

## LHV Emerging Europe Alpha Fund

31-Aug-07

**Monthly Return** -2.36%  
**NAV of Unit** EUR 9.8353  
**Fund Size** EUR 1,265,602

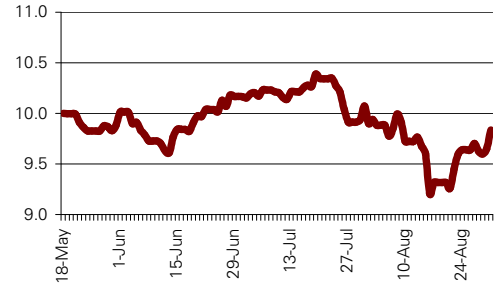
### Investment Objective

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.

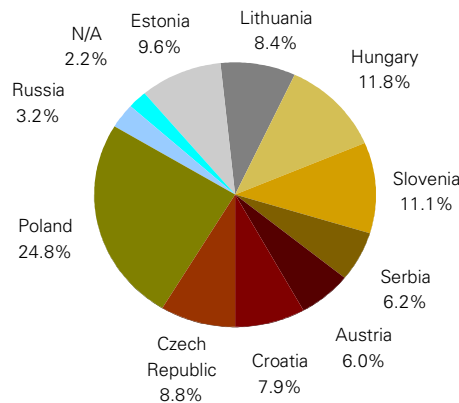
### Performance History



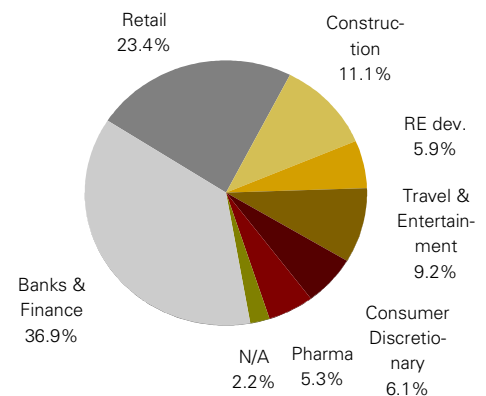
### Historical Returns

	1 month	3 months	6 months	12 months	YTD	Since Inception	Since Incep. p.a.
FUND	-2.36%	-0.49%	-	-	-1.65%	-1.65%	-

### Country Breakdown



### Industry Breakdown



### Top 10 Investments

Name	% of Assets
LPP (PL)	5.00%
Raiffeisen Intl Bank Holding (AT)	4.59%
OTP Bank (HU)	4.53%
Tallinna Kaubamaja (EE)	4.45%
Komercni banka (CZ)	4.44%
Apranga (LT)	4.35%
AIK Banka (YU)	4.23%
Mercator (SI)	4.15%
Ükio bankas (LT)	4.04%
Jutzenka (PL)	3.82%
Value of TOP 10 Investments	44%
Total Number of Investments	31

### Fund Manager's Comment

August was another volatile month: US sub-prime mortgage problems caused a global liquidity crunch in the second half of the month. Short of cash investors started to sell liquid assets, incl. shares and emerging market currencies, which affected the fund negatively.

Proactive intervention of central banks, however, calmed the markets and prices rebounded shortly. It is also likely that the cycle of interest rate rises is close to its end. The market already forecasts falling interest rates for the next year, and this would positively affect equity markets.

Western Balkan markets demonstrated the best performance in August. Croatia and Serbia did not react on markets' turmoil, whereas Slovenia's market continued to climb. Czech market was quick to recover, and Polish market has been a pleasant surprise after rather weak performance in July. Majority of Polish holdings have recovered to the level last seen before political turbulence in Poland started.

### 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

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