

# LHV World Equities Fund

## Simplified Prospectus

This document is translated from the Estonian language and is effective from May 20, 2009.

Current simplified prospectus contains the most essential information about the fund. Please read the fund rules and the full prospectus if you want to have a detailed overview of the fund's investment strategy and restrictions, as well as the rights and duties of the investors, and the legal relationship with the fund and the management company, before you invest.

For details about the fund's holdings, please see the fund's most recent monthly overview and annual or semi-annual report. The aforementioned documents are accessible free of charge at the fund manager's web pages [www.lhv.ee](http://www.lhv.ee), [www.lhv.lv](http://www.lhv.lv) and [www.lhv.lt](http://www.lhv.lt) and at its registered office.

## General Information

**Fund:** LHV World Equities Fund (hereinafter: fund) is a public open-ended common investment fund established by the management company on April 27, 2007. The fund is registered in the Republic of Estonia and is 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 units may be publicly offered in all Contracting States of the Agreement on the European Economic Area of 2 May 1992.

**Management company:** AS LHV Varahaldus, registry code 10572453, address Tartu rd 2, 10145 Tallinn, Estonia. Phone: +372 6 800 400, fax: +372 6 800 402, e-mail: [info@lhv.ee](mailto:info@lhv.ee).

**Depository:** AS Swedbank, registry code 10060701, address Liivalaia 8, 15040 Tallinn, Estonia.

**Units and register of units:** The fund has two classes of units: Class A units with nominal value 10 EUR (ISIN code: EE3600092417) and Class B units with nominal value 100 EEK (ISIN code: EE3600097499). The register of Class A units is maintained by AS LHV Pank, registry code 10539549, address Tartu rd 2, 10145 Tallinn, Estonia. Class B units are registered in the Estonian Central Securities Depository, which is maintained by AS Eesti Väärtpaberikeskus (hereinafter: EVK), address Tartu rd 2, 10145 Tallinn, Estonia.

**Auditor:** AS PricewaterhouseCoopers, registry code 10142876, Pärnu rd 15, 10141 Tallinn, Estonia.

**Supervision:** Activities and operations of the fund, management company, depository and registrars are supervised by the Financial Supervision Authority of the Republic of Estonia, address Sakala 4, 15030 Tallinn, Estonia.

## The Investment Objective and Policy of the Fund

The main objective of the fund is to maximize the long term growth of the value of its investors investments by diversifying the fund's assets 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, Latina-America and Eastern-Europe).

The Fund invests up to 100% of its assets in shares or in investment funds that invest into shares. Fund's assets are invested into deposits in 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.

The fund may invest or take positions in derivatives only for the purpose of hedging financial 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 fund as derivatives are only used for hedging risks.

The principles of the investment policy, restrictions on investments, and diversification rules are described in more detail in the fund rules and full prospectus.

## Risk Profile of the Fund

Investing in the fund is accompanied by various risks such as market risk, liquidity risk, foreign exchange risk, interest rate risk, issuer risk, credit risk, settlement risk, counterparty risk, custody and depositary risk, political and legal system risk and the risk due to concentration of certain markets or asset classes that may affect the return on the investment. A more detailed overview of these risks is provided in the full prospectus.

As the activities of the fund may or may not be profitable, there is no guarantee to investors that they will get back the amount invested in the fund or that their investment will grow in value. Past performance of the fund does not guarantee similar results in the future. Due to the fund's investment policy, the price of its unit may be very volatile.

## Description of a Typical Investor

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 the Fund are geographically diversified.

**Investor's investment horizon should be long-term (recommended investment horizon is over 3 years). Investor must have a higher than average risk tolerance.**

## Income of the Fund and Taxation of Investors

According to the legislation of the Republic of Estonia, the fund is not a taxable person and therefore the income of the fund is not subject to taxation in the Republic of Estonia.

The income of the fund shall not be distributed to investors but shall be reinvested. Investor's profit or loss shall be reflected in the changes of the net asset value of the unit. The tax system applicable to an investor may depend on the investor's residency, legal form and other similar circumstances.

Investor, who is a **natural person and a resident of the Republic of Estonia**, may earn income from the difference between the acquisition cost and redemption price of the fund's 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 fund's units from the taxable income. 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.

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.

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.**

## Fund Units

An investor invests in the fund by acquiring units. The fund has two classes of units.

	Class A units	Class B units
Name	LHV World Equities Fund A	LHV World Equities Fund B
Nominal value	10 euros	100 Estonian kroons
Registrar	LHV	EVK

The net asset values of the fund and of the different classes of units, and the issue and redemption prices of the units, are calculated once for each banking day and published on the following banking day not later than 14:00 (Tallinn time) on the web pages [www.lhv.ee](http://www.lhv.ee), [www.lhv.lv](http://www.lhv.lv) and [www.lhv.lt](http://www.lhv.lt).

## Fees and Expenses

### Fees paid by an investor:

Unit issue fee	1% of the unit's NAV
Unit redemption fee	1% of the unit's NAV

### Fees and expenses paid by the fund:

Management fee	2% per annum
Depository's charge including VAT - 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; - 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.	0.2124% per annum - the depository's charge is increased by 0.0354%;  - the depository's charge is increased by 0.059%.
Other costs	Pursuant to the price list of the service provider.
The maximum amount of fees and expenses paid out of the Fund	5% from the weighted average market value of the assets per year

Issue and redemption fees, as well as all other direct expenses related to issuing and redeeming units shall be borne by the investor. The management 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. Please refer to the full prospectus for a detailed description of the applicable fees and expenses.

## Transactions with Units

### Acquiring and redeeming Class A units

To acquire Class A units the investor needs an investment account with LHV. Class A units can be acquired and redeemed through the intermediaries:

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

The complete list of intermediaries (including intermediaries that have been added after latest amendments in this simplified prospectus) is available at web pages [www.lhv.ee](http://www.lhv.ee), [www.lhv.lv](http://www.lhv.lv) and [www.lhv.lt](http://www.lhv.lt).

Intermediaries can submit transaction orders to the management company until 16:00 (Tallinn time) on each banking day. The intermediaries can set additional times limits for their clients.

### Acquiring and redeeming Class B units

To acquire Class B units the investor needs a securities account with EVK. 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. In order to acquire units an investor needs to make a payment order with the following requisite information:

Beneficiary:	EVK (Eesti Väärtpaberikeskus)
Beneficiary's account:	30100974909 (EVK's account in the Bank of Estonia)
Details of the transfer:	LHV World Equities Fund B subscription
Reference number:	investor's EVK securities account number
Amount:	invested sum in Estonian kroons

In order to redeem units the investor needs to submit to his/her EVK account manager a redemption order.

### Exchanging units

The investor 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. Upon exchanging the units no issue fee is applied on the units being acquired. Please see the full prospectus for details on exchanging units.

Members of the management board of the management company:

Mihkel Oja

Kerli Lõhmus