

LHV World Equities Fund
LHV Emerging Europe Alpha Fund
LHV Persian Gulf Fund

Prospectus

(Translation from the Estonian language)

The Prospectus is effective from May 20, 2009.

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General Information

This prospectus is the issue prospectus of the units of LHV World Equities Fund, LHV Emerging Europe Alpha Fund and LHV Persian Gulf Fund (hereinafter: separately “Fund” and together “Funds”) in the meaning of the Investment Funds Act of the Republic of Estonia (hereafter: “Prospectus”). The rules of the Funds (hereafter: “Fund Rules”) are an integral part of this Prospectus.

Main information about the Funds

Legal status	The Funds are public open-ended common investment funds registered in the Republic of Estonia. The Funds are in compliance with the provisions laid out in the Council Directive 85/611/EEC and the legislation of the Republic of Estonia regarding UCITS (Undertaking for Collective Investment in Transferable Securities).
Fund management company	AS LHV Varahaldus, registry code 10572453, address Tartu rd 2, 10145 Tallinn, the Republic of Estonia (hereinafter: “Management Company”). Phone: +372 6 800 400, fax: +372 6 800 402, e-mail: info@lhv.ee .
Establishment of the Funds	The Management Company established: <ul style="list-style-type: none"> - LHV World Equities Fund on April 27, 2007; - LHV Emerging Europe Alpha Fund on April 12, 2007; - LHV Persian Gulf Fund on January 10, 2008.
Seat of the Funds	Tartu rd 2, 10145 Tallinn, the Republic of Estonia.
Launch of the Funds	The Funds were launched: <ul style="list-style-type: none"> - LHV World Equities Fund on August 13, 2007; - LHV Emerging Europe Alpha Fund on May 18, 2007; - LHV Persian Gulf Fund on February 13, 2008.
Units of the Funds	<p>A unit of the Fund (hereinafter: “Unit”) is a registered immaterial security certifying the share of the common ownership of the investor in the assets of the respective Fund. Units are divisible. The issuer of the Units is the Management Company. The issue of the Units is public. No material document certifying ownership is issued for a Unit. Units do not give the unit-holder the decision-making power in concluding transactions with the assets of the Fund. The Funds have two classes of Units:</p> <p>LHV World Equities Fund</p> <ul style="list-style-type: none"> - Class A Units with nominal value 10 euros (ISIN code: EE3600092417) - Class B Units with nominal value 100 Estonian kroons (ISIN code: EE3600097499) <p>LHV Emerging Europe Alpha Fund</p> <ul style="list-style-type: none"> - Class A Units with nominal value 10 euros (ISIN code: EE3600090593) - Class B Units with nominal value 100 Estonian kroons (ISIN code: EE3600097507) <p>LHV Persian Gulf Fund</p> <ul style="list-style-type: none"> - Class A Units with nominal value 10 euros (ISIN code: EE3600095287)

	- Class B Units with nominal value 100 Estonian kroons (ISIN code: EE3600095295)
Price calculations and publication	The net asset value of the Funds and the Units, as well as the issue and redemption prices of the Units are calculated once for each banking day and published on the web pages www.lhv.ee , www.lhv.lv and www.lhv.lt not later than 14:00 (Tallinn time) on the following banking day.
Dealings with Units	Investors can acquire, redeem and, if Fund Rules permit, exchange the Units each banking day pursuant to the Prospectus and Fund Rules.
Registrars	<ul style="list-style-type: none"> - The registers of the Class A Units are kept by AS LHV Pank, registry code 10539549, address Tartu rd 2, 10145 Tallinn, the Republic of Estonia (hereinafter: "LHV"). - Class B Units are registered in the Estonian Central Securities Depository, which is maintained by AS Eesti Väärtpaberikeskus, address Tartu rd 2, 10145 Tallinn, the Republic of Estonia (hereinafter: "EVK").
Listing	The Units are not listed on any exchange or other regulated or public securities market.
Intermediaries	<p>AS LHV Pank, registry code 10539549, address Tartu rd 2, 10145 Tallinn, the Republic of Estonia.</p> <p>Complete list of intermediaries (including intermediaries that have been added after latest amendments in this Prospectus) is available at web pages www.lhv.ee, www.lhv.lv and www.lhv.lt.</p>
Public offering abroad	The Units may be publicly offered in all Contracting States of the Agreement on the European Economic Area.
Depository	Swedbank AS, registry code 10060701, address Liivalaia 8, 15040 Tallinn, the Republic of Estonia (hereinafter: "Depository").
Auditor	AS PricewaterhouseCoopers, registry code 10142876, Pärnu rd 15, 10141 Tallinn, the Republic of Estonia.
Supervision	Activities and operations of the Management Company, Funds, Depository and Registrars are supervised by the Financial Supervision Authority of the Republic of Estonia, address Sakala 4, 15030 Tallinn, the Republic of Estonia.
Financial year of the Funds	The financial year of the Funds starts on January 1 and ends on December 31.
Documents of the Funds	Important information and documents of the Funds are accessible at the seat of the Funds and on the web pages www.lhv.ee , www.lhv.lv and www.lhv.lt .

The Bases of the Funds' Activities, the Investment Objective and Policy of the Funds

The Bases of the Funds' Activities

The bases for the activities of the Funds and the relationships of the unit-holders with the Management Company are provided by this Prospectus, Fund Rules, legislation of the Republic of Estonia and legislation applicable to the offer. The Prospectus and Fund Rules have been set out in accordance with the effective legislation. In case the Fund Rules or Prospectus conflict with the provision of legislation, the provisions of legislation will be applied. In case the different

provisions of the Fund Rules or Prospectus conflict with each other, such provisions will be interpreted in accordance with the best interests of the unit-holders of the Fund.

The Objective of the Funds' Activities

The objective of the Funds' activities is long-term maximum growth of the investments made by investors of the Funds. The investment objective of each Fund separately is the following:

LHV World Equities Fund

LHV World Equities Fund invests up to 100% of its assets in equities or in investment funds that invest into equities around the world. Fund's assets are invested into deposits of credit institutions, money markets instruments, high grade bonds and other similar securities only in order to manage liquidity, during times of redeeming or purchasing investments, when there are no suitable investment opportunities available or in a situation, where the upside potential of stock markets is limited.

LHV Emerging Europe Alpha Fund

LHV Emerging Europe Alpha Fund invests in growth companies in the Central and Eastern European region (CEE), which is one of the fastest developing regions in the world. The Fund intends to capitalize on the rapid economic growth in the region and its long-term convergence with Western Europe. The Fund invests in sectors and companies, which benefit from growing consumption of goods and services in the CEE region and avoids investing in sectors and companies, which financial success depends mostly on other factors, e.g. global commodity markets.

Due to its focused investment strategy most of the investments belong into the following sectors: retail, banking, consumer finance, construction, real estate, healthcare and leisure. Within the aforementioned sectors the Fund looks for companies with a strong brand identity, distribution reach, strong cash generation and pricing power.

Unless the Management Company prefers, in the interest of unit-holders, not to be fully exposed to the equity markets with the Fund, all assets of LHV Emerging Europe Alpha Fund are invested actively and directly into equities. The expected holding period of the Fund's investments can vary from 1 week to 3 years.

LHV Persian Gulf Fund

LHV Persian Gulf Fund invests into equities that are traded on regulated markets in countries located in the region of Arabian Peninsula and Persian Gulf. The

Fund may also invest in securities traded on regulated markets of other countries provided that the issuers of such securities have substantial business interests in the Arabian Peninsula and Persian Gulf region or if their activities depend substantially on that region.

If LHV Persian Gulf Fund makes investments in currencies, that are pegged or fixed to the US dollar, then the Fund usually hedges the currency risk arising from fluctuations in the exchange rate of the base currency (euro) and the US dollar, however leaves open the currency risk that the value of the US dollar changes against the currency, in which the investment was made.

Investment Policy of the Funds

The principles of the investment policy and investment limitations of the Funds are described in more detail in the Fund Rules.

Investment Region

LHV World Equities Fund

The Fund's investments are diversified geographically across different world financial markets. The Fund invests in developed markets (e.g. contracting state of the European Economic Area, the United States of America and Japan), as well as in emerging markets (e.g. Asia, Latin America and Eastern Europe).

LHV Emerging Europe Alpha Fund

The Management Company invests the assets of the Fund in shares that are traded on the following regulated markets in the CEE region:

1. Lithuania – Vilnius SE (www.lt.omxgroup.com)
2. Latvia – Riga SE (www.lv.omxgroup.com)
3. Estonia – Tallinn SE (www.ee.omxgroup.com)
4. Poland – Warsaw SE (www.wse.com.pl)
5. Czech Republic – Prague SE (www.pse.cz)
6. Slovakia – Bratislava SE (www.bsse.sk)
7. Hungary – Budapest SE (www.bse.hu)
8. Slovenia – Ljubljana SE (www.ljse.si)
9. Croatia – Zagreb SE (www.zse.hr)
10. Romania – Bucharest SE (www.bvb.ro)
11. Bulgaria – Sofia SE (www.bse-sofia.bg)
12. Bosnia and Herzegovina – Sarajevo SE (www.sase.ba)
13. Serbia – Belgrade SE (www.belex.co.yu/index-e.html)
14. Montenegro – Montenegrin SE
(www.montenegroberza.com/eMain.htm)
15. Ukraine – PFTS system (www.pfts.ua)

16. Russia – RTS SE (www.rts.ru), Saint Petersburg SE (www.spbex.ru/tfb/)

17. Moldavia – Moldovan SE (<http://www.moldse.md/default.htm>)

The assets of the Fund may also be invested in equities traded on regulated markets in other countries, given that the issuers of the shares have substantial business interests in the countries listed above.

LHV Persian Gulf Fund

LHV Persian Gulf Fund invests mainly on the equity markets in GCC (Gulf Cooperation Council) member states, including Bahrain, Oman, Qatar, Kuwait, and the United Arab Emirates.

Investment Restrictions and Authorized Securities

The assets of the Funds may be invested in:

- shares or other similar tradable rights;
- bonds, convertible securities or other tradable debt obligations;
- shares and units of investment funds;
- subscription rights or other tradable rights that entitle to acquire aforementioned securities;
- deposits in credit institutions;
- money market instruments;
- derivative instruments.

The assets of the Funds are invested in the base currency (euro), in the United States dollars and in the national currencies of the countries located in the investment regions.

The assets of the Funds will not be invested in:

- immovables;
- precious metals and certificates that give rights to precious metals.

Investments in securities:

LHV World Equities Fund invests up to 100% of its assets in freely transferable securities, which are traded, or pursuant to the	all contracting state of the European Economic Area (EEA)*, Albania, the United States of America, the United Arab Emirates, Argentina, Armenia, Azerbaijan, Australia, the Bahamas, Bahrain, Bangladesh, Barbados, Bermuda, Bolivia,
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* At the moment of registration of the Prospectus the contracting states are Austria, Belgium, Bulgaria, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Latvia, Liechtenstein, Lithuania, Luxembourg, Malta, Netherlands, Norway, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden and the United Kingdom. Countries joining the respective treaty after registration of the Prospectus shall be considered contracting states as well.

<p>conditions will be admitted to trading within 12 months after the issue of securities, on a regulated securities market in the following countries:</p>	<p>Bosnia and Herzegovina, Brazil, British Virgin Islands, Brunei, Egypt, Ecuador, Philippines, Georgia, Guernsey, China (including Taiwan), Hong Kong, Croatia, Israel, India, Indonesia, Japan, Jamaica, Yemen, Jersey, Jordan, South Korea, Cambodia, Canada, Kazakhstan, Qatar, Kenya, Colombia, Kyrgyzstan, Kuwait, Laos, Lebanon, South Africa, Macedonia, Malaysia, the Isle of Man, Morocco, Mexico, Moldova, Myanmar, Nigeria, Oman, Pakistan, Panama, Peru, Serbia, Montenegro, Saudi Arabia, Singapore, Sri Lanka, Switzerland, Tajikistan, Thai, Chile, Turkey, Turkmenistan, Ukraine, Uruguay, Uzbekistan, New-Zealand, Russia, Venezuela and Vietnam.</p>
<p>LHV Emerging Europe Alpha Fund invests 50% to 100% of its assets in equities and other equivalent freely transferable securities, which are traded, or pursuant to the conditions will be admitted to trading within 12 months after the issue of securities, on a regulated securities market in the following countries:</p>	<p>all contracting state of the European Economic Area (EEA)*, Bosnia and Herzegovina, Georgia, Croatia, Macedonia, Moldova, Montenegro, Serbia, Ukraine and Russia.</p>
<p>LHV Persian Gulf Fund invests up to 100% of its assets in freely transferable securities, which are traded, or pursuant to the conditions will be admitted to trading within 12 months after the issue of securities, on a regulated securities market in the following countries:</p>	<p>all contracting state of the European Economic Area (EEA)*, the United States of America, the United Arab Emirates, Armenia, Azerbaijan, Bahrain, British Virgin Islands, Egypt, Georgia, Guernsey, China, Hong Kong, Israel, India, Yemen, Jersey, Jordan, Kazakhstan, Qatar, Kenya, Kyrgyzstan, Kuwait, Lebanon, South Africa, Morocco, Nigeria, Oman, Pakistan, Saudi Arabia, Singapore, Switzerland, Tajikistan, Turkey, Turkmenistan and Uzbekistan.</p>

- LHV World Equities Fund and LHV Persian Gulf Fund may invest up to 50% and LHV Emerging Europe Alpha Fund up to 30% of the assets of the Fund in money market instruments that meet the requirements specified in the Investment Funds Act;
- up to 10% of the assets of the Fund may be invested in securities other than those aforementioned;
- the Fund may invest not more than 10% of its assets in securities issued by the same person. If the value of securities issued by one person is more than 5% of the market value of the assets of the Fund, the aggregate value of such securities shall total not more than 40% of the market value of the assets of the Fund. The value of securities issued by persons belonging to the same group shall total not more than 20% of the market value of the assets of the Fund. The value of securities issued by one person may amount up to 35% of the market value of the assets of the Fund if the issuer or guarantor of the securities is a contracting state of the EEA or an international organization to which an EEA contracting state belongs.

Investments in investment funds:

- LHV Emerging Europe Alpha Fund may invest up to 10% of its assets in shares and units of other investment funds;
- LHV World Equities Fund and LHV Persian Gulf Fund may invest up to 100% of their assets in units or shares of other investment funds in compliance with the restrictions arising from legislation;
- the Funds may invest only in units or shares of another UCITS or a UCITS of another contracting state of the EEA;
- in addition to the limitation specified in the previous section, LHV World Equities Fund and LHV Persian Gulf Fund may invest up to 30% of their assets and LHV Emerging Europe Alpha Fund may invest up to 10% of its assets in other open-ended and public investment funds, which meet the terms and conditions provided by the legislation;
- the value of units or shares of one investment fund may not total more than 20% of the market value of the assets of LHV World Equities Fund and LHV Persian Gulf Fund and not total more than 10% of the market value of the assets of LHV Emerging Europe Alpha Fund;
- the Funds may hold and invest in shares and units of other funds managed by the Management Company provided that the following conditions are met: i) the investment policies of the funds differ significantly, ii) the Management Company does not charge an issue or redemption fee.

Investments in deposits:

- LHV World Equities Fund and LHV Persian Gulf Fund may invest up to 50% and LHV Emerging Europe Alpha Fund up to 30% of the assets of the Fund in deposits in credit institutions maturing in not more than twelve months;
- the Fund may not invest more than 20% of the market value of its assets in deposits made with the same credit institution (does not apply to money held in a bank account or placed on overnight deposit in the Depositary).

Transactions with Derivative Instruments

The Funds may invest or take positions in derivatives only for the purpose of hedging financial risks, including market price, foreign exchange and interest rate risks. The total exposure relating to derivative instruments may not exceed the total net asset value of the Fund.

Investing into derivatives does not increase the risk level of the Funds as derivatives are only used for hedging risks.

Other Permitted Transactions

The Management Company may on behalf of the Fund take loans, enter into repurchase and reverse repurchase agreements. The Funds may borrow and assume other liabilities in the amount of up to 10% of the Fund's assets. The maturity of the loans and other liabilities may be up to three months.

Description of a Typical Investor

As the investments of the Funds are generally with a long-term nature, the Funds are appropriate investments for those investors, who have a long-term investment horizon. **The recommended investment horizon is over 3 years.**

Upon investing in the Funds an investor must be able to bear the risks arising from possibly high volatility of equity markets. Investor must have a higher than average risk tolerance.

LHV World Equities Fund

LHV World Equities Fund is a suitable investment for those who wish to invest in the stock markets for a longer term, without preferring any specific region. LHV World Equities Fund can be the main equity market related investment in one's investment portfolio, as the assets of this Fund are geographically diversified.

LHV Emerging Europe Alpha Fund

LHV Emerging Europe Alpha Fund is a suitable investment for those who believe in the rapid economic growth in the Central and Eastern European region and the region's long-term convergence with Western Europe. As the investments are not diversified across the world, this Fund is a suitable component into a bigger and diversified investment portfolio. Before investing in the Fund an investor should have some previous experience with financial investment products.

LHV Persian Gulf Fund

LHV Persian Gulf Fund is a suitable investment for those who believe in the rapid economic development in the Arabian Peninsula and Persian Gulf region, especially in Bahrain, Oman, Qatar, Kuwait, and the United Arab Emirates. As price fluctuations in the investment region of this Fund have historically had a low correlation with price fluctuations in global equity markets, this Fund suits well into a bigger investment portfolio as a diversifying component. Before investing in this Fund an investor should have some previous experience with financial investment products.

Investment Risks

Investing in the Funds is accompanied by various risks that may affect the return on the investment. Upon investing in the Funds, the investor must take into account that the Funds may make a profit or suffer losses. Investment into the Fund cannot be deemed as a deposit and no financial or state institution guarantees the preservation or growth of the investment in the Fund. Past performances of the Funds do not guarantee similar results in the future.

The following are the main investment risks:

Market Risks

Market price risk – due to the nature of capital markets the prices of securities may increase or decrease. A disadvantageous change in the market price reduces the value of the Fund's investments. Such disadvantageous changes may be caused by economic or social developments and can be industry or sector specific.

Market liquidity risk – due to insufficient liquidity of securities markets the Fund may not be able to sell its assets at the time desired on a reasonable price, or may not be able to sell the assets at all. This risk is reduced through diversification of the investments of the Funds.

Risk arising from capital flows – international capital flows and investors may have a significant adverse influence on the asset prices and liquidity.

Foreign exchange risk – unfavorable movements in foreign exchange rates may reduce the value of an investment denominated in a currency other than the base currency. This risk may be reduced with derivatives.

Interest rate risk – changes in i) interest rates, ii) yield curves, iii) volatilities of interest rates and iv) differences in interest rates of instruments with various risk levels may affect the value of investments in an undesired direction.

Inflation risk – due to inflation and increasing prices the real value of investments may diminish.

Risk due to concentration of certain markets or asset classes – as LHV Emerging Europe Alpha Fund and LHV Persian Gulf Fund are focused on one specific region, respectively Central and Eastern European region and Arabian Peninsula and Persian Gulf region, the performance of the Funds may have a substantial impact by one event or circumstance affecting those regions. As all Funds are focused on one asset class, which is equities, the performance of the Funds may have a substantial impact by one event or circumstance that affects equity markets.

Credit Risks

Issuer risk – the issuer of a security, where the Fund has invested, may not fulfill the obligations derived from the terms of the security. To minimize this risk the credibility of the issuers is being analyzed and monitored continuously.

Settlement risk – a transaction may not be settled at the prescribed time or in the full amount if the counterparty fails to fulfill its obligations (e.g. transfer money or securities). This risk is minimized by trading on organized markets, which function pursuant to the “delivery versus payment” principle.

Counterparty risk – the counterparty of a transaction may fail to perform obligations assumed by the entry into the transaction. This risk is minimized by choosing low-risk credit institutions and reliable partners in the corresponding field.

Operational Risks

Business risk – the financial results of an issuer of a security, where the Fund has invested, may depend on economic cycles and level of professionalism of the management. The aforementioned may affect the price of the security. To minimize this risk the activities of the issuers are being analyzed and monitored continuously.

Custody and Depository risk – the Fund may sustain losses due to inability to act or malevolent activities of custodians or depositories. Such losses may include losses due to the bankruptcy, insolvency, negligence or intentional unlawful acts of a person holding or arranging the holding of securities.

Political and Legal Risks

Political risk – adverse developments or events (e.g. war, unrest, nationalization of assets, changes in economic policy or legal environment) may take place in countries, where the Fund invests its assets. Unfavorable changes in the political environment may reduce the value of the Fund’s investments significantly or the investments could lose their value entirely. This risk is reduced through diversification of the Funds’ assets across different countries.

Legal system risk – the legislation regulating the operations and investing activities of the Funds may be amended, among other things there may be amendments in the tax law.

The foregoing statement of risks does not purport to be a complete explanation of all risks involved with investments into the Funds. When making an investment decisions investor must read the whole Prospectus and rely on his/her own examination of the merits and risks involved with the investment.

Fund Units

An investor invests in the Fund by acquiring Units. The Unit represents a unit-holder's share of the Fund's assets. A Unit is a registered immaterial security.

Units are divisible. Units are issued by the Management Company. No material documents certifying the proprietary right of ownership are issued for a Unit. Investor's income depends on the changes in the net asset value of a Unit.

Units of LHV World Equities Fund

	Class A	Class B
Name	LHV World Equities Fund A	LHV World Equities Fund B
Nominal value	10 euros	100 Estonian kroons
Registrar	LHV	EVK
ISIN code	EE3600092417	EE3600097499

Units of LHV Emerging Europe Alpha Fund

	Class A	Class B
Name	LHV Emerging Europe Alpha Fund A	LHV Emerging Europe Alpha Fund B
Nominal value	10 euros	100 Estonian kroons
Registrar	LHV	EVK
ISIN code	EE3600090593	EE3600097507

Units of LHV Persian Gulf Fund

	Class A	Class B
Name	LHV Persian Gulf Fund A	LHV Persian Gulf Fund B
Nominal value	10 euros	100 Estonian kroons
Registrar	LHV	EVK
ISIN code	EE3600095287	EE3600095295

Rights and Obligations Attached to Units

The rights and obligations attached to a Unit with respect to a unit-holder shall enter into force upon issuing a Unit and shall terminate upon redeeming a Unit.

A Unit does not give the investor the decision-making power upon conducting transactions with the assets of the Fund. Unit-holders do not call and hold general meetings. A unit-holder may not demand the dissolution of the community ownership of the unit-holders.

A unit-holder has the right to:

- demand that the Management Company redeems the Units pursuant to the provisions of the Fund Rules and the legislation;

- transfer and bequeath the Units held by the unit-holder to third parties;
- receive, pursuant to the Fund Rules, a share of the assets remaining upon liquidation of the Fund in proportion to the number of Units held by the unit-holder;
- access at the registered office of the Management Company the Fund Rules, the most recent annual or semi-annual report of the Fund, the prospectus, the simplified prospectus and other documents and information regarding the activities of the Fund as provided for in legislation;
- demand a document certifying the unit-holder's ownership.

A unit-holder can exercise his or her rights at the seat of the Management Company.

A unit-holder is not personally liable for the obligations of the Fund assumed by the Management Company on behalf of the Fund, or for obligations the performance of which the Management Company has the right to demand pursuant to the Fund Rules. The liability of the unit-holder for performance of such obligations is limited to the unit-holder's share in the assets of the Fund.

The Management Company shall not assume obligations on behalf of unit-holders. In order to satisfy a claim against a unit-holder, a claim for payment may be made against the Units owned by the unit-holder but not against the assets of the Fund.

Net Asset Value of the Funds and of the Units

The Management Company establishes the net asset value of the Funds and the Units according to the internal rules and legislation. The net asset value of a Fund shall be determined based on the market value of the assets of the Fund from which the liabilities of the Fund shall be deducted. The total net asset value of a unit class is calculated by deducting from the portion of the given class in the market value of the securities and other rights belonging to the assets of the Fund the proportion of the given class in the liabilities of the Fund. The net asset value of the Unit is calculated by division of the total net asset value of the Units of the given class by the number of the Units of that class. The assets and liabilities of the Fund shall be accounted for in euros. Upon calculating the net asset value of a Unit in Estonian kroons, the official exchange rate set by the Bank of Estonia is applied.

The Management Company calculates and publishes the net asset values of the Funds and of the different classes of Units, and the issue and redemption prices of the Units, once for each banking day on the following banking day not later than 14:00 (Tallinn time). This information is published on the Management Company's web pages www.lhv.ee, www.lhv.lv and www.lhv.lt.

Fees and Expenses

Fees and Expenses of the Funds

Fees and charges deducted from the assets of the Funds upon calculation of the net asset values of the Funds:

	LHV World Equities Fund	LHV Emerging Europe Alpha Fund	LHV Persian Gulf Fund
Management Fee	2% per annum	2.5% per annum	1.75% per annum
Performance Fee	N/A	N/A	15% of the return subject to a hurdle rate 10% per annum ***
Depositary's Charge including VAT	0.2124% per annum*	0.236% per annum**	0,531% per annum
Other costs	Pursuant to the price list of the service provider.		
The maximum amount of fees and expenses paid out of the Fund (calculated from the weighted average market value of the assets per year)	5%	5.5%	30%

* if the aggregate market value of Romanian, Bulgarian, Croatian, Slovak, Slovenian, Serbian, Ukrainian and Russian securities exceeds 30% of the market value of the Fund's assets, the Depositary's Charge is increased by 0.0354%; if the aggregate market value of Romanian, Bulgarian, Croatian, Slovak, Slovenian, Serbian, Ukrainian and Russian securities exceeds 50% of the market value of the Fund's assets, the Depositary's Charge is increased by 0.059%.

** if the market value of the assets of LHV Emerging Europe Alpha Fund exceeds 6 million euros, the rate of Depositary's Charge on the assets exceeding this limit is 0.2124%. All brackets of the Depositary's Charge are increased by 0.0354% if the aggregate market value of Romanian, Bulgarian, Croatian, Slovak, Slovenian, Serbian, Ukrainian and Russian securities exceeds 30% of the market value of the Fund's assets.

*** Upon managing LHV Persian Gulf Fund the Management Company is entitled to performance fee if the net asset value of the Unit exceeds the highest historical net asset value to which the required minimum return of 10% per year has been added. The rate of performance fee is 15% of the increase in the net asset value of the Unit that exceeds the highest historical net asset value of the Unit to which the required minimum return of 10% per year has been added.

The Management Fee (including Performance Fee) and the Depository's Charge are deducted from the market value of the assets of the Fund on a daily basis and are paid within a month following the month of reporting.

The Management Company may pay at its own expense to the Intermediaries for their activities upon offering the Units to investors.

Fees and Expenses of a Unit-Holder

Fees and charges calculated from the amount invested by the investor:

	LHV World Equities Fund	LHV Emerging Europe Alpha Fund	LHV Persian Gulf Fund
Unit issue fee	1%	2%	2%
Unit redemption fee	1%	none	1%

Upon exchanging the Units no issue fee is applied on the Units being acquired.

All other direct expenses related to issuing and redeeming Units shall be borne by a unit-holder.

Transactions with Units

Transactions with Class A Units are conducted through an Intermediary and with Class B Units through EVK or an EVK account manager. By submitting a purchase, redemption or exchange order the investor warrants and represents that the investor has examined and consents to and adheres to the Fund Rules and Prospectus.

Issue and Redemption Price of the Unit

The issue price of a Unit is the net asset value of the Unit of the respective unit class on the banking day when a purchase order is received by the Management Company to which the issue fee has been added.

The redemption price of a Unit is the net asset value of the Unit of the respective unit class on the banking day of receipt of the redemption order by the Management Company from which the redemption fee has been deducted.

The Management Company has the right, at its own discretion, to reduce the issue and redemption fees for certain investors or waive the fees fully, which would reduce the issue price or increase the redemption price for that certain investor.

Issue of Units

To acquire Class A Units the investor submits to an Intermediary a purchase order in a format prescribed by the Intermediary. The Intermediary can submit purchase orders to the Management Company until 16:00 (Tallinn time) on each banking day. The orders which are received after 16:00 are considered to be received on the next banking day.

Class B units may be acquired through EVK by transferring the invested amount to a special subscription account of EVK in the Bank of Estonia. In such case the payment order which serves as a basis for the payment received by EVK is deemed to be the purchase order. Orders which are received by EVK after 16:00 (Tallinn time) are considered to be received on the next banking day.

The requisite information for payment orders for acquiring Class B Units:

LHV World Equities Fund B Unit

Beneficiary's account: 30100974909

Beneficiary: EVK (Eesti Väärtpaberikeskus)

Details of the transfer: LHV World Equities Fund B subscription

Reference number: investor's EVK securities account number

Amount: invested sum in Estonian kroons

LHV Emerging Europe Alpha Fund B Unit

Beneficiary's account: 30100975089

Beneficiary: EVK (Eesti Väärtpaberikeskus)

Details of the transfer: LHV Emerging Europe Alpha Fund B subscription

Reference number: investor's EVK securities account number

Amount: invested sum in Estonian kroons

LHV Persian Gulf Fund B Unit

Beneficiary's account: 30100952963

Beneficiary: EVK (Eesti Väärtpaberikeskus)

Details of the transfer: LHV Persian Gulf Fund B subscription

Reference number: investor's EVK securities account number

Amount: invested sum in Estonian kroons

If the investor does not have an account with the Registrar, the investor must open it through an Intermediary or EVK account manager.

By giving the purchase order the investor warrants and represents that the investor has examined and consents to and adheres to the Fund Rules and Prospectus.

On the banking day following the date of the receipt of the purchase order by the Management Company the number of issued Units is calculated by

dividing the amount indicated in the purchase order with the issue price of the Unit. The issued Units are transferred to the investor's account with the Registrar not later than on the third banking day after the receipt of the purchase order by the Management Company.

Redemption of Units

To redeem the Class A Units the investor submits to an Intermediary a redemption order in a format prescribed by the Intermediary. The Intermediary can submit redemption orders to the Management Company until 16:00 (Tallinn time) on each banking day. The orders which are received after 16:00 are considered to be received on the next banking day.

Class B Units can be redeemed if the unit-holder submits to the unit-holder's EVK account manager a redemption order in a format prescribed by the EVK account manager.

On the banking day following the date of the receipt of the redemption order by the Management Company the amount earned from the redemption of the Units is calculated by multiplying the amount of Units indicated in the redemption order by the redemption price of the Unit.

The amount received from the redemption of the Units is transferred to the current account connected with the investor's securities account with the Registrar and the Units are deleted from the Register on the third banking day after receipt of the redemption order by the Management Company in the case of LHV World Equities Fund and LHV Emerging Europe Alpha Fund, and on the sixth banking day after receipt of the redemption order by the Management Company in the case of LHV Persian Gulf Fund.

If the unit-holders apply for the redemption of Units in an amount exceeding 5% of the net asset value of the Fund on the basis of redemption and exchange orders per banking day, the Management Company has the right to postpone all settlements made on the basis of the redemption and exchange orders of such day by up to 10 banking days.

The Management Company has the right to suspend redemption of Units in events and at the terms provided by the Investment Funds Act.

Exchange of Units

The unit holder has the right to exchange the Units of LHV World Equities Fund for the Units of LHV Emerging Europe Alpha Fund and vice versa. It is allowed to exchange Units of the same class (Units have the same Registrar) only.

Exchanging the Units or for the Units of LHV Persian Gulf Fund is not allowed.

Upon exchanging the Units the exchanged Units are redeemed and new Units are issued, to which redemption and issue procedures are applied, with the exception that no payments are made to the investor. Upon exchange the Units are redeemed and issued based on the net asset values of the Units as of the date of receipt of the exchange order by the Management Company.

To exchange Class A Units the unit-holder submits an exchange order to an Intermediary in a format prescribed by the Intermediary. The Intermediary can submit exchange orders to the Management Company until 16:00 (Tallinn time) on each banking day. The orders which are received after 16:00 are considered to be received on the next banking day.

To exchange Class B Units the unit-holder submits an exchange order to the unit-holder's EVK account manager. Exchanging is possible only if the EVK account manager provides the particular service.

The Units redeemed during the exchange are deleted from the Register and the Units acquired during the exchange are transferred to the investor's securities' account not later than on the third banking day after receipt of the exchange order by the Management Company.

Taxation

Taxation of the Fund

According to the legislation of the Republic of Estonia, the Funds are not taxable persons and therefore the income of the Funds is not subject to taxation in the Republic of Estonia.

Taxation of the Investors

The income of the Funds shall not be distributed to unit-holders but shall be reinvested. Unit-holder's profit or loss shall be reflected in the changes of the net asset value of the Unit. If a unit-holder is a taxable person, gains from Units may be taxable. The Management Company does not withhold any taxes on gains earned from Units. Declaring such gains in the tax declaration of accounting period is an obligation of the unit-holder. The tax system applicable to an investor may depend on the investor's residency, legal form and other similar circumstances.

Taxation of Residents of the Republic of Estonia (Natural Persons)

Investor's income may arise from the difference between the acquisition cost and redemption price of the Units. The acquisition cost means all certified costs

incurred by the taxpayer for acquisition of the assets. The taxpayer has the right to deduct certified costs that are directly related to the redemption of the Units from the taxable income. The tax obligation may be reduced by the minimum tax-free income, losses suffered from other securities transactions, etc.

The Management Company does not withhold any income tax, the investor is obliged to declare such income in the tax declaration of the relevant accounting period.

No income tax is levied on the income, which a natural person obtains from the exchange of Units of the funds managed by the Management Company provided no payments are made to the investor.

Taxation of Residents of the Republic of Estonia (Legal Persons)

The income earned by a legal person, who is a resident of the Republic of Estonia, is exempt from tax. Investor who is a legal person is obliged to declare such income in the profit and loss statement under financial income/loss in the relevant accounting period.

Taxation of Non-Residents

The income earned by a non-resident investor from Units is not subject to taxation in the Republic of Estonia. Income may be taxed in the country of residence of the non-resident investor pursuant to the taxation laws of that country.

Investors should consult their tax and financial adviser as to the tax consequences relating to each specific situation.

Management Company, Depositary, Auditor and Intermediaries

Management Company

The Funds are managed in the interest of the unit-holders by AS LHV Varahaldus, the share capital of which is 63 million Estonian kroons, registry code 10572453, duly established and organized under the laws of the Republic of Estonia on August 9, 1999 as a public limited company that manages investment funds.

Activities and operations of the Management Company are supervised by the Financial Supervision Authority of the Republic of Estonia. The Management Company holds an activity license No F-4/0006 issued on March 27, 2002.

The Management Company has sufficiently relevant information about the assets that it intends to acquire or has acquired on behalf of the Funds and sufficiently information about the counterparties with whom transactions are entered into on behalf of the Funds. The Management Company has the right to dispose of and possess the assets of the Funds and other rights arising from it. Upon management of the Funds, the Management Company conducts transactions in its name and on behalf of the Funds. The Management Company manages the assets of the Funds separately from its own assets and from the assets and pools of assets of other investment funds managed by the Management Company.

Pension Funds Managed by the Management Company

LHV Dynamic Bonds Pension Fund – an open-end contractual investment fund, which allows investors to invest money in mandatory funded pension. The fund invests all its assets in bonds and money market instruments.

LHV Quality Bonds Pension Fund – an open-end contractual investment fund, which allows investors to invest money in mandatory funded pension. The fund invests all its assets in bonds and money market instruments.

LHV Balanced Strategy Pension Fund – an open-end contractual investment fund, which allows investors to invest money in mandatory funded pension. The fund invests up to 25% of its assets in equities and the rest of the assets in bonds and money market instruments.

LHV World Equities Pension Fund – an open-end contractual investment fund, which allows investors to invest money in mandatory funded pension. The fund invests up to 50% of its assets in equities and the rest of the assets in bonds and money market instruments.

LHV New Markets Pension Fund – an open-end contractual investment fund, which allows investors to invest money in mandatory funded pension. The fund invests up to 50% of its assets in equities and the rest of the assets in bonds and money market instruments.

LHV Supplementary Pension Fund – an open-end contractual investment fund, which allows investors to invest money in supplementary funded pension. The fund invests up to 95% of its assets in equities, but may also invest in bonds and money market instruments.

Supervisory Board of the Management Company

Andres Viisemann – chairman of the supervisory board

Andres Viisemann is the fund manager of LHV pension funds, as well as a supervisory board member and one of the founders of AS LHV Pank in 1999.

From 1991 to 1997 he was working as the Head of Capital Markets department of Hansapank and from 1998 to 1999 as the Head of Financial Risks department of Hansapank. Andres has graduated from University of Tartu and holds an MBA from INSEAD.

Rain Lõhmus – member of the supervisory board

Rain Lõhmus is the chairman of the supervisory board of AS LHV Pank and one of the founders in 1999. From 1991 to 1999 he was the Vice-Chairman of the Management Board of Hansapank and the CEO of Hansapank Markets. He was one of the founders of Hansapank in 1991, and among its main shareholders. Rain has graduated from Tallinn University of Technology in 1988 and General Manager Program in Harvard Business School in 1999.

Erki Kilu – member of the supervisory board

Erki Kilu is the chairman of the management board of AS LHV Pank. Earlier Erki was managing Seesam Life Insurance SE, where he worked since 1996. Erki has graduated Estonian Business School and holds a Masters degree from University of Tartu.

Charles Smith – member of the supervisory board

Charles Smith works for the European Bank for Reconstruction and Development since September 2007. Charles has over 10 years of experience in investment banking, having worked for several international banks. Charles holds an MSc degree from Stockholm School of Economics in Sweden and CEMS Master degree from University of Cologne in Germany.

Management Board of the Management Company

Mihkel Oja – chairman of the management board

Mihkel Oja is the General Director of the Management Company since the beginning of 2007. From 2003 to 2006 he was an associate in GILD Bankers (until October 2006 known as LHV Financial Advisory Services), where he was a co-manager of two hedge funds and a real estate fund. He has graduated Stockholm School of Economics in Riga with specialization in finance.

Kerli Lõhmus – member of the management board

Kerli Lõhmus joined AS LHV Pank as a back office specialist in 2002. Kerli has been working as the head of accounting and is currently the CFO and a board member of AS LHV Pank. Kerli is in the management board of the Management Company since August 2008. Kerli has graduated Tallinn University of Technology in 2000.

Fund Managers

Andres Viisemann – fund manager of LHV World Equities Fund

See above.

Mihkel Oja – fund manager of LHV Emerging Europe Alpha Fund

See above.

Oliver Ait – fund manager of LHV Persian Gulf Fund

Oliver Ait moved to the Management Company in the beginning of 2008. Earlier he was working in AS LHV Pank as a Senior Analyst. Oliver has graduated University of Tartu in the field of Mathematics.

Assignment of the Duties of the Management Company

For better performance of its duties, the Management Company has the right to transfer the following activities to third parties:

- organization of the issue and redemption of the Units;
- issue of documentation proving the right of ownership to the unit-holders of the Funds;
- communication of necessary information to the unit-holders of the Funds and provision of other services to clients;
- organization of marketing of the Units;
- keeping account of the assets of the Funds and organization of accounting of the Funds;
- determination of the net asset value of the Funds;
- organization of maintenance of a register of the Units;
- monitoring the compliance of the activities of the Management Company and the Funds with legislation, including application of a relevant control audit system;
- activities directly related to the aforementioned.

The Management Company has assigned the following duties to third parties:

- organization of maintenance of the registers of the Units: in respect of Class A Units to LHV and in respect of Class B Units to EVK;
- organization of marketing of the Units: to the Intermediaries;
- communication of necessary information to the unit-holders of the Funds and provision of other services to clients: to the Intermediaries;
- issue of documentation proving the right of ownership to the unit-holders of the Funds: to LHV;

- keeping account of the assets of the Funds and organization of accounting of the Funds: to LHV;
- determination of the net asset value of the Funds: to LHV;
- monitoring the compliance of the activities of the Management Company and the Funds with legislation, including application of a relevant control audit system: to LHV.

The Management Company's liability related to managing the Funds shall not be affected by the fact that the Management Company delegated any functions to third parties.

Depositary

The Depositary of the Funds is Swedbank AS, registry code 10060701, address Liivalaia 8, 15040 Tallinn, the Republic of Estonia. The Depositary has been duly established and organized under the laws of the Republic of Estonia on January 7, 1992. The Depositary holds a credit institution activity license EP-13PO issued for an unspecified term on January 26, 1993 by the supervisory board of the Bank of Estonia. The Depositary is supervised by the Financial Supervision Authority of the Republic of Estonia. The Depositary offers various financial investment services.

The Depositary has the following duties:

- to safekeep the money, securities and other assets of the Funds;
- to perform the settlements and transactions with the assets of the Funds and to keep account thereof;
- to ensure that the Units are issued, redeemed and cancelled, compensated for and exchanged pursuant to the requirements prescribed by law, legislation issued on the basis thereof and the Fund Rules;
- to verify that the transactions entered into by the Management Company on behalf of the Funds are in compliance with effective legislation and the Fund Rules.

Pursuant to the procedure prescribed in the depositary contract the Depositary has the right to enter into agreements with third parties for the safekeeping of the Funds' assets, the performance of transactions therewith and the transfer of other duties of the Depositary. The Depositary shall choose a third party with due diligence in order to ensure the reliability of the third party. Before the transfer of duties and thereafter, the Depositary is required to verify whether the level of the organizational and technical administration of the third party and its financial situation are adequate to ensure the performance of obligations prescribed in the contract. Upon transfer of duties, the Depositary shall be held liable upon violation of its obligations for direct damage caused thereby to the Funds, unit-holders or the Management Company.

Auditor

The Auditor of the Management Company and the Funds is AS PricewaterhouseCoopers, registry code 10142876, Pärnu rd 15, 10141 Tallinn, the Republic of Estonia.

Intermediaries

Unit transactions are intermediated by persons who have entered into an intermediation contract with the Management Company:

- AS LHV Pank, Estonian office, Tartu rd 2, 10145 Tallinn, the Republic of Estonia, phone: +372 6 800 400, fax: +372 6 800 402, e-mail: info@lhv.ee;
- AS LHV Pank, Latvian office, Dunties iela 6-606, LV-1013 Rīga, the Republic of Latvia, phone: +371 6 750 2100, fax: +371 6 750 2102, e-mail: info@lhv.lv;
- AS LHV Pank, Lithuanian office, Gynėjų 16, LT-01109 Vilnius, the Republic of Lithuania, phone: +370 5 204 7 204, fax: +370 5 204 7 207, e-mail: info@lhv.lt.

Complete list of intermediaries (incl. intermediaries that have been added after latest amendments in this Prospectus) is available at web pages www.lhv.ee, www.lhv.lv and www.lhv.lt.

Liquidation of the Funds

Liquidation of the Funds shall be effected in the cases and according to the procedures provided for in the Investment Funds Act.

Liquidation of the Fund shall be decided by the supervisory board of the Management Company. In the cases provided for in the Investment Funds Act, the Depositary can act as the liquidator.

The circumstances causing liquidation of the Fund may be, for instance, the impossibility of achievement of the investment objective arising from changes in the market situation, lack of interest among the investors, etc.

To liquidate the Fund the Management Company or the Depositary shall apply to the Financial Supervision Authority for such permission. Subsequent to obtaining approval for liquidation of the Fund from the Financial Supervisory Authority, the Management Company shall without delay publish a notice regarding the liquidation of the Fund in at least one daily national newspaper and on the website specified in the Prospectus, indicating in the notice the data required by legislation, including the deadline by which the creditors of the Fund must file their claims against the Fund.

The issue and redemption of the Units of the Fund are suspended as from the date following the publication of the liquidation notice.

Upon liquidation of the Fund the liquidator shall, as soon as possible and in accordance with the interests of the unit-holders, transfer the assets of the Fund, collect the debts of the Fund and satisfy the claims of the creditors of the Fund. The liquidation costs covered at the account of the Fund may not exceed 2% of the net asset value of the Fund as of the date of approval of the liquidation decision.

The Management Company shall distribute the assets remaining after the liquidation between the unit-holders according to the number and the net asset value of the Units held by a unit-holder. The Management Company shall publish a notice regarding the distribution of assets to be distributed in at least one daily national newspaper and on the website specified in the Prospectus.

Information About the Funds

Information about the Funds is published according to the legislation and Fund Rules at the seat of the Management Company and on the web pages www.lhv.ee, www.lhv.lv and www.lhv.lt. Each person can examine the following information and documents during the business hours at the seat of the Management Company: i) the Fund Rules, ii) the last annual reports of the Funds, iii) the last semi-annual reports of the Funds if these are approved after the last annual reports, iv) the Prospectus and the simplified prospectuses, v) the name and contact details of the Management Company, vi) the names of the fund managers, vii) the name and contact details of the Depositary, viii) information on the size of holdings of the Management Company in the Funds and ix) internal rules for calculating the net asset value. The Management Company provides the unit-holders with the copies of the documents from i) to iv) free of charge.

On request, unit-holders shall receive a copy of the Fund Rules, the Funds' most recent annual or semiannual reports, the Prospectus and the simplified prospectuses free of charge.

The annual reports of the Funds shall be made available in not more than 4 months after the end of the Funds' financial year. The semi-annual report of the Fund shall be made available in not more than 2 months after the end of the half-year.

The Management Company has the right to send notices and reports about the Funds to the postal and e-mail address of the unit-holders.

Members of the Management Board of the Management Company:

Mihkel Oja

Kerli Lõhmus