

LHV Persian Gulf Fund

31-Jan-16

Fund Manager's Comment



Joel Kukemelk

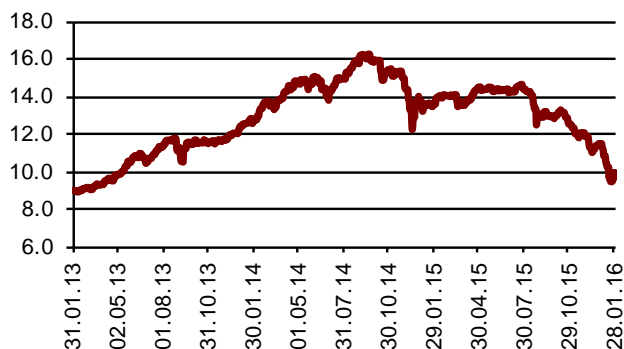


In January LHV Persian Gulf Fund lost -13.6%, this was the biggest monthly decline for the fund since January 2009. The decline was broad-based, out of 6 GCC markets 4 fell more than 10% during the month. The main trigger behind this selling panic was oil price that in the middle of the month crashed through levels last seen in 2009 below \$30/barrel. Oil price crash was accelerated by the news on January 16th that Iran has fulfilled all demands set with the nuclear negotiations deal back in July 2015 and as a result western sanctions against Iran are abolished. For oil price this was a short term negative news but for the whole Middle Eastern region this is a major positive development.

For how long and how low can oil prices stay? Currently around 95 mln barrels of oil is produced daily, consumption is roughly 2 mln barrels less. Demand for oil has never been as high as today and it's growing quickly. By the end of this year or in the beginning of next year oil supply and demand should balance themselves out on the back of growing consumption. The reason for today's low oil prices is the temporary oversupply in the market derived from competition for market share between producers, not in problems related to oil demand.

Although many market participants find arguments why energy prices should stay at today's low levels for very long time, I'm not convinced by those arguments. Because of the oil price crash new investments in US shale oil business have plummeted, output growth has stopped and is now even declining. Investments into energy sector have been cut all across the world and in sizeable amounts. Financially weaker non-OPEC oil producers in Russia, Africa, Latin- and South-America are feeling the negative effects of price decline especially strongly. OPEC is winning its battle for market share and over the long term this means bigger revenues for them as prices start to recover.

Monthly Return -13.62%
NAV of share 9.8954 EUR
Fund Size EUR 10 091 895
LHV Asset Management EUR 577 350 308
Share price movement (last 36 months)



Investment Objective

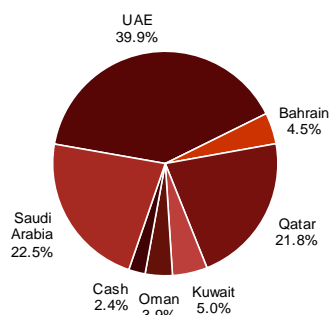
LHV Persian Gulf Fund invests in listed equities in the GCC (*Gulf Cooperation Council*) region – Bahrain, Oman, Qatar, Kuwait, United Arab Emirates and Saudi Arabia. Due to the specific nature of the fund, the recommended minimum investment period is at least 3 to 5 years.



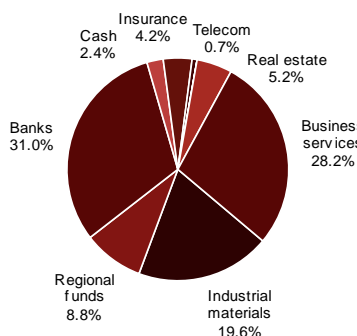
Historical Returns*

	1 month	12 months	36 months	2014-2015 average	2013-2015 average	2011-2015 average	YTD
Fund	-13.62%	-27.19%	10.73%	-3.35%	11.77%	8.87%	-13.62%

Country Breakdown



Industry Breakdown



Top 10 Investments

Name	% of Assets
Dubai Islamic Bank	9.18%
Qatar Fuel Company	8.94%
EFG-Hermes Saudi Arabia Equity	8.83%
Ras Al Khaimah Ceramics	8.38%
Union National Bank	6.30%
Emirates NBD	4.32%
Agility Public Warehousing	4.28%
Savola	4.25%
Qatar Insurance Company	4.18%
Bank Muscat	3.90%
Value of top 10 Investments	63%
Total Number of Investments	27

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.

Source & Copyright: CITYWIRE. Joel Kukemelk is + rated by Citywire for his 3 year risk adjusted performance for the period 31.12.2012 – 31.12.2015.

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