

# Open-ended investment fund Hansa Lats Money Market Fund

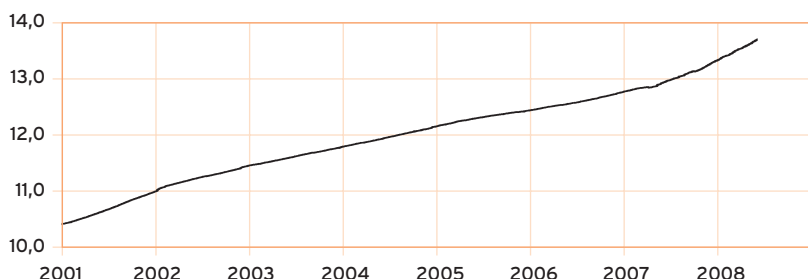
## Investment Principles

Fund invests in fixed income securities issued in the Baltic States and OECD member countries. The objective of the open-end investment fund "Hansa latu naudas tirgus fonds" 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; 67444147 www.telehansanet.lv
	www.hanzanet.lv
Net Asset Value (NAV)	LVL 13,6778
Net Assets	LVL 7 651 757
Management Fee per annum	0,6%
Weighted average modified duration, days	0,25

## NAV



	YTD	1 month	3 months	6 months	1 year	3 years	Inception*
Performance, %	2,75	0,58	1,65	3,26	5,88	11,36	36,78
Annualized**, %	6,72	7,04	6,69	6,61	5,87	3,65	4,25

\* - since launch

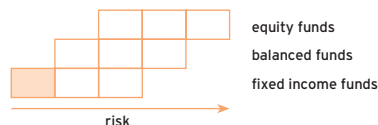
\*\* - annualized performance, calculated using ACT/365 method

	2001	2002	2003	2004	2005	2006	2007
Annualized, %	5,54	4,17	2,94	3,06	2,30	2,68	4,34

## Manager Commentary

Value of the investment fund units rose by 0,58% in May, while the year-to-date increase was 2,57% or 6,72% in terms of annual yield. The LVL deposit rates continued to drop in the market, however, the deposits portfolio still continues to generate a stable and high income. The fund's total investments in deposits accounted for around 28% of the investment portfolio at the end of May, and the deposits portfolio average yield stood at 7,3% per annum at the end of the month. In May, short-term LVL deposit rates (up to 12 months) continued approaching interbank rates, however some credit institutions still offered rates in excess of those listed in interbank market. This makes T-Bills of the Republic of Latvia an increasingly attractive asset class as compared to deposits. In May, the State Treasury organized another monthly issue for T-Bills. There was issue of T-Bill with maturity 6 months and an average weighted yield of 6,36% per annum. The average rate of yield for the 6-month T-Bill issued in May was very close to the 6-month T-Bill of the March issue sold in previous months.

## Risk level



Higher expected yield is accompanied by higher risk.

## Distribution of investments

Deposits	28,2%	28,2%
Fixed Rate Bonds	33,4%	33,4%
Money***	19,1%	19,1%
Floating Rate Bonds	19,3%	19,3%

\*\*\* - including redemption liabilities

## Portfolio by ratings

NR****	38,8%	38,8%
A	48,4%	48,4%
Baa	11,5%	11,5%
Aa	1,3%	1,3%

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

## Portfolio by modified duration

up to 3 months	60,0%	60,0%
3-6 months	32,2%	32,2%
6-12 months	4,0%	4,0%
over 1 year	3,8%	3,8%

## Portfolio by currencies

LVL	84,0%	84,0%
EUR	16,0%	16,0%

## Larger investments

Investment	Weight
LR 1-year bills 12.09.2008	15,4%
LR 1-year bills 07.11.2008	11,6%
Term deposit in Hansabanka 28.07.2008	9,2%
Telenor ASA bonds 28.09.2011	4,6%
Bonds of Volkswagen Bank 27.06.2011	4,5%
Bonds of Repsol 16.02.2012	4,5%
Kesko bonds 17.04.2009	4,0%
Term deposit in Hansabanka 07.07.2008	4,0%
Term deposit in LHZB 28.07.2008	3,6%
Bonds of LHZB 15.08.2015	2,6%