

LHV Persian Gulf Fund

31-Aug-13

Monthly Return -1.84%
NAV of A unit 11.1124 EUR
NAV of B unit 7.1008 EUR
Fund Size EUR 30 626 765

Fund Manager's Comment

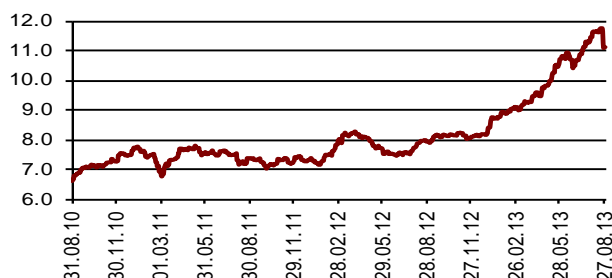
Joel Kukemelk



August started strongly in the Middle-Eastern markets but at the end of the month the attention turned to the chemical attack that took place in Syria and that was followed by strong criticism from various countries across the world. Although at the time of writing this monthly overview there are no waterproof evidence who organised this chemical attack in a country that has been suffering from civil war over the last two years, the Western countries led by the USA are planning to punish Syria for the use of such weapons. Most likely any military intervention will be limited to long-haul missiles. Geographically Syria doesn't border any GCC country but the fear that foreign military intervention into Syria's civil war might cause the conflict to widen has caused most of the Middle-Eastern markets to move to lower levels. In August MSCI GCC ex Saudi Arabia index (local currency, net) fell by -1.7%, among the GCC countries the strongest market was Oman with +2.9% gain, the weakest market was the UAE with -4.5% loss. LHV Persian Gulf Fund fell by -1.8% in August and the year-to-date return is now +35.4%.

Although over the short term the Middle-Eastern attention is related to what's going on in Syria, it is worth remembering that over the mid- and long-term there are plenty of catalysts for the GCC stock markets. Firstly, the MSCI upgrade to the UAE and Qatar will become effective as of May 2014 and this date comes closer with every passing day; secondly, the likelihood of opening up the region's biggest stock market – Saudi Arabia – to foreign investors has grown over the last months; thirdly, oil continues to trade at high levels and this allows GCC countries to push on with their massive investment programs; fourthly, GCC countries continue to witness strong economic growth outside energy sector – August PMI (purchasing managers index) figures outside the energy sector were 54.5 points for the UAE and 57.5 points for Saudi Arabia, this is well above the 50 point mark indicating economic expansion.

A unit price movement (last 36 months)



Investment Objective

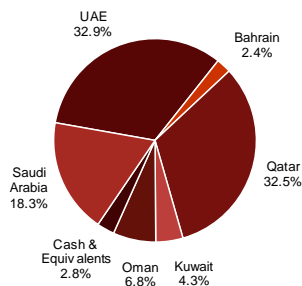
LHV Persian Gulf Fund invests in listed equities in the GCC (*Gulf Cooperation Council*) region – Bahrain, Oman, Qatar, Kuwait, United Arab Emirates and Saudi Arabia.

Due to the specific nature of the fund, the recommended minimum investment period is at least 3 to 5 years.

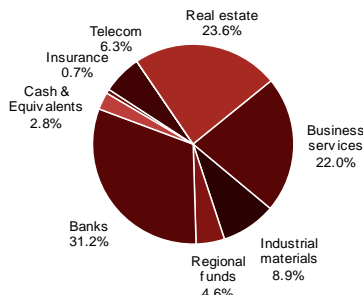
Historical Returns*

	1 month	12 months	36 months	2011-2012 average	2010-2012 average	YTD
Fund	-1.84%	40.13%	68.40%	4.92%	10.02%	35.43%

Country Breakdown



Industry Breakdown



Top 10 Investments

Name	% of Assets
Emaar Properties Limited	8.23%
Aldar Properties	6.65%
Qatar National Bank	6.45%
First Gulf Bank	5.82%
EFG-Hermes Saudi Arabia Equity	4.58%
United Development Company	4.12%
Bank Muscat SAOG	4.07%
United Electronics	4.01%
Dubai Financial Market	4.01%
Samba Financial Group	3.99%
Value of TOP 10 Investments	52%
Total Number of Investments	35

Fund Details

Type:	eurofund (<i>UCITS IV</i>)	Depository:	AS Swedbank
ISIN of A-unit:	EE3600095287 (EUR)	Issue Fee:	0%
Registrar of A-units:	AS LHV Pank	Management Fee:	1.75%
ISIN of B-unit:	EE3600095295 (EUR)	Redemption Fee:	1%
Registrar of B-units:	EVK	Established:	1/10/2008
Fund Managers:	Joel Kukemelk	Launched:	2/13/2008

*The fund's historical performance does not promise or offer any indications regarding future performance.

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