

The second straight positive month

Stock markets together with corporate bonds continued to rally in April, extending gains made in March, on the back of improving economic data. The best performance last month was again demonstrated by emerging markets with exceptionally sound appreciation of the stock prices in China, Brazil and Russia, which showed clearly the strongest gain during the first 4 months of this year.

World equity markets' performance (2009.04.30)*

Country/Region	Month	YTD	Cur.
World	10.22%	-0.02%	Local
Western Europe	14.99%	-1.05%	Local
North America	9.26%	-2.21%	Local
Japan	9.20%	-1.69%	Local
Emerging Markets	16.28%	16.87%	USD
Asia ex. Japan	16.50%	16.75%	USD
CEEC ex. Russia	21.19%	-3.83%	EUR
Russia	21.80%	28.36%	USD
Latin America	16.44%	21.69%	USD
GCC ex. S. Arabia	10.60%	-10.73%	USD

*Morgan Stanley indices
Source: MSCI Barra

Movements of stock prices were firstly stimulated by investors' desire to believe that we are now approaching the bottom of the market or even overstepping it which led to higher risk appetite. This was visible not only on stock markets, but also seen in higher-yield bonds trading. It is remarkable that optimism have spread to very wide area of investment instruments: from stocks, bonds, low rating corporate bonds to even raw materials.

Is this a new start?

This is the question that many have asked during last few weeks. Most probably the answer is yes, we are observers of a new start. The main obscurity is what kind of "new" financial environment it will bring. Different governments' bailout programs around the world begin slowly demonstrate positive effect as frozen credit markets and real economy start to show the first signs of recovery. On the other hand, we shouldn't expect fast economic rebound as we are facing the worst financial crisis since the Great Depression. The main aspects which must be consi-

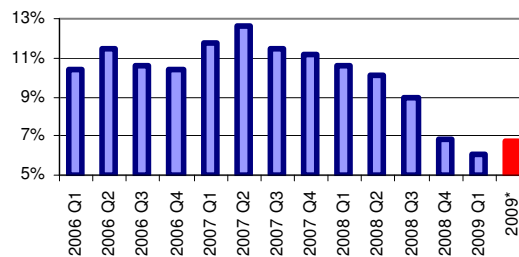
Movers and shakers in April 2009

- China's manufacturing index rose for the first time in 6 months to 52.4 in March
- G20 leaders pledged \$1 tn in emergency aid and additional \$750 bn for IMF
- US bank JP Morgan Chase achieved EPS of \$0.4 (-10% y/y) in '09 1Q and beat the forecast of \$0.32
- German investor sentiment jumped to 13 points in April from -3.5 in March (highest level in 2 years)
- US consumer confidence index stood at 39.2 in April up from 26.9 in March (5 months high)
- US shed 663,000 jobs in March, lifting the unemployment rate to 8.5%
- China's GDP rose only by 6.1% y/y in '09 1Q, the worst in nearly 2 decades
- USA secondary housing market sales contracted by -3% in March twice as rapidly as expected
- Fear of potential swine flu pandemic
- US GDP fell by -6.1% y/y in '09 1Q worse than the expected drop of -4.7%

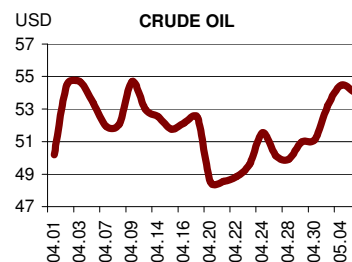
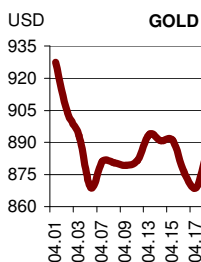
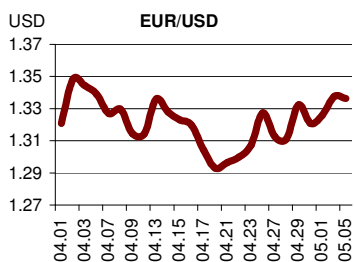


dered before investing are fundamental results of companies and regions and the quality of their balance sheets. Stabilization and new financial environment will bring different response on different regions. Asia, especially China, is already expected to demonstrate higher real economy growth in 2009 than predicted previously. However the outlook of our nearby regions looks more pessimistic as the only visible positive signs came from bond market with increased trust towards government bonds. And it is still a long road from there to reestablishing faith in broader economic recovery but at least we have taken the first steps.

Dynamics China's GDP growth since 2006



* IMF forecast for China's GDP growth
Source: Bloomberg



LHV World Equities Fund

30-Apr-09

Monthly Return

9.80%

NAV of A unit

EUR 6.5778

NAV of B unit

EEK 65.7780

Fund Size

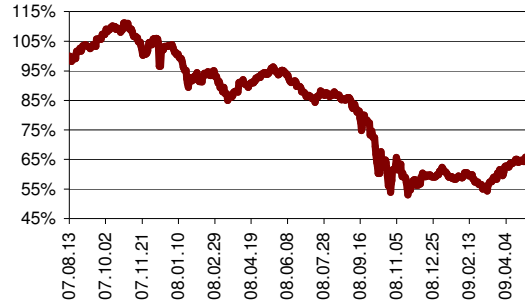
EUR 464,752

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, Latin 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.

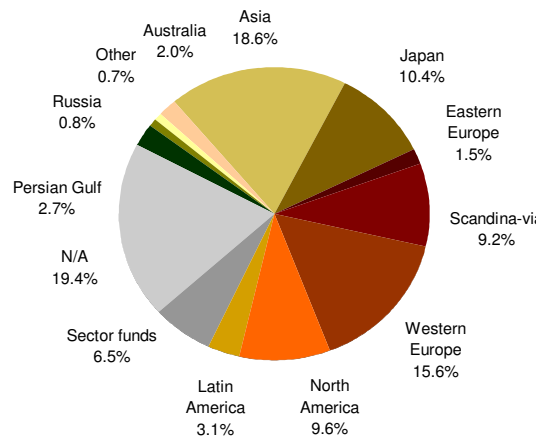
Performance History



Historical Returns

	1 month	3 months	6 months	12 months	YTD	Since Inception	Since Incep. p.a.
Fund	9.80%	11.19%	6.56%	-29.04%	9.80%	-34.22%	-21.68%

Geographical Breakdown



Top 10 Investments

Name	% of Assets
Fenno 28/03/10	4.40%
HSBC GIF Japanese Equity Fund	3.78%
Pictet FDS - Clean Energy Fund	3.41%
JPM Germany Equity A (dist)	3.14%
Pictet Water P Cap	3.07%
iShares MSCI Japan Index Fund	2.95%
HSBC GIF Thai Equity	2.95%
iShares MSCI South Korea Index	2.94%
HSBC GIF Asia ex Japan Equity Small	2.93%
LHV Persian Gulf Fund B share	2.89%
Value of TOP 10 Investments	32%
Total Number of Investments	46

Fund Manager's Comment

At the end of April main stock markets around world had risen from March lows about 30%. This rapid rise in prices is a result of hope among many that governments and central banks are solving crisis and the low point of this cycle is soon behind us. We will only know if this is reasonable and the eight week long rally is the beginning of new trend in some time. We are skeptical about quick recovery in real economy and are ready to lower fund's stock position rapidly if markets turn to negative which is our base case.

During the month we sold closed end bond funds bought in March, our long term investment into **Ericsson** and Russian funds. At the same time we increased positions in Western Europe and North America, investing into companies like **Procter & Gamble** and **SAP AG**.



Andres Viisemann

Fund Details

Type: UCITS
 ISIN of A-unit: EE3600092417 (EUR)
 Registrar of A-units: LHV
 ISIN of B-unit: EE3600097499 (EEK)
 Registrar of B-units: EVK
 Fund Manager: Andres Viisemann
 Depository: Swedbank

Issue Fee: 1.0%
 Management Fee: 2.0%
 Redemption Fee: 1.0%

Established: 2007.04.27
 Launched: 2007.08.13

LHV Emerging Europe Alpha Fund

30-Apr-09

Monthly Return

15.04%

NAV of A unit

EUR 2.5474

NAV of B unit

EEK 25.4740

Fund Size

EUR 256,884

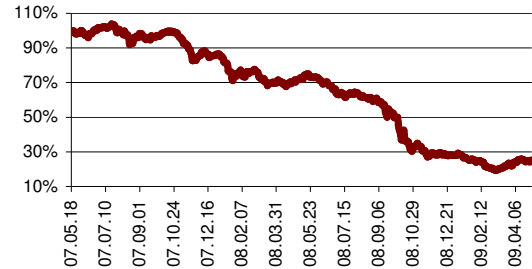
Investment Objective

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.

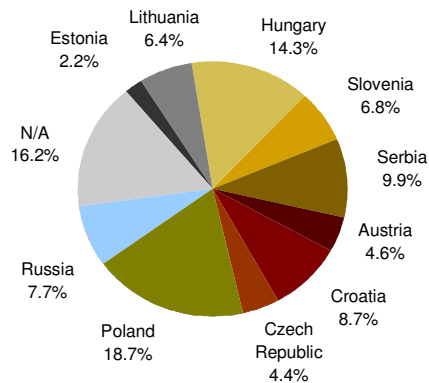
Performance History



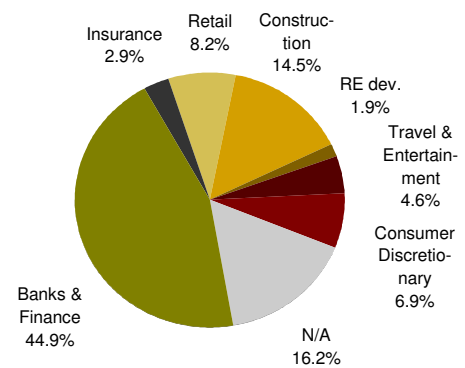
Historical Returns

	1 month	3 months	6 months	12 months	YTD	Since Inception	Since Incep. p.a.
Fund	15.04%	0.21%	-23.69%	-64.24%	-9.17%	-74.53%	-50.37%

Country Breakdown



Industry Breakdown



Top 10 Investments

Name	% of Assets
Sberbank (RU)	7.69%
OTP Bank (HU)	6.53%
Mostostal-Export SA (PL)	5.30%
Zwack Unicum Plc. (HU)	4.98%
BRE Bank (PL)	4.89%
PKO Bank Polski (PL)	4.73%
Raiffeisen Intl Bank Holding (AT)	4.64%
Komerčni Banka (CZ)	4.38%
Probanka d.d. (SI)	3.74%
Dalekovod d.d. (HR)	3.71%
Value of TOP 10 Investments	51%
Total Number of Investments	24

Fund Manager's Comment

Appreciation of CEE stock markets continued throughout April as economic outlook for CEE was recovering. Investors' optimism was driven by issued macro data which started to beat forecasts in places. However, financial indicators remain poor and a steep rise of stock prices suggests a near-term correction possibility, but we don't expect to re-test the early March lows.

Monthly return of the Fund was cornerstoned on Polish positions which gained whopping 43.1%. Russian Sberbank and Czech Komerčni bank came in second with contributions of 36.7% and 36.6% respectively. Double digit returns were also demonstrated by Hungarian shares. The worst performer was Lithuanian market, where the fund's holdings lost -9.8% of their value in April.

The fund took advantage of Poland market rebound by reducing its positions in real estate and retail sectors. It also decreased the exposure to higher-risk markets of Croatia and Baltic countries.

Fund Details

Type: UCITS
 ISIN of A-unit: EE3600090593 (EUR)
 Registrar of A-units: LHV
 ISIN of B-unit: EE3600097507 (EEK)
 Registrar of B-units: EVK
 Fund Manager: Mihkel Oja
 Depository: Swedbank

Issue Fee: 2.0%
 Management Fee: 2.5%
 Redemption Fee: 0.0%

Established: 2007.04.12
 Launched: 2007.05.18

LHV Persian Gulf Fund

30-Apr-09

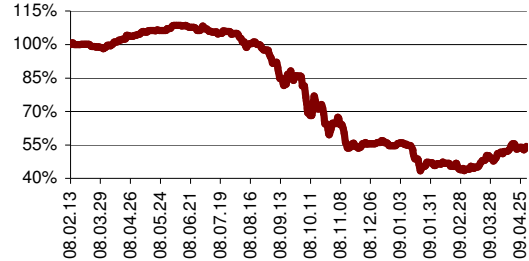
Monthly Return 13.22%
NAV of A unit EUR 5.4471
NAV of B unit EEK 54.4709
Fund Size EUR 3,303,656

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.

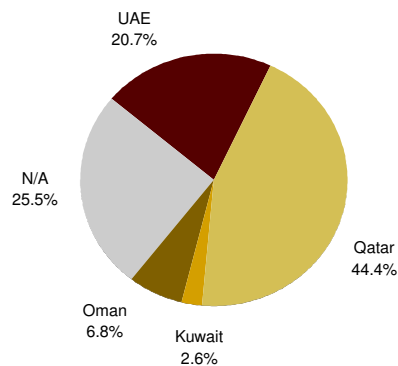
Performance History



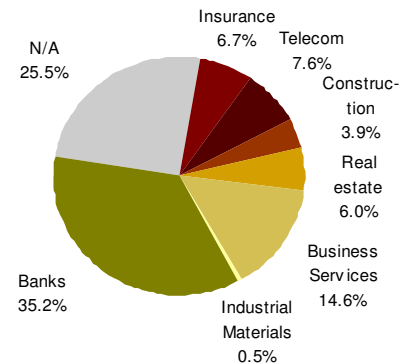
Historical Returns

	1 month	3 months	6 months	12 months	YTD	Since Inception	Since Incep. p.a.
Fund	13.22%	15.66%	-15.84%	-47.70%	-2.39%	-45.53%	-40.89%

Country Breakdown



Industry Breakdown



Top 10 Investments

Name	% of Assets
Qatar Fuel Company (QA)	9.52%
Commercial Bank of Qatar (QA)	7.30%
Qatar Insurance Company (QA)	6.74%
Qatar National Bank (QA)	6.35%
National Bank of Abu Dhabi (AE)	4.75%
First Gulf Bank (AE)	4.42%
Al-Dar Properties PJSC (AE)	3.85%
Qatar Islamic Bank (QA)	3.42%
Qatar Real Estate (QA)	2.90%
Nat Mobile Telecom (KW)	2.60%
Value of TOP 10 Investments	52%
Total Number of Investments	24

Fund Manager's Comment

Qatar stock market rose 14.7% in April. Oman, Kuwait, Abu Dhabi and Dubai rose 12.08%, 10.77%, 3.49% and 2.64%, respectively.

First quarter reporting season is coming to an end and Qatari market performed well due to good results from energy and banking sector, generating interest in foreign investors. Positive commentaries from world's second biggest petrochemical company Dow Chemical along with rising oil price to \$53 per barrel and strong health of Chinese economy helped also. Qatar 2009-2010 budget takes into consideration oil price of \$40 per barrel.

Results from Qatari banks have been supported by loan book re-pricing and better than expected loan quality (we are expecting some deterioration in the future). Loan books are expected to grow 7-8% in 2009 as government continues its investment plans.



Oliver Ait

Fund Details

Type: UCITS
 ISIN of A-unit: EE3600095287 (EUR)
 Registrar of A-units: LHV
 ISIN of B-unit: EE3600095295 (EEK)
 Registrar of B-units: EVK
 Fund Manager: Oliver Ait
 Depository: Swedbank

Issue Fee: 2.0%
 Management Fee: 1.75%
 Redemption Fee: 1.0%
 Success fee: 15% over 10% hurdle
 Established: 2008.01.10
 Launched: 2008.02.13

LHV – Your guide to financial world

LHV offers its clients a spectrum of investment services, including securities brokerage, personal advisory and wealth management services. 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 to find the best investment-solutions. LHV is present in Estonia, Latvia and Lithuania.

Investing in LHV funds

LHV World Equities Fund, LHV Emerging Europe Alpha Fund and LHV Persian Gulf Fund are publicly offered in Estonia, Latvia and Lithuania.

Investors 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)).

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

- Go to investment portal www.lhv.ee / www.lhv.lv / www.lhv.lt
- 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 an ordinary payment.

Requisites for LHV equity funds:

- Beneficiary's name: **EVK** (ECSD in Estonian)
- Beneficiary's account (ECSD's account in Bank of Estonia):
 - LHV World Equities Fund: **30100974909**
 - LHV Emerging Europe Alpha Fund: **30100975089**
 - LHV Persian Gulf Fund: **30100952963**
- Amount: amount in Estonian kroons
- Details:
 - LHV World Equities Fund B purchase
 - LHV Emerging Europe Alpha Fund B purchase
 - LHV Persian Gulf Fund B purchase
- Reference number: investor's securities account number with ECSD

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