

LHV Emerging Europe Alpha Fund

30-Oct-09

Monthly Return

-0.85%

NAV of A unit

EUR 3.8308

NAV of B unit

EEK 38.3080

Fund Size

EUR 427,154

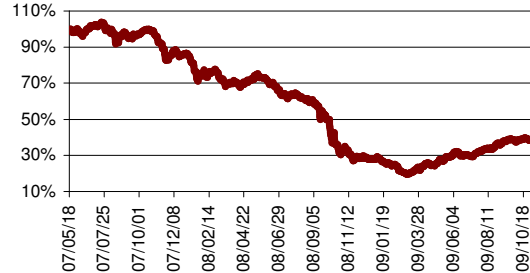
Investment Objective

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.

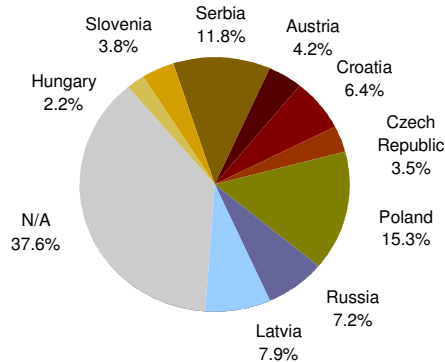
Performance History



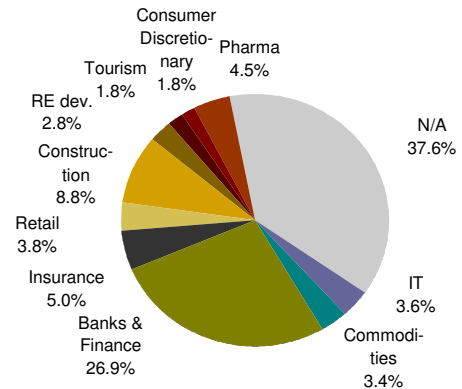
Historical Returns

	1 month	3 months	6 months	12 months	YTD	Since Inception	Since Incep. p.a.
Fund	-0.85%	15.76%	50.38%	14.76%	36.59%	-61.69%	-32.37%

Country Breakdown



Industry Breakdown



Top 10 Investments

Name	% of Assets
Sberbank (RU)	7.16%
AIK Banka (RS)	5.45%
PKO Bank Polski (PL)	4.77%
Grindeks AS (LV)	4.48%
Raiffeisen Intl Bank Holding (AT)	4.23%
IGH D.D. (HR)	3.69%
Asseco Poland SA (PL)	3.62%
Komerčni Banka (CZ)	3.47%
Venspiils Nafta AS (LV)	3.45%
Dunau Osiguranje A.D. (RS)	3.33%
Value of TOP 10 Investments	44%
Total Number of Investments	20

Fund Manager's Comment

Investors were armed with cautiousness waiting for more undeniable evidences of economic recovery. Even expectations exceeding macroeconomical indicators could not sparkle a bullish mood in equity markets. Reporting season kicked off CEE showing that banks of the region continued to suffer from bad loans burden which induced higher level of provisions and lower net results. The EBRD raised CEE growth forecast for the next year saying that positive signs in 3rd quarter suggest a bottom of recession in many countries of the region. However, any upturn is likely to be fragile and patchy. For next year the EBRD sees 2.5% growth for CEE, stronger than 1.5% predicted earlier, but expects steeper contraction of 6.3% in 2009 comparing to previous forecast of -5.2%.

In October we lowered exposure into Baltics with an exception of Ventspiils nafta which position was raised just before the share price jump by 41% in two days on the news of expected dividends. The Fund also successfully participated in capital increase of Polish bank PKO BP.

Fund Details

Type: UCITS
 ISIN of A-unit: EE3600090593 (EUR)
 Registrar of A-units: LHV Pank
 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

