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.

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.

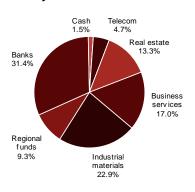


Historical Returns

Country Breakdown

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

UAE 41.5% Bahrain 4.0% Qatar 16.6% Cash 1.5% Oman 1.5% Oman 9.2% Kuwait



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)
ISIN of share: LU1138349862
Registrar of share: Swedbank AB (publ)
Luxembourg Branch
Fund Manager: Joel Kukemelk

Depositary:

Industry Breakdown

Issue and Redemption Fee: Investment Management Fee: Launched: Swedbank AB (publ) Luxembourg Branch 0%

1.75% 2/13/2008, re-domiciled 4/13/2015

omiciled Total Number of Investments
13/2015

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.



^{*}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).