LHV World Equities Fund

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Comment from the fund manager

Mikk Taras

June was a positive month for stock markets, but one with very divergent movements. The fund's unit value fell 1.9% over the month. Commodity-related stocks were under profit-taking pressure, becoming cheaper on the back of peace plans for the Iran war.

Looking back at the first half of the year, market movements were dominated by a narrow circle of companies. Everything related to artificial intelligence and data center construction saw a sharp rise. Other sectors were left far behind in the rearview mirror compared to chip and memory manufacturers. The first-half result for the fund's investments was also modest (+2%).

With our investments, we are currently avoiding the hottest spots on the markets. The direct "shovel sellers" of data centers are expensive, and if the extraordinary profit growth were to slow, we could see large losses there. We expect that as market focus shifts from chips and memory to other industries, we will see better returns in the second half in many stocks that have so far traded sideways this year.

We continue to hold commodity-related stocks, which offer good protection against inflation. We believe we are in a structurally higher-inflation environment, where we will occasionally see sharp price increases in fuels, metals, and agricultural products. A basket of commodity sector stocks directly protects investors against such price increases.

Chinese technology sector stocks offer interesting upside potential, having made a good rebound from current price levels in recent years. The entire Chinese technology sector as a whole has a lower market value than the market value of a single US memory manufacturer, Micron. China is a strong player in AI development, and we believe such a gap between the valuations of US and Chinese technology companies will not persist.

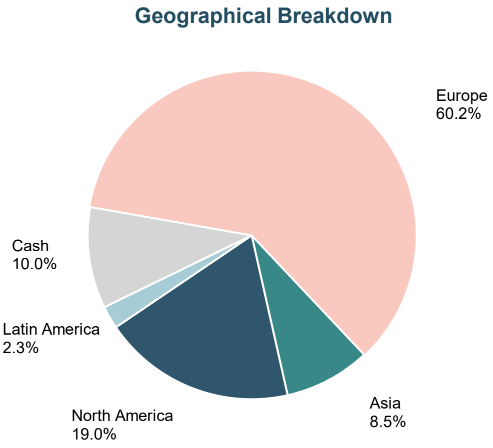
In the first half of the year, we saw profit-taking in many German and Swedish investments that are more closely tied to European economic growth. We believe many good companies have been sold off to cheap valuation levels, even though end demand for their goods and services has not collapsed. We also continue to hold European bank stocks through a thematic index fund. Bank stocks perform well when interest rates in the economy remain moderately high.

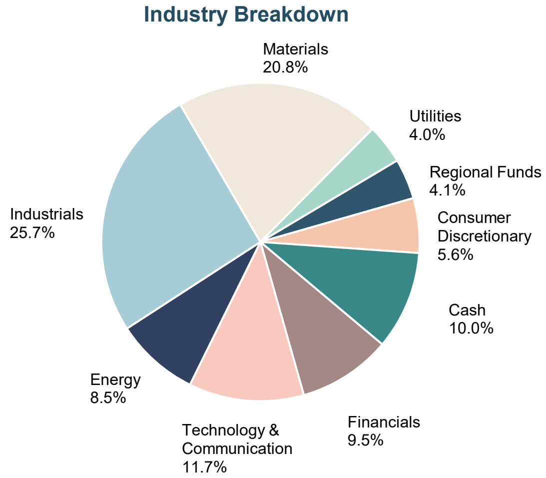
Among new investments, the fund bought shares in Baltic Classified Group, the Baltic classifieds portal business. The company has a strong monopoly position, pricing power, and cyclical growth potential if the Baltic real estate and car markets should recover. From the US technology sector, we bought Microsoft shares, which had fallen 30% amid fears of AI-driven disruption. Microsoft's competitive position in its existing business has not changed, and the company has a deep enough war chest to invest in AI growth.

ISIN	EE3600092417
FOUNDED	27.04.2007
START OF OPERATION	13.08.2007
ASSET CLASS	Equities
FUND SIZE	10 589 293 EUR

TOP10 INVESTMENTS

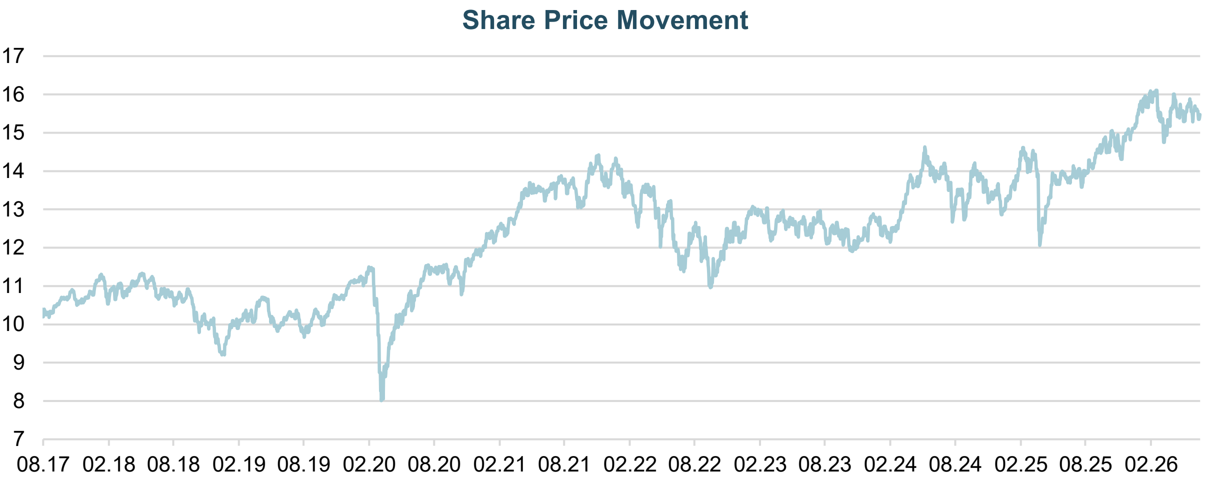
AMUNDI EURO STOXX BANKS UCITS ETF	5.07 %
INVESTOR	4.42 %
GLOBAL X COPPER MINERS ETF	4.40 %
TOTALENERGIES	4.16 %
LIFCO	4.15 %
ISHARES MSCI CHINA ETF	4.10 %
FORTUM	4.02 %
EPIROC A	4.02 %
BUILDERS FIRSTSOURCE	3.26 %
ADIDAS AG	3.21 %
VALUE OF TOP 10 INVESTMENTS	**40.82 %**
TOTAL NUMBER OF INVESTMENTS	**33**





Historical Results

	1 month	12 months	36 months	2024-2025 average	2023-2025 average	2021-2025 average	YTD
Fund	-1.88%	12.54%	23.45%	8.93%	7.36%	4.78%	1.99%



The past performance of the investment fund does not guarantee or indicate the future performance of the fund in subsequent periods. The information provided should not be construed as investment advice, an investment recommendation, or any other investment or ancillary service. Please refer to the fund's prospectus and the key investor information, and request additional information at lhv.ee/investment-funds. The LHV World Equities Fund is managed by AS LHV Asset Management. Historical annual average performance figures are geometrical averages based on last calendar years.