

LHV Persian Gulf Fund

30-Sep-16

Monthly Return -3.38%
NAV of share 10.6619 EUR
Fund Size EUR 12 198 671
LHV Asset Management 936 964 536 EUR

Fund Manager's Comment

Joel Kukemelk



In September LHV Persian Gulf Fund declined by -3.4%, fund's YTD result stands now at -6.9%. September's strongest market was Kuwait which rose by +2.3% (MSCI index, local currency, net) and weakest was Saudi Arabia that decreased by -5.2%. Saudi Arabia's stock market has been

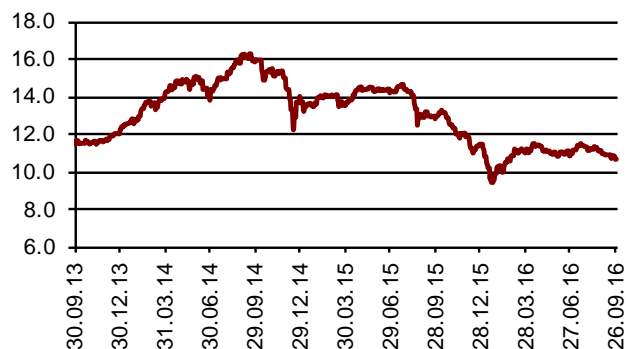
particularly weak both last year and this year falling more than 20% YTD as low energy prices have had a devastating effect on investor sentiment and consumer confidence.

When last month we wrote that it seems that Saudi Arabia and Iran should have all the motivation to reach an agreement on future oil policy during the meeting held in Algeria on September 26th-28th then that was exactly what happened. It surprised many market participants that for the first time in 8 years OPEC promised to cut oil production during its next official OPEC meeting on November 30th.

According to my assessment depending on OPEC actions GCC stock markets face three different scenarios in the months ahead: "pessimistic scenario" – OPEC is unable to agree on production cuts on November 30th and the deal falls apart resulting in deteriorating energy prices and investor confidence; "base case scenario" – OPEC agrees on production cut sending a message that the oil policy we've seen during the last 2 years has now come to an end resulting in increasing investor sentiment in the GCC; "bull case scenario" – OPEC's decision to cut is joined by Russia's decision to freeze. This "freezing cut" would result in rising energy prices and significantly increasing confidence across the region.

As of end of September fund's single investments' portfolio trades at 10.1x 12 month estimated P/E, 1.2x trailing P/B and offers 4.6% dividend yield.

Share price movement (last 36 months)



Investment Objective

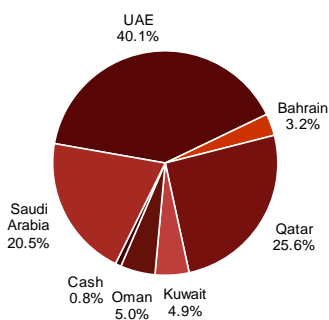
LHV Persian Gulf Fund invests in listed equities in the GCC (*Gulf Cooperation Council*) region – Bahrain, Oman, Qatar, Kuwait, United Arab Emirates and Saudi Arabia. Due to the specific nature of the fund, the recommended minimum investment period is at least 3 to 5 years.



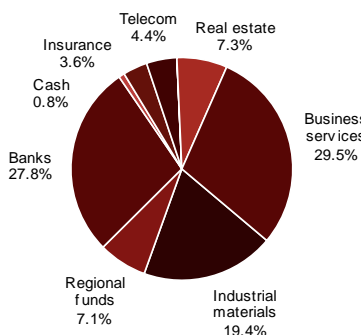
Historical Returns*

	1 month	12 months	36 months	2014-2015 average	2013-2015 average	2011-2015 average	YTD
Fund	-3.38%	-17.70%	-6.97%	-3.35%	11.77%	8.87%	-6.93%

Country Breakdown



Industry Breakdown



Top 10 Investments

Name	% of Assets
Dubai Islamic Bank	9.16%
Qatar Fuel Company	9.06%
Ras Al Khaimah Ceramics	8.09%
EFG-Hermes Saudi Arabia Equity	7.07%
Emaar Properties	5.30%
Union National Bank	5.17%
Bank Muscat	4.98%
Agility Public Warehousing	4.32%
Al Meera Consumer Goods	4.11%
Emirates NBD	4.06%
Value of top 10 Investments	61%
Total Number of Investments	28

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.