

## Open-ended investment fund Lats Money Market Fund

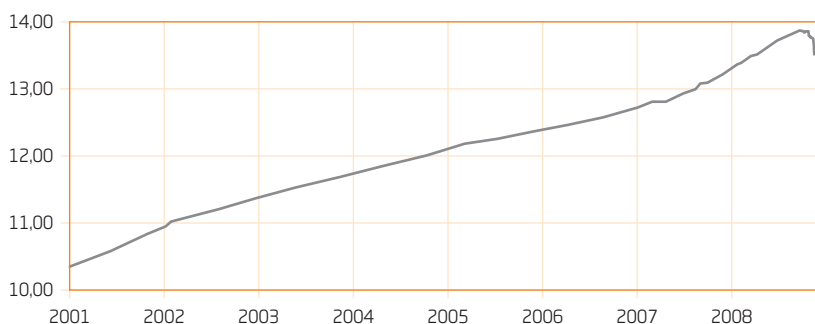
### Investment Principles

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 13.6129
Net Assets	LVL 1 733 661
Management Fee per annum	0,6%
Weighted average modified duration, days	0,31

### NAV



	YTD	1 month	3 months	6 months	1 year	3 years	Inception*
Performance, %	2,26	-1,44	-1,81	-0,47	2,77	9,75	36,13
Annualized**, %	2,46	-15,71	-6,99	-0,94	2,76	3,15	3,94

\* - 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

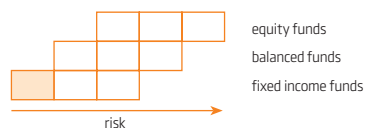
### Manager Comment

The interbank rate rise, which started in September, continued in November in Latvia. RIGIBOR rates, comparing end-November with end-September, rose for all maturities, reaching this year's highest rate levels.

In October, the lats' exchange rate against the euro was near the Latvian Central Bank intervention threshold. Consequently, the Bank of Latvia continued to intervene in the currency market by selling euros. In November the Bank of Latvia sold approximately 540 million euros. In November, the State Treasury organized 4 short-term T-bill issues – both through auctions and through direct borrowing. The average weighted yield rate in these auctions for 6-month treasury bills grew from 8.8% in early November to 11.47% by the end of the month. Such borrowing by the State Treasury was driven by both a deficit in the state budget and the need to finance the Parex Bank rescue. As a result, the market had a substantial increase in the expected yield on LVL debt securities in circulation in Latvia (as the expected yield increases, the debt security price decreases and vice versa).

The LVL debt security price drop, as well as the sale of euro debt securities from the fund's portfolio were the factors, which caused the fund unit value decrease by 1,58% on 13 November and also the fund's performance in November.

### Risk level



Higher expected yield is accompanied by higher risk.

### Distribution of investments

Deposits	28,6%	28,6%
Fixed Rate Bonds	61,3%	61,3%
Floating Rate Bonds	10,1%	10,1%

### Portfolio by ratings

NR***	14,5%	14,5%
A	78,4%	78,4%
Baa	7,2%	7,2%

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

### Portfolio by modified duration

up to 3 months	58,6%	58,6%
3-6 months	31,1%	31,1%
6-12 months	10,1%	10,1%
over 1 year	0,2%	0,2%

### Portfolio by currencies

LVL	100%	100%
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### Larger investments

Investment	Weight
LR bonds 06.02.2009	23,50%
LR bonds 09.01.2009	23,15%
Term deposit in SEB 04.03.2009	16,69%
Bonds of Kesko 17.04.2009	14,46%
Bonds of LHZB 15.08.2009	10,09%
Term deposit in DnB Nord Bank 16.02.2009	7,15%
Term deposit in LHZB 11.12.2008	4,77%
LR bonds 04.02.2010	0,04%
LR bonds 14.02.2013	0,04%
LR bonds 02.04.2014	0,04%