

LHV Persian Gulf Fund

31-May-13

Monthly Return

9.17%

NAV of A unit

10.7147 EUR

NAV of B unit

6.8467 EUR

Fund Size

EUR 9 045 145

Fund Manager's Comment

Joel Kukemelk

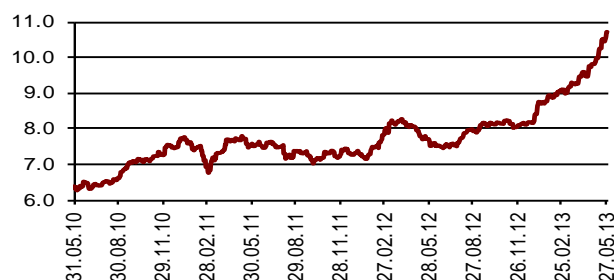


In May we saw the continuation of strong buying interest in the GCC stock markets. In May MSCI United Arab Emirates index (net) rose in local currency by +7.0%, MSCI Bahrain by +5.9%, MSCI Qatar by +5.4%, MSCI Oman by +4.4%, Saudi Arabia Tadawul by +3.1% and MSCI Kuwait by +2.5%. LHV Persian Gulf Fund rose +9.2% in May and is now up +30.6% since the beginning of the year.

At the end of May there were 33 different investments in LHV Persian Gulf Fund. Currently the weighted harmonic mean averages calculated on historical 2012 actual financial results for the whole fund portfolio are 11.7x P/E, 1.4x P/B and 4.0% dividend yield. In comparison – MSCI emerging markets index is trading at 12.1x P/E, 1.5x P/E and dividend yield for the last 12 months is 2.7%, MSCI frontier markets index is trading at 12.4x P/E, 1.6x P/B and dividend yield for the last 12 months is 3.9%. Therefore, although the multiples in the fund have risen compared to the beginning of the year, it is safe to say that the fund portfolio continues to trade at attractive long-term levels in terms of global emerging/frontier markets. The case for investing in the GCC-countries looks even better when we take into account the region's strong economic growth figures that make it easier for the local companies to continue to grow their earnings in the future.

On June 11th MSCI decides once again (now fifth year in a row) whether or not to upgrade UAE and Qatar from frontier market to emerging market status. Personally I believe that both countries will eventually be upgraded and that it's just a matter of time. HSBC has already calculated that should those markets be upgraded then at least \$430 mln of additional foreign investors' money will flow into Qatar stock market and \$370 mln into the UAE stock market, not to mention the significant increase of importance for the whole region in the global financial markets.

A unit price movement (last 36 months)



Investment Objective

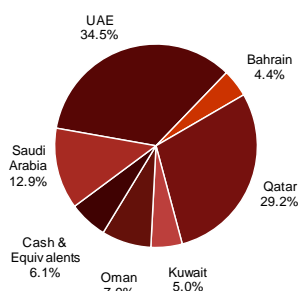
LHV Persian Gulf Fund invests in listed equities in the GCC (*Gulf Cooperation Council*) region – Bahrain, Oman, Qatar, Kuwait, United Arab Emirates and Saudi Arabia.

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

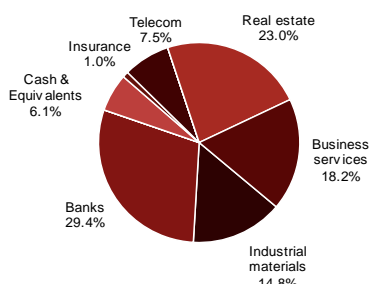
Historical Returns*

	1 month	12 months	36 months	2011-2012 average	2010-2012 average	YTD
Fund	9.17%	40.62%	67.93%	4.92%	10.02%	30.58%

Country Breakdown



Industry Breakdown



Top 10 Investments

Name	% of Assets
First Gulf Bank	8.37%
Emaar Properties Limited	8.33%
Sorouh Real Estate Co	7.41%
Industries Qatar QSC	5.67%
Qatar Fuel Company	5.27%
Qatar National Bank	4.45%
Union National Bank	4.37%
Commercial Bank of Qatar	3.77%
Aluminium Bahrain	3.67%
Oman Telecom	3.66%
Value of TOP 10 Investments	55%
Total Number of Investments	33

Fund Details

Type:	eurofund (UCITS IV)	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.

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.