

Open-ended investment fund Lats Money Market Fund

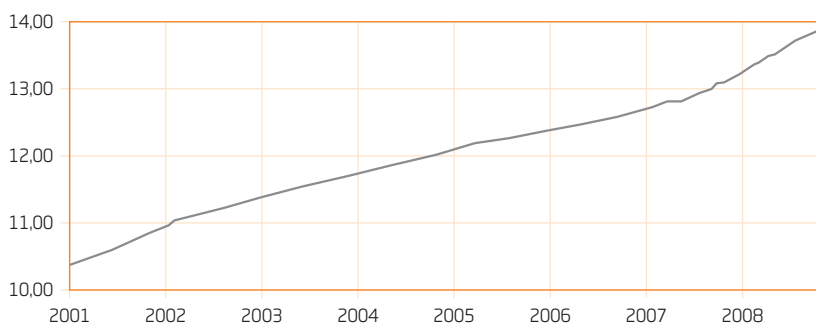
Investment Principles

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 13.8896
Net Assets	LVL 9 094 082
Management Fee per annum	0,6%
Weighted average modified duration, days	0,28

NAV



	YTD	1 month	3 months	6 months	1 year	3 years	Inception*
Performance, %	4,34	0,19	1,07	2,75	5,95	12,30	38,90
Annualized**, %	5,82	2,21	4,33	5,54	5,93	3,94	4,32

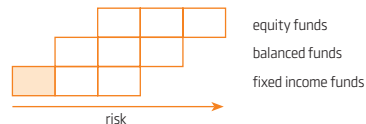
* - since launch
** - annualized performance, calculated using ACT/365 method

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

Manager Comment

In the second half of September, interbank borrowing rates rose again for all maturities in Latvia. Previous year was the last time when such steady movement was seen in RIGIBOR rates. As a result, also a rise in deposit rates offered by bank was observed. At the same time, the value of lats dropped against the euro, with the lats coming close to the Latvian Central Bank intervention threshold. As euro securities accounted for 16% of the Fund (as at the end of the month), the Fund's performance in September was affected by developments in global financial markets. After the US investment bank Lehman Brothers filed for bankruptcy on 15 September, what followed was an unprecedented corporate debt market crisis globally and in Europe. Trust and readiness to lend fell drastically among market participants. As a result, 3M EURIBOR rate reached 5,28% - a level never seen since introduction of the euro. Also, the difference between the 3-month and overnight rates reached historic highs. This led to substantially less liquidity for the majority of euro corporate debt securities in September, as the number of bond sellers rose and the number of bond buyers dropped. Consequently, prices in many market segments fell to lows unimaginable before. Efforts by US, European and other central banks to improve market liquidity in September yielded no result.

Risk level



Higher expected yield is accompanied by higher risk.

Distribution of investments

Deposits	41,2%	41,2%
Fixed Rate Bonds	42,1%	42,1%
Floating Rate Bonds	16,7%	16,7%

Portfolio by ratings

NR***	40,5%	40,5%
A	39,2%	39,2%
Baa	13,6%	13,6%
Aa	6,7%	6,7%

*** - investments without rating of international rating agencies

Portfolio by modified duration

up to 3 months	51,5%	51,5%
3-6 months	46,0%	46,0%
6-12 months	1,6%	1,6%
over 1 year	0,9%	0,9%

Portfolio by currencies

LVL	84,1%	84,1%
EUR	15,9%	15,9%

Larger investments

Investment	Weight
LR 1-year bills 06.02.2009	19,3%
LR 1-year bills 09.01.2009	18,5%
Term deposit in Danske Bank 09.10.2008	10,3%
Term deposit in Hansabanka 06.10.2008	5,1%
Term deposit in SEB 04.03.2009	3,0%
Bonds of Societe Generale 18.08.2011	3,0%
Bonds of Telenor ASA 28.09.2011	3,0%
Bonds or Repsol 16.02.2012	2,9%
Bonds of Volkswagen Bank 27.06.2011	2,9%
Bonds of Fortis 14.05.2010	2,9%