

# LHV World Equities Fund

31 December 2018

Monthly Return

-7.38%

NAV of share

9.2789 EUR

Fund Size

2 612 673 EUR

## Fund Manager's Comment

Mikk Taras



2018 was a negative year for the financial markets that ended with sharper correction in the global equity markets. December declines were magnified by another rise in the US interest rates and signs of slowdown in the global economy.

December brought selling pressure to all the major equity markets, where after a long period the US equity market made a larger 10% fall. US S&P500 index declined by 10.3%, German DAX index 6.2% and OMX Tallinn 5.2%.

LHV World Equities Fund positions did not remain intact from the market turmoil. Economic slowdown and larger than expected tensions in the world trade brought down fund's industrial and banking sector positions. Correction continued also in the Finnish forestry industry, where equities trade at recent year lowest multiples. Stora Enso and UPM Kymmene are trading at 9-11x annual earnings and the shares are paying 5-6% dividend yield.

We do not expect that the uncertainty in the global economy declines immediately, but we do see that the sentiment in the market is very negative, leaving plenty of room for some firms to surprise investors positively. In short-term, many positions have been oversold and valuations have fallen back to the crises levels.

We see reasonable return expectations in many of the European and emerging market equities that have not made such a strong long-term bull run like the US equity market. LHV World Equities Fund largest investments are in Finland, Germany and other European equities, in the Estonian home market and emerging markets, where we see the best investment opportunities in 2019.

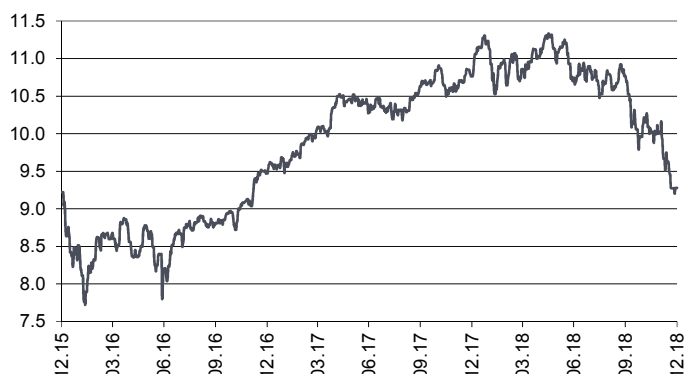
LHV World Equities Fund investments average dividend yield has risen to 5% and equities trade with 10.3x annual earnings, which is the five year cheapest price multiple.

### Investment Objective

The Fund's investments are diversified geographically among 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, Latin America and Eastern Europe).

The Fund is for investors, who want to invest globally. As the Fund is already globally diversified you can choose it as your only stock-based investment. The Fund is for long term investors.

### Share price movement (last 36 months)



### Fund Details

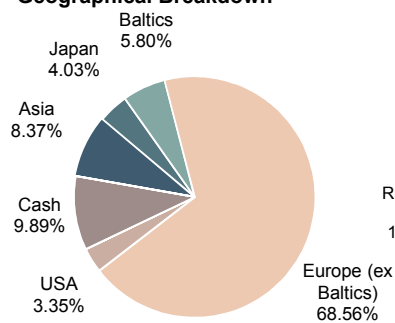
Type: UCITS IV  
 ISIN: EE3600092417 (EUR)  
 Depository: AS SEB Pank  
 Registrar: AS LHV Pank  
 Fund Manager: Mikk Taras

Issue Fee: 0%  
 Management Fee: 2%  
 Redemption Fee: 0%  
 Redemption Fee (LHV): 1%

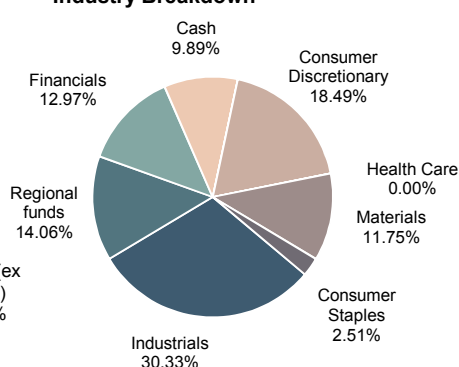
### Historical Returns\*

	1 month	12 months	36 months	2016-2017 average	2015-2017 average	2013-2017 average	YTD
Fund	-7.38%	-13.82%	0.64%	8.06%	9.10%	5.87%	-13.82%

### Geographical Breakdown



### Industry Breakdown



### Top 10 Investments

Name	% of Assets
Banco Santander	6.4%
iShares MSCI China ETF	5.4%
Siemens	5.3%
Talgo	5.2%
Hella GmbH and Co KGaA	4.9%
Stora Enso	4.9%
Ponsse	4.5%
KION Group	4.3%
WisdomTree Japan Hedged Equity	4.0%
TCM Group	4.0%
Value of TOP 10 Investments	49.1%
Total Number of Investments	25

\*The fund's historical performance does not promise or offer any indications regarding future performance. Information presented herein should not be interpreted as investment advice, investment recommendation or any other investment or ancillary service. Please refer to the prospectus and the key investor information and ask for additional information [lhv.ee/world](http://lhv.ee/world). Historical annual average performance figures are geometrical averages based on last calendar years.