

LHV Persian Gulf Fund

30-Nov-17

Fund Manager's Comment

Joel Kukemelk



In November LHV Persian Gulf Fund's return was -3.0% with year-to-date performance now at -2.7%. The strongest market in November was Saudi Arabia that rose by +2.0% (MSCI index, local currency, net) and weakest markets were Qatar and the United Arab Emirates that decreased by -6.9% and -6.1% respectively.

During the second week of November we were in London attending a Middle Eastern conference where we had more than 30 meetings with GCC company managements. To a big extent the feedback we received from there was similar to what companies reflected in their Q3 financial results. Consumer and investor confidence is very low, especially in Saudi Arabia, resulting in a more cautious outlook for the next couple of months but the broader and longer term outlook for the second half of 2018 seems to be much more optimistic. Financial results have stayed resilient in the operating environment and managements believe that oil prices that have reached 2.5 year highs will create them some good opportunities in the region going forward.

The main bulletpoints from the third OPEC/non-OPEC meeting were as follows: 1) oil production cuts were extended by 9 months until the end of 2018 resulting in the continued decrease of global oil inventories and putting upside pressure on the oil prices (GCC countries' breakeven oil price on an aggregate level for 2018 is \$61/barrel); 2) Libya and Nigeria were included in the production cut deal to avoid any potential surprises in sudden increase of supply from those two countries; 3) target continues to be to bring down global oil inventories, reference point is 5-year average inventory level; 4) exit strategy from the production cuts after the end of 2018 will also likely be coordinated; 5) Russia's role in OPEC/non-OPEC meeting and decision-making process has increased.

As of end of November fund's single investments' portfolio trades at 9.3x 12 month estimated P/E, 1.0x trailing P/B and offers 3.9% dividend yield.

Monthly Return

-3.03%

NAV of share

11.0365 EUR

Fund Size

10 458 707 EUR

LHV Asset Management

1 093 000 549 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.

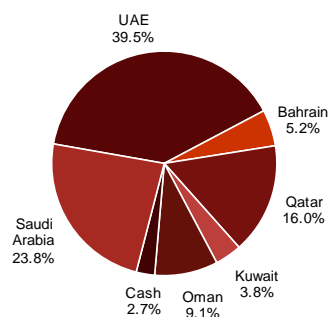
Morningstar
Rating
5 Year



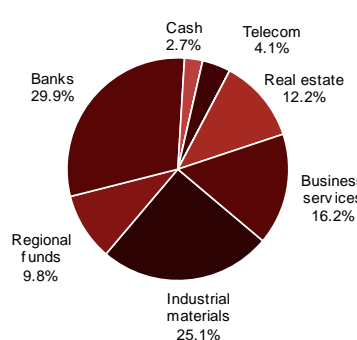
Historical Returns*

	1 month	12 months	36 months	2015-2016 average	2014-2016 average	2012-2016 average	YTD
Fund	-3.03%	3.21%	-26.33%	-9.09%	-2.58%	9.17%	-2.67%

Country Breakdown



Industry Breakdown



Top 10 Investments

Name	% of Assets
EFG-Hermes Saudi Arabia Equity	9.84%
Bank Muscat SAOG	9.09%
Ras Al Khaimah Ceramics	8.40%
Emaar Properties Limited	7.84%
Sipchem	7.24%
Aluminium Bahrain	5.24%
Dubai Islamic Bank	4.62%
Fawaz Abdulaziz Alhokair	4.61%
Al Meera Consumer Goods	4.52%
Emirates NBD	4.46%
Value of top 10 Investments	66%
Total Number of Investments	20

Fund Details

Type:	eurofund (SICAV, UCITS IV)	Depositary:	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.