

Inflection point?

The rise, which started in March, continued throughout April. The biggest rally was seen in the emerging markets of Asia and Latin America, whereas the performance of Nordic countries and Eastern Europe was weaker. China and Brazil grew by 17.4% and 16.8% respectively. However, these moves can be attributed to technical changes. Since during the last year's sharp rise the stamp duty on the local Chinese stock ex-change was increased in order to cool down the market, reduction of the levy this month has caused a rally.

World equity markets' performance (2008.04.30)*

Country/Region	Month	YTD
World	7.18%	-10.74%
Western Europe	5.35%	-11.93%
North America	6.87%	-10.79%
Japan	9.15%	-7.97%
Emerging Markets	9.79%	-10.17%
Asia ex. Japan	9.82%	-13.60%
CEEC ex. Russia	1.67%	-12.90%
Russia	4.38%	-14.78%
Latin America	11.29%	0.72%
GCC ex. S. Arabia	7.32%	12.30%

*Morgan Stanley indexes, in Euro

Source: MSCI Barra

The driving force of Brazil's performance was S&P's decision to upgrade the country's rating to investment grade. The decision itself was not a surprise, but it was not expected to happen so soon. Brazil's economy is currently witnessing a rapid growth thanks to high prices of energy and commodities and the upgrade means smaller interest rates and therefore bigger profits for the companies.

The situation in credit markets remain difficult

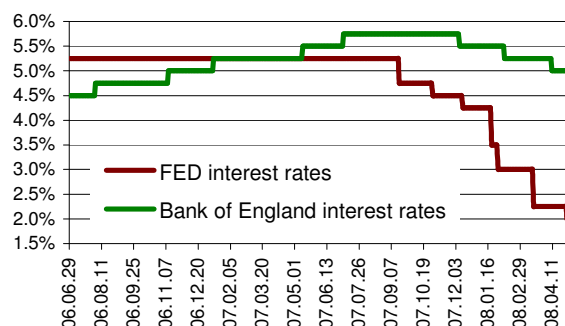
The Central Banks of US and Europe have lately made great efforts to relieve and solve the credit crunch. Borrowing has been made a lot easier, i.e. the list of securities suitable for collateral has been expanded. In addition, Federal Reserve has cut interest rates seven times during last nine months.

Movers and shakers in April 2008

- New emission of Lehman Brothers shares sparked surprisingly high demand
- Booming prices of raw materials stimulated appreciation of Asian companies
- USA economy rose by 0.6% in 2008 Q1 surpassing analysts' expectations
- The bank of England has lowered the key interest rate to 5.0%
- Falling real estate prices in 21 USA town
- USA Consumer confidence index slumped to 63,2 in April and was the lowest for 26 years
- The profit of Philips Electronics in 2008 Q1 dropped by 75%
- High food prices endangers the stability of the least developed Asian countries

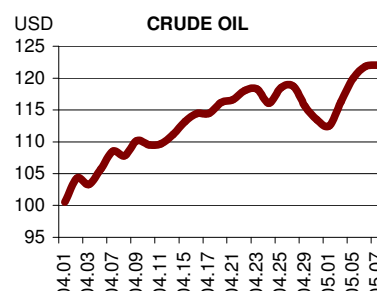
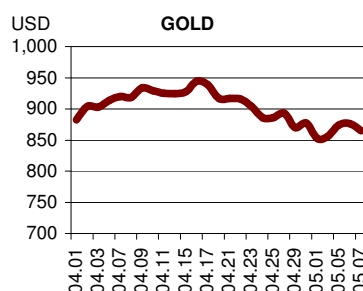
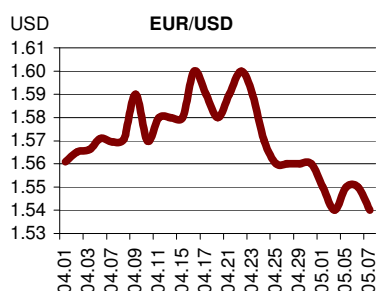
The question of different matter is whether the customers can also reach the cheaper and more easily accessible money. Will the banks dare to give new loans or extend the old ones? In our opinion there is a risk that in addition to sub-prime loans there will be downgrades of the loans and high-yield bonds connected with leveraged buyouts. That would be another blow for the credit market.

Dynamics of interest rates since 2006.06.29



Source: Bloomberg; Bank of England

The Baltic credit market is in a unique situation, as the largest banks have had no need to borrow money from international markets and were financed by their Swedish owners. It has kept the interest rates low. This kind of situation can not last for long and we expect to see considerable rise in interest rates within a year.



LHV World Equities Fund

30-Apr-08

Monthly Return

5.61%

NAV of Unit

EUR 9.4116

Fund Size

EUR 648,188

Investment Objective

The Fund's investments are diversified geographically among 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, Latina-America and Eastern-Europe).

The Fund is for investors who want to invest globally without preferring any specific region. As the Fund is already globally diversified you can choose it as your only stock-based investment. The Fund is for long term investors.

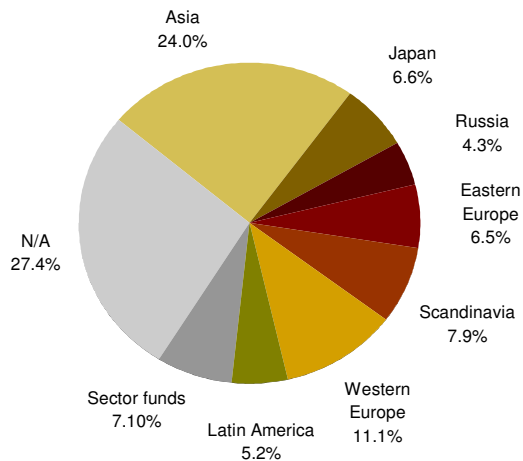
Performance History



Historical Returns

	1 month	3 months	6 months	12 months	YTD	Since Inception	Since Incep. p.a.
Fund	3.41%	1.34%	-13.00%	-	-10.67%	-5.88%	-

Geographical Breakdown



Top 10 Investments

Name	% of Assets
JF Asia Diversified A (acc)	5.64%
Pictet FDS - Clean Energy Fund	4.13%
HSBC GIF Japanese Equity Fund	3.91%
HSBC GIF Thai Equity	3.83%
Ishares Msci South Korea Index	3.47%
JPM Germany Equity A (dist)	3.40%
Fenno 28/03/10	3.13%
HSBC GIF Asia ex Japan Equity Smallc	3.17%
Market Vectors Russia ETF Trust	3.02%
Pictet Water P Cap	2.97%
Value of TOP 10 Investments	37%
Total Number of Investments	27

Fund Manager's Comment

Rise on the world stock markets continued during April. The rally was most pronounced in the developing markets of Asia and Latin America and rather subdued in Scandinavian and Eastern European markets.

As we believe good times haven't returned to stock markets yet and rally is only temporary before the next leg down, we have been acting accordingly. During the final days of the month we have been reducing our positions in Western European stock funds. In our opinion, the problems that are engulfing America are also emerging in Western and Eastern Europe.

We see better opportunities in other emerging markets, mostly in Southeast Asia, but also in Brazil and Russia. It is our conviction that economies of those regions are prone to grow even during the times when US economy is in a downtrend and Western European growth is below the potential.



Andres Viisemann

Fund Details

Type: UCITS
 ISIN: EE3600092417
 Fund Manager: Andres Viisemann
 Depository: Hansabank (Swedbank)
 Registrar: LHV

Issue Fee: 1.0%
 Management Fee: 2.0%
 Redemption Fee: 1.0%
 Established: 04/27/2007
 Launched: 08/13/2007

LHV Emerging Europe Alpha Fund

30-Apr-08

Monthly Return

2.28%

NAV of Unit

EUR 7.1240

Fund Size

EUR 801,167

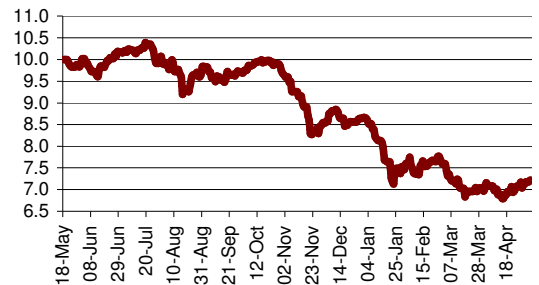
Investment Objective

The Fund aims to benefit from EU convergence trends and rising consumer spending in emerging Europe.

The Fund invests actively in listed final consumer oriented companies that gain from increasing household income and emergence of middle class in Eastern Europe, including Russia and Ukraine.

The Fund picks companies with profitable operations, strong brand identity, distribution reach and pricing power mostly from the following industries: retail, banks, finance, real estate, construction, and entertainment.

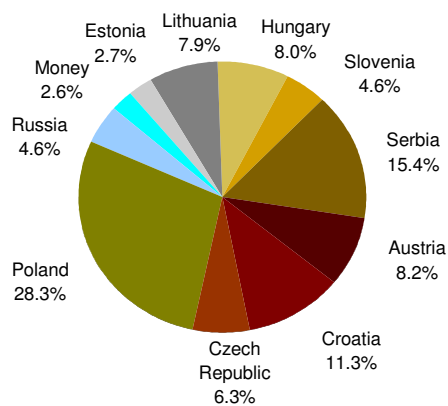
Performance History



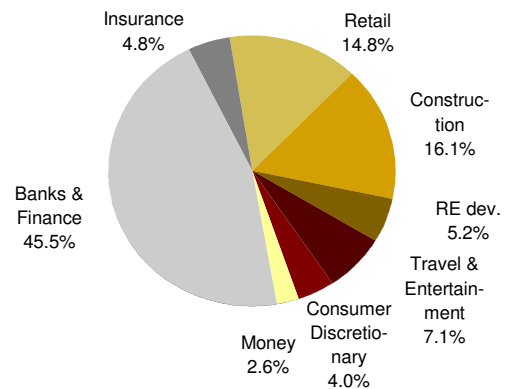
Historical Returns

	1 month	3 months	6 months	12 months	YTD	Since Inception	Since Incep. p.a.
Fund	2.28%	-4.50%	-26.44%	-	-17.78%	-28.76%	-

Country Breakdown



Industry Breakdown



Top 10 Investments

Name	% of Assets
AIK Banka (YU)	6.51%
PKO Bank Polski (PL)	6.48%
Raiffeisen Intl Bank Holding (AT)	5.85%
IGH (HR)	5.67%
Mostostal-Export SA (PL)	5.14%
Komerčni Banka (CZ)	5.09%
LPP SA (PL)	5.02%
BRE Bank (PL)	4.80%
Sberbank (RU)	4.63%
AB Ūkio bankas (LT)	4.19%
Value of TOP 10 Investments	53%
Total Number of Investments	25

Fund Manager's Comment

April was full of changes. While in the first part of the month the prices continued to slide down and all-time low for the Fund was achieved on the 14th of April, the second half of the month has brought a mighty bounce-back finishing the month with a solid profit. The fund was helped by appreciating currencies too, only Czech koruna has become a tad cheaper.

The best performing market of the month was Austria; the Fund's holdings in that market have grown by impressive +19.26%. Hungarian (+9.80%) and Croatian (+8.98%) markets, in a sharp reversal of previous month, have also demonstrated solid results. Real disappointment were the Baltic markets (-14.04%) and Slovenia (-11.62%). Due to worsening sentiment in Slovenia, the holdings there were sharply reduced there during the month. Also some Polish holdings were reduced, especially LPP following a rally due to merger talks with a domestic competitor.

Beginning of May augurs well for the Fund development, the upward trend that started in the second half of April is continuing. Strong fundamentals of CEE companies and returning foreign investors are the main drivers of the market.

Fund Details

Type: UCITS
 ISIN: EE3600090593
 Fund Manager: Romanas Bulatovas
 Depositary: Hansabank (Swedbank)
 Registrar: LHV

Issue Fee 2.0%
 Management Fee 2.5%
 Redemption Fee 0.0%
 Established: 04/12/2007
 Launched: 05/18/2007



LHV Persian Gulf Fund

30-Apr-08

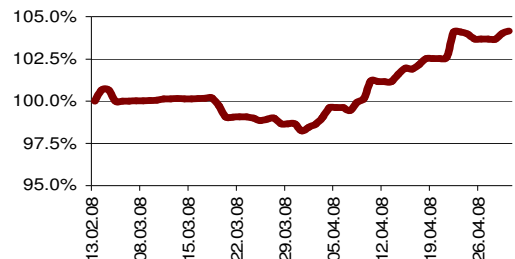
Monthly Return 6.04%
NAV of A unit EUR 10.4161
NAV of B unit EEK 104.1608
Fund Size EUR 4,584,082

Investment Objective

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

As growth and opportunity is seen outside the energy sector, the majority of the Fund's assets are invested in banking, insurance, infrastructure, communication, construction, power and water sectors.

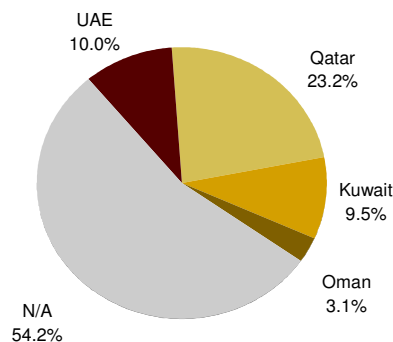
Performance History



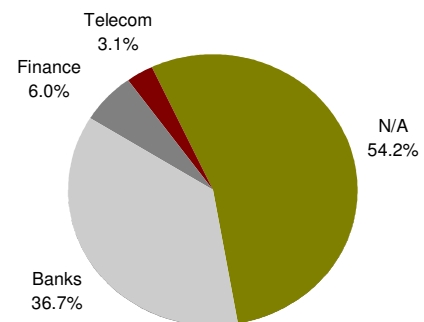
Historical Returns

	1 month	3 months	6 months	12 months	YTD	Since Inception	Since Incep. p.a.
Fund	6.04%	-	-	-	4.16%	4.16%	-

Country Breakdown



Industry Breakdown



Top 10 Investments

Name	% of Assets
Qatar Islamic Bank (QA)	6.29%
First Gulf Bank (AE)	6.23%
Qatar National Bank (QA)	6.16%
Qatar Insurance Company (QA)	5.97%
Commercial Bank of Qatar (QA)	4.75%
National Bank of Abu Dhabi (AE)	3.75%
Burgan Bank (KW)	3.25%
Commercial Bank of Kuwait (KW)	3.22%
Bank Dhofar (OM)	3.08%
Nat Mobile Telecom (KW)	3.07%
Value of TOP 10 Investments	45.8%
Total Number of Investments	10

Fund Manager's Comment

April was a strong month in GCC. The best performing markets were Qatar (+17.9%), Oman (+10.4%) and Abu Dhabi (+8.0%).

During the month we continued to buy stocks in Qatar, Abu Dhabi and Oman focusing on banking sector.

Ongoing reporting season has been affecting market behavior during the April. Banks in Qatar and Abu Dhabi have been demonstrating strong year over year asset and profit growth during the 1Q of 2008. Biggest Qatari banks witnessed 40-60% asset and profit growth during the first quarter, while costs and loan quality has been under control. The results of Kuwaiti banks have been rather modest, but valuations are reasonable.



Oliver Ait

Fund Details

Type: UCITS
 ISIN: EE3600095287 (EUR)
 Registrar: LHV
 ISIN: EE3600095295 (EEK)
 Registrar: EVK
 Fund Manager: Oliver Ait
 Depository: Hansabank (Swedbank)

Issue Fee 2.0%
 Management Fee 1.75%
 Redemption Fee 1.0%
 Success fee 15% over 10% hurdle
 Established: 01/10/2008
 Launched: 02/13/2008

LHV – Your guide to financial world

LHV, founded in 1999, is a financial brokerage company, offering professional services of financial intermediation, personal advising and wealth management. Access to over 70 market centers worldwide accompanied with investment strategy and support makes us the first choice for beginners and educated investors. Although our main channel of communication and service is the internet, we are always ready to meet you in person, discuss your needs and how we could help you finding the best investment goals. The company is represented in Estonia, Latvia and Lithuania.

Investing in LHV funds

LHV Emerging Europe Alpha Fund is publicly offered in Estonia, Latvia and Lithuania.

LHV World Equities Fund and LHV Persian Gulf Fund are publicly offered in Estonia.

Investor can invest in LHV funds through:

- A-units (denominated in euros, register maintained by LHV) or;
 - B-units (denominated in EEK, register maintained by Estonian Central Securities Depository (ECSD)).
- B-units are available only for LHV Persian Gulf Fund.

In order to buy **A-units** investor needs an investment account with LHV.

- Go to investment portal www.lhv.ee
- Log in with your personal user data
- Select "Funds" -> "LHV World Equities Fund", "LHV Emerging Europe Alpha Fund" or "LHV Persian Gulf Fund"
- From right-hand menu click on "BUY"
- Enter invested amount and confirm the trade

In order to buy **B-units** investor needs a securities account with ECSD.

Investment can be made in the form of a regular payment.

Requisites for LHV Persian Gulf Fund:

- Beneficiary's name: **EVK** (ECSD in Estonian)
- Beneficiary's account: **30100952963** (ECSD's account in Bank of Estonia)
- Amount: amount in Estonian kroons
- Details: LHV Persian Gulf Fund B purchase
- Reference number: investor's securities account number with ECSD

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