information lhv.ee/persian.

Historical annual average performance figures are geometrical averages based on last calendar years.