

LHV Persian Gulf Fund

31 May 2018

Monthly Return **-2.92%**
 NAV of share **11.3498 EUR**
 Fund Size **9 178 291 EUR**
 LHV Asset Management **1 158 373 569 EUR**



Fund Manager's Comment Joel Kukemelk

LHV Persian Gulf Fund's performance in May was -2.9% bringing year to date result to +0.7%. The strongest market in May was Saudi Arabia that rallied by +2.7% (MSCI index, local currency, net) and weakest market was Qatar that declined by -3.3%.

When looking ahead then one of the most important developments in June will be MSCI decision about whether or not to upgrade Saudi Arabia to Emerging Market index. It is also possible that Kuwait will be added to Emerging Market index watchlist. Likelihood for Saudi Arabia to receive the upgrade is significantly high (FTSE index provider already upgraded in March). This decision is not important just for Saudi Arabia but for the whole GCC region that currently makes up just around 1.3% of global emerging market index but with Saudi Arabia's positive upgrade decision and Saudi Aramco's IPO this weight can increase to above 5%. This means that GCC will become an important part of emerging market investors' portfolios.

On June 22nd OPEC holds its bi-annual meeting where they will assess the effect of oil production cuts that have been in place for 1.5 years. It is likely that they will decide to roll back part of the production cuts since the era of oil inventory surplus is now behind us and Brent oil prices have recovered to \$70-\$80 range. Additional oil that is pumped out at these prices gives significant new revenues to the budgets of OPEC member states.

In the end of May we fully exited our position in Qatar National Bank. Due to expected passive inflows coming into the stock on MSCI rebalancing trade at the end of the month the share price had increased by more than 30% since the beginning of the year and as a result better value can now be found elsewhere. As of end of May the fund's single investments' portfolio trades at just 8.2x 12 month estimated P/E, 1.0x trailing P/B and offers 4.7% dividend yield.

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.

Share price movement (last 36 months)



Fund Details

Type: eurofund (SICAV, UCITS IV)
 ISIN: LU1138349862
 Depository and Registrar: Swedbank AB (publ) Luxembourg Branch

Morningstar Rating 5 Year

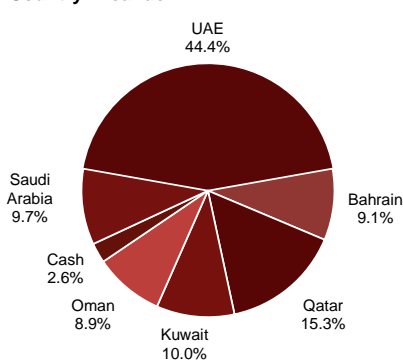
Fund Manager: Joel Kukemelk
 Issue and Redemption Fee: 0%
 Investment Management Fee: 1.75%
 Launched: 13.02.2008
 Re-domiciled: 13.04.2015



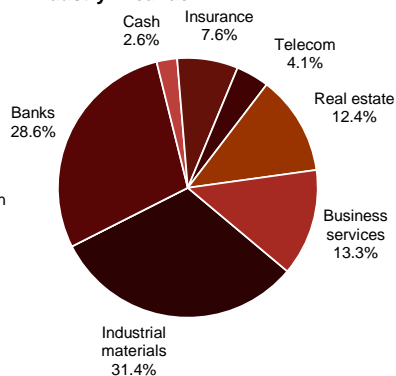
Historical Returns*

	1 month	12 months	36 months	2016-2017 average	2015-2017 average	2013-2017 average	YTD
Fund	-2.92%	-0.51%	-20.44%	-0.80%	-6.34%	6.56%	0.68%

Country Breakdown



Industry Breakdown



Top 10 Investments

Name	% of Assets
Aluminium Bahrain	9.13%
Bank Muscat	8.92%
Ras Al Khaimah Ceramics	8.48%
Emirates NBD	6.37%
Depa	6.20%
Emaar Development PJSC	4.72%
Qatar Fuel Company	4.68%
Emaar Properties	4.57%
Dubai Islamic Bank	4.52%
National Bank of Kuwait	4.48%
Value of top 10 Investments	62%
Total Number of Investments	22

*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.