

LHV Persian Gulf Fund

30-Jun-13

Monthly Return -2.18%
NAV of A unit 10.4812 EUR
NAV of B unit 6.6975 EUR
Fund Size EUR 22 926 904

Fund Manager's Comment

Joel Kukemelk

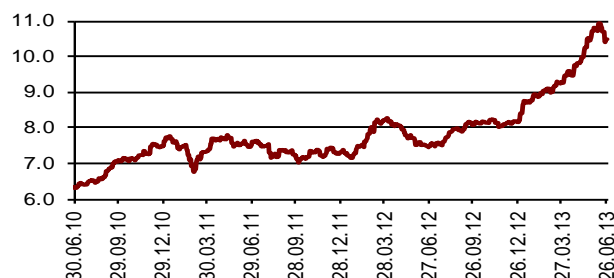


In June, after a six-year long review process, MSCI passed a very important and positive decision for the Middle-Eastern countries - United Arab Emirates and Qatar were raised to the MSCI Emerging Markets Index. The decision becomes effective as of May 2014 when Qatar starts to make around 0.45% of this big index and UAE around 0.4%. According to HSBC the inclusion of UAE and Qatar to the MSCI Emerging Markets index will bring additional investments from foreign investors to these markets worth around \$1 billion. The attention that Middle-Eastern countries are going to receive because of this decision is of course far greater. It will likely also bring new investors to the region that only now start to discover the stock markets in these quickly developing energy rich countries on the Arabian peninsula.

Despite this positive decision the six-month consecutive streak of gains in the Middle-Eastern markets and in the unit price of LHV Persian Gulf Fund came to a stop. The main reason for this was the sharp and strong fall in the stock markets across various emerging markets. In June MSCI Emerging Markets fell by -5.1% in local currency (-6.6% in euros) and MSCI GCC ex Saudi Arabia index fell by -4.1%. Among the GCC-countries the best result was shown in June from Saudi Arabia where Tadawul index increased by +1.2%, followed by MSCI Qatar +0.6%, MSCI Oman -3.7%, MSCI UAE -5.2%, MSCI Kuwait -6.4% and the weakest market was MSCI Bahrain with -7.2%. LHV Persian Gulf Fund fell by -2.2% in June but since the beginning of the year the fund is up by +27.7%. Out of the last 12 months 10 months have been positive, all last 4 quarters have been positive and +13.1% in the second quarter of 2013 marked the third best quarterly result over the whole fund history.

In June shares of three new companies were added to the fund portfolio and at the end of the month there were 36 different investments in LHV Persian Gulf Fund. As of the end of June the weighted harmonic mean averages calculated on historical 2012 actual financial results for the whole fund portfolio were 12.7x P/E, 1.4x P/B and 3.7% dividend yield for the trailing 12 months.

A unit price movement (last 36 months)



Investment Objective

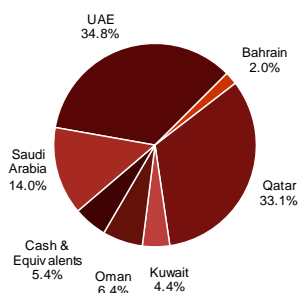
LHV Persian Gulf Fund invests in listed equities in the GCC (*Gulf Cooperation Council*) region – Bahrain, Oman, Qatar, Kuwait, United Arab Emirates and Saudi Arabia.

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

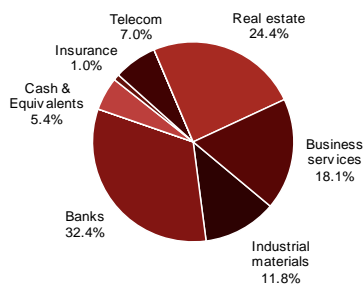
Historical Returns*

	1 month	12 months	36 months	2011-2012 average	2010-2012 average	YTD
Fund	-2.18%	39.82%	65.34%	4.92%	10.02%	27.74%

Country Breakdown



Industry Breakdown



Top 10 Investments

Name	% of Assets
Emaar Properties Limited	9.24%
First Gulf Bank	9.23%
Sorouh Real Estate Co	7.93%
Industries Qatar QSC	6.77%
Qatar Fuel Company	5.02%
Qatar National Bank	4.97%
Qatar Telecom	4.60%
Commercial Bank of Qatar	4.47%
Samba Financial Group	4.41%
Bank Muscat SAOG	4.06%
Value of TOP 10 Investments	61%
Total Number of Investments	36

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.