

# Open-ended investment fund Lats Money Market Fund

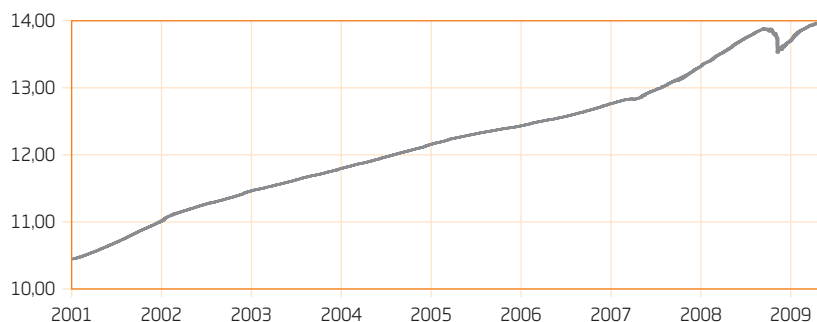
## Investment Principles

Fund invests in fixed income securities issued in the Baltic States and OECD member countries. The objective of the open-end investment fund Lats Money Market Fund is to achieve continuous growth of value of the capital over a short period of time in compliance with the investment policy and restrictions set by the Fund Prospectus. Investment into the Fund might be considered as an alternative to short-term deposits with banks.

## General information

Fund Management Company	"Swedbank Ieguldījumu Pārvaldes Sabiedrība" AS
Fund Manager	Pēteris Stepiņš
Inception	1999
Transactions with the Fund's investment certificates:	Branch offices of "Swedbank" AS; 67444141 ib.swedbank.lv business.swedbank.lv
Net Asset Value (NAV)	LVL 13.9920
Net Assets	LVL 1 408 213
Management Fee per annum	0,6%
Weighted average modified duration, days	0,13

## NAV



	YTD	1 month	3 months	6 months	1 year	3 years	Inception*
Performance, %	2,15	0,30	1,20	1,30	2,89	11,75	39,92
Annualized**, %	6,67	3,59	4,94	2,63	2,89	3,77	3,62

\* - since launch

\*\* - annualized performance, calculated using ACT/365 method

	2002	2003	2004	2005	2006	2007	2008
Annualized, %	4,17	2,94	3,06	2,30	2,68	4,34	2,89

## Manager Comment

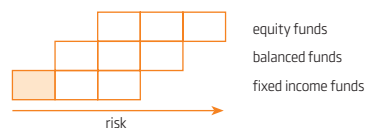
In April, stress continued both in markets for interbank rates and debt securities and markets for LVL-EUR currencies. This was also due to international lenders' uncertain position on the issue concerning Latvian state budget deficit.

RIGIBOR rates increased in April for all maturities. The sharpest change was in rates of up to and including 1 month. The main reason of such surge was the State Treasury's extensive borrowing on the local market. In mid-April, the State Treasury borrowed nearly 79 million lats for one month from local investors. The last time when securities of one maturity were issued on such scale was in late 2008 when no agreement was yet reached with international lenders on aid package to Latvia. Issue of one-month debentures continued to prevail in the subsequent auctions, too. Most likely it will continue so until the next European Commission support payment is received by Latvia. In April the Bank of Latvia kept intervening in the currency market in order to ensure that lats / euro exchange rate stays within the set +/-1% band. During the period of time from 6 April to 1 May, the central bank sold 202 million euros to the market. The supply of lats, therefore, diminished on the market, however the banks' demand for lats, which are necessary for compliance with the reserves requirement, did not lessen. Although the resources of lats are sufficient in the banking system for meeting the reserve requirements, they are not available to all market players evenly. Some market players lack resources in lats, while others have a surplus. Some banks were, therefore, willing to pay higher rates for these resources.

The same factors determined the rates on the primary and secondary market for the lats debt securities. The State Treasury held two two-day auctions in April. In each auction, the State Treasury was ready to pay more to its lenders. For example, 6-month debentures were issued in early April at 9.03% (in mid-March - at 8.09%). In mid-April, the State Treasury borrowed for 6 months at already 10.14%, but by the end of the month - at 10.79%. For this reason, the secondary debt securities market saw a rise in the rate of lats debt securities, which had an effect on the fund's performance in April.

Investments in various LVL debt securities accounted for 73% of the fund's portfolio in end-April (in end-March, the share was roughly 61%). This asset class was the main contributor for the appreciation of the fund units by 0,3%, or 3,6% annualised, in the last month.

## Risk level



Higher expected yield is accompanied by higher risk.

## Distribution of investments

Deposits	12,0%	12,0%
Fixed Rate Bonds	58,4%	58,4%
Money***	14,8%	14,8%
Floating Rate Bonds	14,8%	14,8%

\*\*\* - including redemption liabilities

## Portfolio by ratings

NR***	18,2%	18,2%
A	4,3%	4,3%
Baa	73,2%	73,2%
Aa	4,3%	4,3%

\*\*\* - investments without rating of international rating agencies

## Portfolio by modified duration

up to 3 months	72,5%	72,5%
3-6 months	27,2%	27,2%
6-12 months	0,1%	0,1%
over 1 year	0,2%	0,2%

## Portfolio by currencies

LVL	100%	100%
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## Larger investments

Investment	Weight
Bonds of LHZB 15.08.2009	14,77%
LR bonds 08.05.2009	14,22%
LR bonds 21.08.2009	12,43%
LR bonds 15.05.2009	9,94%
LR bonds 17.07.2009	9,77%
LR bonds 29.05.2009	8,83%
Term deposit in Danske 21.05.2009	4,31%
Term deposit in Nordea 25.05.2009	4,27%
Term deposit in Swedbank 14.05.2009	3,41%
LR bonds 15.05.2009	3,02%