

Open-ended investment fund Lats Money Market Fund

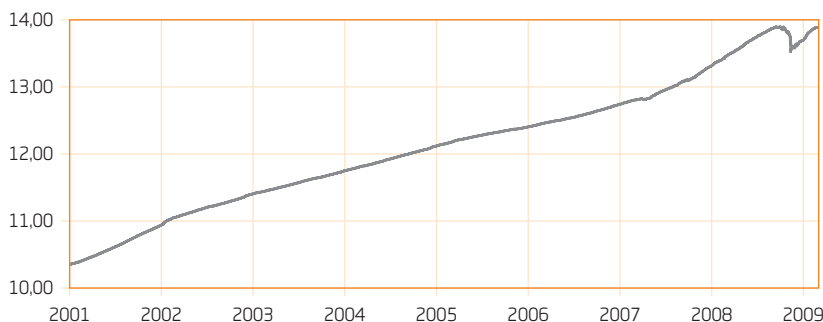
Investment Principles

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	AS IPS Hansa Fondi
Fund Manager	Pēteris Stepiņš
Inception	1999
Transactions with the Fund's investment certificates:	Branch offices of AS Hansabanka; 67444141 ib.swedbank.lv business.swedbank.lv
Net Asset Value (NAV)	LVL 13,8862
Net Assets	LVL 1 896 298
Management Fee per annum	0,6%
Weighted average modified duration, days	0,17

NAV



	YTD	1 month	3 months	6 months	1 year	3 years	Inception*
Performance, %	1,37	0,49	2,01	0,19	3,21	11,30	38,86
Annualized**, %	8,80	5,94	8,21	0,38	3,20	3,63	3,60

* – 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 February, the international rating agency Standard & Poor's downgraded Latvia's credit rating to speculative, or junk, status. The end of the month was characterized in the country by political instability related to selection of new prime minister. These factors determined both changes in interbank rates and fluctuations in the lats / euro exchange during past month. RIGIBOR rates swelled for all maturities, starting from one month. In addition to the above factors, it is related to allocation of lats resources in the market. 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.

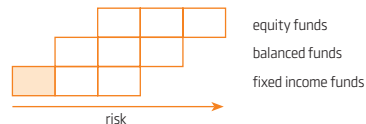
At the end of the month, the Bank of Latvia had to intervene in the currency market in order to ensure that lats / euro exchange rate stays within the set fluctuation band. The Bank of Latvia sold 40 million euros.

The same factors determined the rates on the secondary market for the lats debt securities. During the month, rates dropped but then again increased to end-January levels. A contributor to this process was downgrade of Latvia's credit rating, which made eurobonds issued by Latvia more attractive than before – these are now considered a riskier investment target than in end-January.

The Treasury issued both 6 and 12-month bills in February, borrowing lats for half a year at 7,00% per annum, and for a year – at 7,12% per annum. It represents a slight decrease on the January bill issue interest rate of 7,70%.

Investments in various LVL debt securities accounted for 51% of the fund's portfolio in end-January. This asset class was the main contributor for the appreciation of the fund units by 0,49%, or 5,94% annualised, in the last month.

Risk level



Higher expected yield is accompanied by higher risk.

Distribution of investments

Deposits	29,0%	29,0%
Fixed Rate Bonds	40,0%	40,0%
Money***	19,9%	19,9%
Floating Rate Bonds	11,1%	11,1%

*** – including redemption liabilities

Portfolio by ratings

NR***	25,4%	25,4%
A	35,1%	35,1%
Baa	34,5%	34,5%
Aa	5,0%	34,5%

*** – investments without rating of international rating agencies

Portfolio by modified duration

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

Portfolio by currencies

LVL	100%	100%
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Larger investments

Investment	Weight
Term deposit in SEB 04.03.2009	13,91%
Bonds of LHZB 15.08.2009	11,13%
LR bonds 08.05.2009	10,45%
LR bonds 21.08.2009	9,22%
LR bonds 17.07.2009	7,20%
Bonds of Kesko 17.04.2009	5,48%
LR bonds 17.04.2009	5,25%
Term deposit in Swedbank 03.03.2009	3,18%
Term deposit in Nordea 18.03.2009	3,18%
Term deposit in Danske 11.03.2009	3,18%