

LHV Emerging Europe Alpha Fund

30-Sep-07

Monthly Return

-1.35%

NAV of Unit

EUR 9.7023

Fund Size

EUR 1,283,641

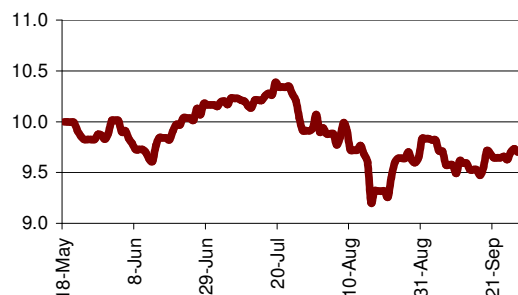
Investment Objective

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.

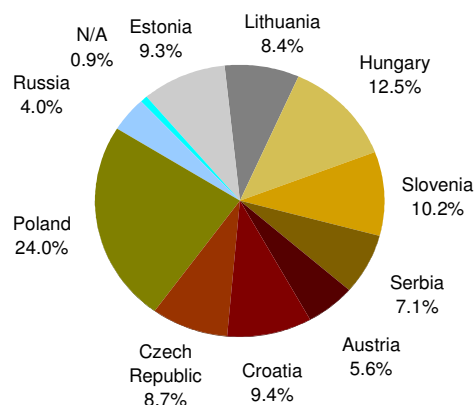
Performance History



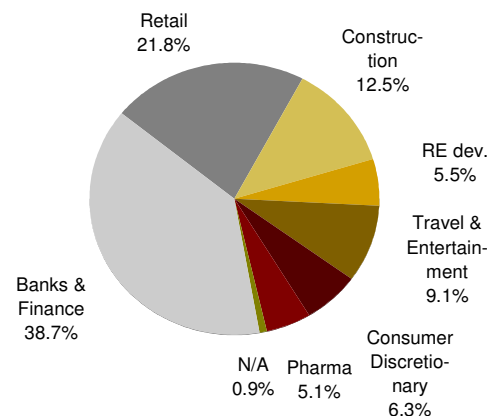
Historical Returns

	1 month	3 months	6 months	12 months	YTD	Since Inception	Since Incep. p.a.
Fund	-1.35%	-4.57%	-	-	-2.98%	-2.98%	-

Country Breakdown



Industry Breakdown



Top 10 Investments

Name	% of Assets
OTP Bank (HU)	4.58%
Komercni banka (CZ)	4.50%
Apranga (LT)	4.40%
Raiffeisen Intl Bank Holding (AT)	4.38%
Tallinna Kaubamaja (EE)	4.34%
LPP (PL)	4.30%
AIK Banka (YU)	4.22%
Sberbank (RU)	4.04%
Ūkio bankas (LT)	3.96%
IGH (HR)	3.89%
Value of TOP 10 Investments	43%
Total Number of Investments	31

Fund Manager's Comment

Despite all volatility Fund unit price in September finished flat. The market was still disturbed by fall out from sub-prime mortgage crisis in US and interbank market was malfunctioning.

On the other hand it is now clear that only companies to suffer in Europe were the biggest international bank. Even the largest Polish bank (the biggest in our region) had no involvement with American securities that were downgraded recently.

The best performance was shown by smaller, less liquid markets - Serbia, Croatia and Baltic States. Investors simply could not liquidate their positions in those markets fast. In the second half of the month prices recovered in more liquid markets too.

In October further calm down of investors and slow appreciation of shares is expected.

Fund Details

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

Issue Fee 2%
 Management Fee 2.5%
 Redemption Fee 0%
 Established: 4/12/2007
 Launched: 5/18/2007

Contacts

AS LHV Asset Management
 City Plaza, 18th floor
 Tartu rd 2, 10145 Tallinn, Estonia
 www.lhv.ee
 vara@lhv.ee