

# LHV World Equities Fund

31 August 2022

Monthly Return **-3.06%**  
 NAV of share **11.9960 EUR**  
 Fund Size **6 733 917 EUR**

## Fund Manager's Comment

Mikk Taras



August started on a positive note for equity markets but ended with selling pressure as US and European central banks confirmed they would continue to rapidly raise interest rates to slow inflation in the economy. The US S&P500 stock index fell 4% and European stock markets fell 5%. The share of the fund fell by 3.1% in the month. The decline came from the Nordic industrial and US stock precious metals positions, which were under selling pressure in anticipation of higher interest rates.

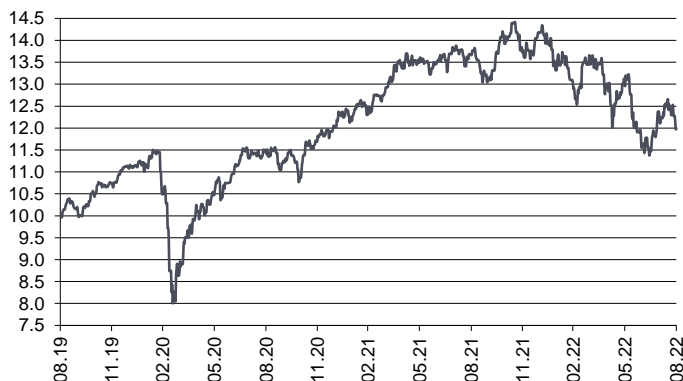
Higher interest rates mean that stock markets will continue to adjust to a new environment where interest rates are higher than before. Markets have priced in the expectation that base interest rates in the US will reach 4.5% next year and 3% in Europe. Higher interest rates reduce demand in the economy and slow down price increases. Stock markets have fallen by 10-20% in anticipation of negative developments in the economy. Many high-quality companies, which are still capable of increasing profits in the coming years, have also been sold to considerably lower valuations. The fund's key investments remain in companies that, in a more active economic environment, have good pricing power to grow profits in an environment with high inflation. In the stock markets of the Nordic countries, we have invested more in industrial companies related to commodities, which are one of the market leaders in their sector. Among the fund's major equity investments are mining technology companies Epiroc, Sandvik and Metso Outotec, forest companies UPM-Kymmene and Stora Enso, industrial companies Trelleborg and Ponsse, and energy company Equinor. In the US stock markets, we have invested in mining companies related to commodity sectors. Among the fund's major positions are the copper mining company Freeport McMoRan and the gold mining company Barrick Gold equities. The fund's equity positions are certainly not immune to economic downturns in the short term. However, in a more normal economic growth environment, we expect good returns in stocks related to the commodity and materials sector. In commodity markets, supply is limited and many inputs such as energy, industrial metals, wood, etc. are in structural deficit. In our opinion, suppressing demand with higher interest rates can only temporarily solve the inflation problem. It does not bring us new energy or metals that are needed for green transformation, electrification etc. We believe in today's risk-focused environment in the markets, the ability of old economy companies to generate high profits in the coming years is underestimated.

### 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

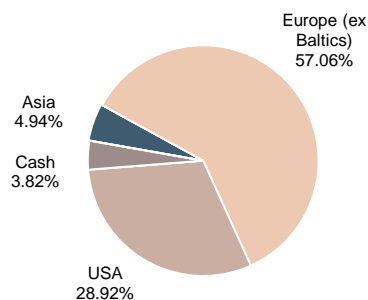
Type: UCITS IV  
 ISIN: EE3600092417 (EUR)  
 Depository: AS SEB Pank  
 Registrar: AS LHV Pank  
 Fund Manager: Mikk Taras

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

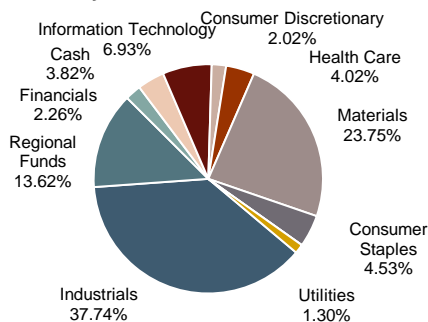
## Historical Returns\*

	1 month	12 months	36 months	2020-2021 average	2019-2021 average	2017-2021 average	YTD
Fund	-3.06%	-12.19%	20.06%	13.13%	15.19%	8.41%	-15.42%

## Geographical Breakdown



## Industry Breakdown



## Top 10 Investments

Name	% of Assets
Freeport-McMoRan	5.6%
Global X Copper Miners ETF	5.3%
iShares MSCI China ETF	4.9%
UPM-Kymmene	4.8%
Barrick Gold Corp	4.1%
Take-Two Interactive Software	4.0%
Range Resources Corp	3.7%
Equinor	3.6%
Lyxor EURO STOXX Banks DR UCIF	3.4%
Sandvik	3.3%
Value of TOP 10 Investments	42.9%
Total Number of Investments	32

\*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.