

LHV Persian Gulf Fund

30-Sep-17

Fund Manager's Comment

Joel Kukemelk



In September LHV Persian Gulf Fund's return was -0.4% with year-to-date performance now at +2.5%. The strongest markets in September were just like in August Oman and Kuwait that rose by +3.1% and +1.7% respectively (MSCI index, local currency, net) and weakest was for the second month in a row Qatar that decreased by -5.5%.

On September 29th FTSE announced that it has added Kuwait to FTSE Secondary Emerging Market Index – the upgrade will be implemented in September 2018. Before these changes United Arab Emirates and Kuwait made up 2.1% and 1.5% of this index respectively with Kuwait's share expected to be around 0.5% that would drive ca \$0.6-\$0.8 billion of foreign investor money to Kuwait's stock market. FTSE also announced that Saudi Arabia is very close to being upgraded to the index and that this decision can likely be expected in March 2018.

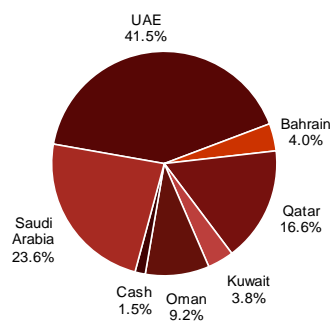
In addition to this Saudi Arabia announced at the end of the month that as a next step in modernising Saudi society women will be granted the right to drive a car – the decision is expected to become effective in June 2018. There are ca 10 million women in Saudi Arabia from whom only 19% participate in the workforce (vs 65% participation rate for Saudi men). Wider inclusion of Saudi women into labour force is a significant resource for local companies and granting driving licence to women is an important prerequisite for that to happen because of limited public transportation and long distances.

As of end of September fund's single investments' portfolio trades at 9.8x 12 month estimated P/E, 1.1x trailing P/B and offers 3.9% dividend yield.

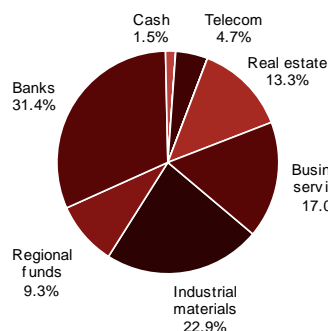
Historical Returns*

	1 month	12 months	36 months	2015-2016 average	2014-2016 average	2012-2016 average	YTD
Fund	-0.36%	9.03%	-26.95%	-9.09%	-2.58%	9.17%	2.52%

Country Breakdown



Industry Breakdown



Top 10 Investments

Name	% of Assets
EFG-Hermes Saudi Arabia Equity	9.31%
Bank Muscat SAOG	9.18%
Emaar Properties Limited	9.07%
Ras Al Khaimah Ceramics	7.33%
Sipchem	7.08%
Dubai Islamic Bank	6.16%
Ooredoo QSC	4.67%
Union National Bank	4.55%
Al Meera Consumer Goods	4.42%
Aldar Properties	4.27%
Value of top 10 Investments	66%
Total Number of Investments	20

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

Monthly Return

-0.36%

NAV of share

11.6249 EUR

Fund Size

11 345 501 EUR

LHV Asset Management

1 067 286 374 EUR

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.

Morningstar Rating 5 Year

