

LHV Persian Gulf Fund

31 January 2018

Monthly Return **3.97%**
 NAV of share **11.7204 EUR**
 Fund Size **11 010 401 EUR**
 LHV Asset Management **1 112 016 407 EUR**

Fund Manager's Comment

Joel Kukemelk



LHV Persian Gulf Fund started 2018 strongly, January's performance was +4.0%. The strongest market in January was Saudi Arabia that rose by +7.1% (MSCI index, local currency, net) and weakest market was Oman that nudged up by +0.2%.

Brent oil price rising to \$70 has finally created some excitement in the GCC markets that we have not seen in a very long time. In a situation where GCC countries need around \$60 oil price to balance their budgets in 2018 they have ample room for additional flexibility for the first time in the last 3 years to stimulate the economy by boosting fiscal expenditures should they find it is needed. Secondly, USD depreciation that we have seen over the last year (against EUR for example by -15%) increases the competitiveness of regional companies since GCC currencies are pegged to USD.

From the start of 2018 value added tax of 5% was implemented in Saudi Arabia and the United Arab Emirates. Although on a global level this rate is very low and the implementation time for this was known for a long time ahead then over the short term this can generate temporary weakness in consumer confidence. Over the longer term it is a very important component in reducing GCC countries' dependency on energy exports.

As of end of January the fund's single investments' portfolio trades at 9.4x 12 month estimated P/E, 1.0x trailing P/B and offers 3.5% 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.

Fund Details

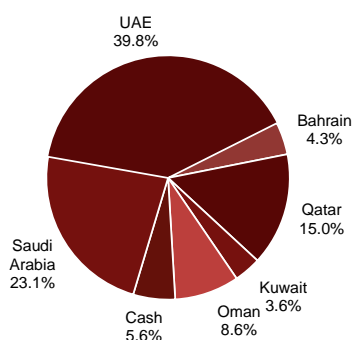
Type: eurofund (SICAV, UCITS IV)
 ISIN: LU1138349862
 Depository and Registrar: Swedbank AB (publ) Luxembourg Branch
 Fund Manager: Joel Kukemelk
 Issue and Redemption Fee: 0%
 Investment Management Fee: 1.75%
 Launched: 13.02.2008
 Re-domiciled: 13.04.2015



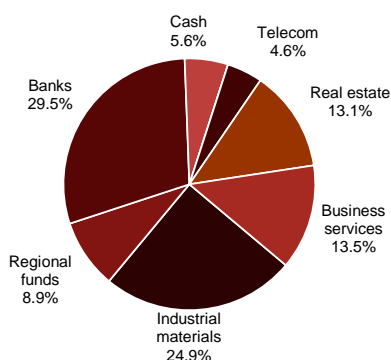
Historical Returns*

	1 month	12 months	36 months	2016-2017 average	2015-2017 average	2013-2017 average	YTD
Fund	3.97%	2.84%	-13.77%	-0.80%	-6.34%	6.56%	3.97%

Country Breakdown



Industry Breakdown



Top 10 Investments

Name	% of Assets
EFG-Hermes Saudi Arabia Equity	8.92%
Bank Muscat	8.58%
Ras Al Khaimah Ceramics	8.34%
Emaar Properties	7.84%
Sipchem	7.30%
Fawaz Abdulaziz Alhokair	4.83%
Ooredoo	4.57%
Emirates NBD	4.47%
Qatar National Bank	4.45%
Aluminium Bahrain	4.30%
Value of top 10 Investments	64%
Total Number of Investments	21

*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.