

LHV Persian Gulf Fund

31-Oct-16

Monthly Return -2.71%
NAV of share 10.3730 EUR
Fund Size EUR 12 014 455
LHV Asset Management 949 103 566 EUR

Fund Manager's Comment

Joel Kukemelk

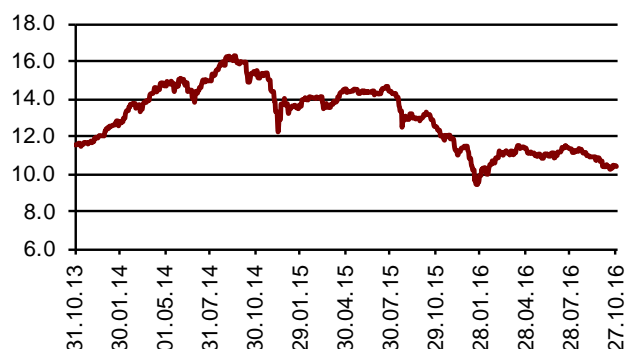


In October LHV Persian Gulf Fund declined by -2.7%, fund's YTD result stands now at -9.5%. October's strongest market was Saudi Arabia which rose by +8.9% (MSCI index, local currency, net) and weakest was the United Arab Emirates that decreased by -4.3%. In the middle of October broker EFG wrote that Saudi banks trade at 40% discount to their 5-year average P/B ratio and when at the peak of the financial crisis in 2008/2009 NPL ratio stood at 3.2% then today's equity prices seem to have discounted NPL of 9% - number which will be almost impossible to achieve.

In October Saudi Arabia successfully issued \$17.5 bn worth of international bonds – the largest ever issue from the emerging market. This helps to mitigate the liquidity crunch the country's banks are facing due to the Saudi government's budget deficit during the time of low oil prices and also helps to foster investor relations for the IPO of Saudi Aramco soon down the road. Most certainly this won't be the last bond issue from Saudi Arabia.

Asset price declines during the last couple of months have resulted in fund investments' valuations reaching depressed levels not seen in the region for multiple years. Ras Al Khaimah Ceramics trades at just 6.5x estimated 12-month earnings and 0.9x P/B, same ratios for Qatar Fuel are 10.8x and 1.9x respectively, for Dubai Islamic Bank 7.5x and 1.6x, for Bank Muscat 6.1x and 0.7x and for Emaar Properties 8.9x and 1.2x respectively. As of end of October fund's single investments' portfolio trades at 9.2x 12 month estimated P/E, 1.1x trailing P/B and offers 4.7% 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.

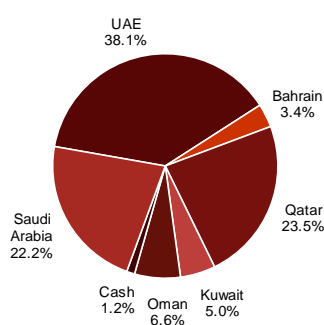
Morningstar Rating
5 Year



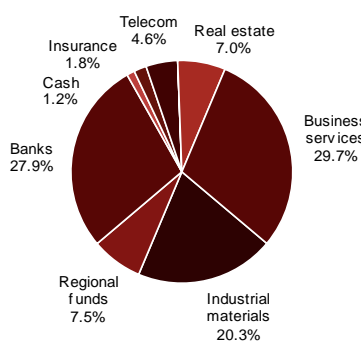
Historical Returns*

	1 month	12 months	36 months	2014-2015 average	2013-2015 average	2011-2015 average	YTD
Fund	-2.71%	-17.06%	-10.01%	-3.35%	11.77%	8.87%	-9.46%

Country Breakdown



Industry Breakdown



Top 10 Investments

Name	% of Assets
Ras Al Khaimah Ceramics	8.49%
Qatar Fuel Company	8.45%
Dubai Islamic Bank	8.41%
EFG-Hermes Saudi Arabia Equity	7.48%
Bank Muscat	6.58%
Emaar Properties	5.41%
Agility Public Warehousing	4.47%
Qatar National Bank	4.18%
Emirates NBD	4.14%
Union National Bank	4.06%
Value of top 10 Investments	62%
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.

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