LHV World Equities Fund

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Comment from the fund manager

Mikk Taras



October was a nervous month on the stock markets, as clouds of concern gathered over the technology sector, which has so far been the main driver of the market rally. In commodity markets, the gold price fell and oil became more expensive. The fund's unit value fell 1.1% over the month. The largest contributors to the decline were thematic index funds tracking copper miners and banks. On the positive side were energy companies.

Over the past month, many large and very strong technology businesses have lost market value. In October, Nvidia, Meta and Alphabet shares fell roughly 10–20%.

First, it appears that higher interest rates have gradually begun to constrain data centre construction. Access to capital is not a problem for the big tech giants, but it is for smaller data centre developers, whose projects depend on the availability of equity and debt financing.

Second, the limited capacity of energy infrastructure to supply data centres with electricity remains a problem. This will ultimately become the main bottleneck holding back data centres from coming online.

Third, regulatory constraints are also growing. In the US midterm elections in early November, the Democrats won a landslide victory, and several of them have pledged to regulate data centre construction more strictly than before.

If new data centre construction slows because capital is harder to raise, energy infrastructure is not being built fast enough and regulations tighten, the biggest winners could be companies that can already sell computing capacity at scale today. In the fund, this could support Microsoft and Amazon shares, which have held up relatively well amid the market volatility of recent weeks.

Until now, data centre construction has meant enormous demand for debt financing. This has left other sectors starved of capital and pushed up borrowing costs for everyone. If the pace of data centre construction slows or projects are delayed, it will give many other industries room to breathe. In such an environment, heavily sold-off, interest-rate-sensitive sectors could find their footing. One such sector today is US homebuilding and real estate, which has been effectively frozen by high interest rates. In October, we added QXO shares to the portfolio. QXO is one of the leading US building products distributors.

During the month, we sold the fund's Adidas shares. Although Adidas continues to grow faster than Nike, pricing power across the sector is weak because the market leader, Nike, is struggling and selling its products at a discount. The fund held Adidas shares for almost a year, and the investment returned –15%.

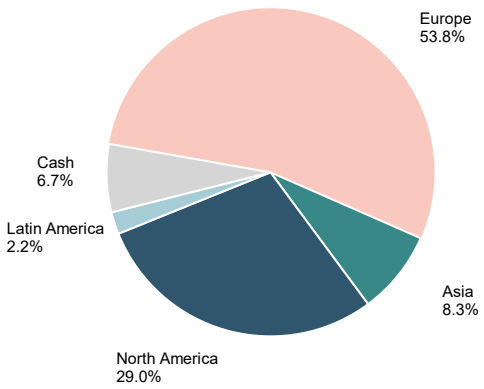
ISIN	EE3600092417
FOUNDED	27.04.2007
START OF OPERATION	13.08.2007
ASSET CLASS	Equities
FUND SIZE	10 629 282 EUR

TOP10 INVESTMENTS

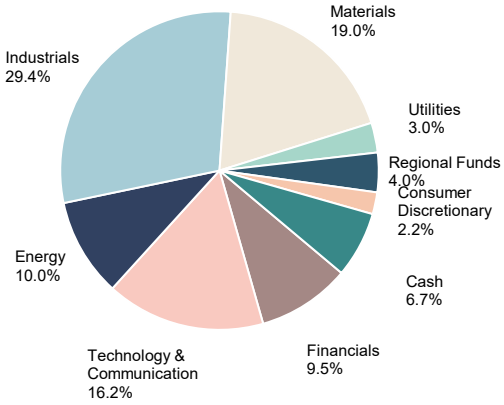
TOTALENERGIES	5.21 %
AMUNDI EURO STOXX BANKS UCITS ETF	4.75 %
INVESTOR	4.72 %
GLOBAL X COPPER MINERS ETF	4.18 %
MICROSOFT CORP	4.13 %
ISHARES MSCI CHINA ETF	4.01 %
LIFCO	3.64 %
EPIROC A	3.64 %
ANTERO RESOURCES CORP	3.31 %
STORA ENSO	3.13 %
VALUE OF TOP 10 INVESTMENTS	**40.72 %**
TOTAL NUMBER OF INVESTMENTS	**33**

The past performance of the investment fund does not guarantee or indicate the future performance of the fund in subsequent periods. The information provided should not be construed as investment advice, an investment recommendation, or any other investment or ancillary service. Please refer to the fund's prospectus and the key investor information, and request additional information https://www.lhv.ee/en/investment-funds. The LHV World Equities Fund is managed by AS LHV Asset Management. Historical annual average performance figures are geometrical averages based on last calendar years.

Geographical Breakdown



Industry Breakdown



Historical Results

	1 month	12 months	36 months	2024-2025 average	2023-2025 average	2021-2025 average	YTD
Fund	-1.05%	3.92%	29.78%	8.93%	7.36%	4.78%	1.94%

Share Price Movement



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