



INVESTMENT FUND
CBL Eastern European Bond Fund
ANNUAL REPORT for 2023

Prepared in accordance with the IFRS Accounting Standards
approved by the European Union

Riga, 2024



**CBL ASSET
MANAGEMENT**

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INFORMATION ABOUT THE INVESTMENT FUND

Name of the Fund:	CBL Eastern European Bond Fund
Type of the Fund:	Investment fund
Classes:	- R Acc USD ISIN: LV0000400125 - R Acc EUR (hedged) ISIN: LV0000400174
Date of registration of the Fund:	20 July 2009
Number of the Fund:	FL263
Name of the investment management company:	CBL Asset Management IPAS
Registered office of the investment management company:	Republikas laukums 2a, Riga, LV-1010, Latvia
Registration number of the investment management company:	40003577500
Number of the license for investment management company operations:	06.03.07.098/367
Name of the Fund's Custodian:	SC Citadele bank
Registered office of the Fund's Custodian:	Republikas laukums 2a, Riga, LV-1010, Latvia
Registration number of the Fund's Custodian:	40103303559
Name, surname and position of members of the Supervisory Board and the Management Board of the investment management company:	Supervisory Board of the investment management company: Vaidas Žagunis, Chairperson of the Supervisory Board, appointed on 03.08.2021 Vladimirs Ivanovs, Deputy Chairperson of the Supervisory Board, appointed on 03.08.2021 Ruta Ezerskiene, Member of the Supervisory Board, appointed on 03.11.2023 Magnus Blohmé, Member of the Supervisory Board, resigned on 03.11.2023 Management Board of the investment management company: Kārlis Purgailis, Chairperson of the Management Board Zigurds Vaikulis, Member of the Management Board Lolita Sičeva, Member of the Management Board Andris Kotāns, Member of the Management Board, resigned on 15.09.2023
Rights and responsibilities related to the investment fund management:	Members of the Supervisory Board and Management Board shall perform all duties provided for in the laws and regulations of the Republic of Latvia and the Articles of Association of the investment management company
Fund Managers:	Artis Mežis Edgars Lao Andris Kotāns, resigned on 15.09.2023
Rights and responsibilities related to the Fund management:	The Fund Managers shall perform all duties of the Fund Manager provided for in the laws and regulations of the Republic of Latvia, Articles of Association of the investment management company and the Fund Prospectus
Auditors:	Rainers Vilāns Certified Auditor Certificate No. 200 KPMG Baltics SIA Roberta Hirša iela 1, Rīga Latvia, LV-1045 Licence No. 55

INVESTMENT MANAGEMENT COMPANY REPORT

CBL Eastern European Bond Fund (hereinafter – the Fund) is an equity investment fund offering share certificates of two classes: R Acc USD and R Acc EUR (hedged). Investors may invest both in the euros – in R Acc EUR (hedged) class share certificates, and in the US dollars – in R Acc USD class share certificates. The Fund is managed by CBL Asset Management, an investment management company with registered office at Republikas laukums 2a, Riga, LV-1010, and registration number 40003577500. The investment company's operating licence number is 06.03.07.098/367. The investment objective of the Investment Fund is to achieve long-term capital appreciation by investing primarily in debt securities and money market instruments issued or guaranteed by Eastern European governments, municipalities, central banks, credit institutions and commercial companies, debt securities investment funds and ETFs traded on regulated markets in Member States and OECD countries without sectoral restrictions. The Fund's investment portfolio is diversified among investments in different countries and sectors with the aim of providing greater protection against fluctuations in the value of the Fund's assets compared to investments in the financial instruments of a single country or sector. The Fund's policy has not changed during the period under review. The investments underlying this financial product do not consider the EU criteria for environmentally sustainable economic activities.

The net assets of the Fund increased by 6.37% or by EUR 1,739,648 during the reporting period of 2023 and amounted to EUR 29,052,314 at the end of the period. As at 31.12.2023, gross assets amounted to EUR 29,576,106. The return and value of the Fund are calculated for each class individually. The value of the CBL Eastern European Bond Fund Class R Acc USD increased by EUR 2.18 to EUR 22.67 and the value of the CBL Eastern European Bond Fund Class R Acc EUR (hedged) increased by EUR 1.83 to EUR 16.71 during the period under review. The return on Class R Acc USD was 10.64% (positive) in euro terms and the return on the units in the class currency (USD) was 14.59% (positive) in 2023. The return on Class R Acc EUR (hedged) in 2023 was 12.30% (positive) in euro terms.

2023 was a turbulent year for financial markets, with volatile investor sentiment and stock prices, but overall the year continued the financial market stabilisation and recovery that started in autumn 2022. Economic trends in Western countries followed the best-case scenario, recessionary concerns were not allayed and inflation rates on both sides of the Atlantic continuing to slow significantly during 2023. Accordingly, after cumulative interest rate hikes since 2022 of 4.5 percentage points in the euro area and 5.25 percentage points in the US, central banks formally ended the rate hiking phase in the second half of 2023. The US Federal Reserve last raised interest rates in July 2023, the ECB – in September. Rising investor expectations for an early base rate cut had a positive impact on all bond segments at the end of the year and led to a positive result for 2023. Despite dramatic fluctuations during the year, US 10-year government bond rates ended the year at the same level as 2022, German ones below last year's levels. Against the backdrop of overall optimism on financial markets, riskier bonds were helped by a reduction in risk premia in 2023. After double-digit declines in 2022, bonds of speculatively rated Western companies rose by an average of 11-12% in euro-hedge terms. Other bond segments showed more moderate dynamics, with safe-haven US corporate bonds and Euro area investment-grade indices showing average annual gains of 6-7%. Meanwhile, emerging market debt ended the year with an average increase of 9.8%, with Eastern European Eurobonds performing even better, up 14.1%. The value of the Fund's R Acc USD share class ended 2023 with a 14.59% increase, slightly outperforming the overall market.

During the period under review, all investment countries of the Fund contributed positively to its overall performance. The largest positive contribution to the Fund came from investments in the Baltic countries, where Latvia stood out the most as the Eurobonds of AirBaltic, the leading airline in the Baltics, recovered sharply following an improvement in air traffic activity. Secondly, the Fund benefited strongly from its investments in Ukraine, as the country's Eurobonds recovered over the summer on the back of promised financial support from international partners. The Fund also benefited significantly from investments in Poland throughout the year due to better bond selection in the country. At the end of the period under review, we slightly reduced our investment weighting in Poland and at the same time increased our investment in Romania through some issuer switches in the real estate sector. In addition, we made new investments in the Slovenian market, buying bonds issued by the largest banks, but completely sold Azerbaijani bonds, due to rising geopolitical risks. At the end of the reporting period, the debt securities held in the Fund were diversified among 18 countries. At the end of the reporting period, the Fund had an average expected yield in USD terms of 8.2%, an average duration of 3.8 and an average credit rating of Ba2/BB.

Total management costs for the period under review amounted to EUR 399,140, which is within the 3.00% ceiling set in the prospectus. The assets of the Fund during the reporting period covered remuneration to the investment management company amounting to EUR 280,823, remuneration to the custodian bank amounting to EUR 50,548 and other management expenses amounting to EUR 67,769. The Fund's ongoing charges ratio for the period under review was 1.41% of the Fund's average net asset value. The prospectuses of the investment funds managed by the Company do not provide for performance fees.

The CBL Asset Management team closely follows developments both locally and globally: economic scenarios, monetary and fiscal policies of major countries, as well as potential inflationary and political risks, as their impact on the economic and capital market dynamics of the Eastern European region is significant. At the same time, careful instrument selection, irrespective of sector and country affiliation, will continue to play a key role in the Fund's investment process.

On behalf of the Management Board of the Investment Management Company:

Kārlis Purgailis
Chairperson of the Management Board

Edgars Lao
Fund Manager

Artis Mežis
Fund Manager

Riga, 26 April 2024

*This report is signed with a secure electronic signature and contains a time stamp.

REPORT ON THE IMPLEMENTATION OF THE ENGAGEMENT POLICY

The Company primarily participates in the management of companies in which the Fund invests through its voting rights, where the voting rights held by the Fund amount to at least 5% of the total number of votes. The Fund Managers shall be responsible for the implementation of the engagement activities. During the period under review, the Managers have implemented engagement activities with seven issuers. The managers have encouraged companies to improve their disclosure practices on important information for investors, including various policies promoting good governance, to explain changes in group structure and their impact on bond investors, and have participated in processes to develop new issuance rules to ensure better investor protection.

On behalf of the Management Board of the Investment Management Company:

Kārlis Purgailis
Chairperson of the Management Board

Edgars Lao
Fund Manager

Artis Mežis
Fund Manager

Riga, 26 April 2024

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STATEMENT OF RESPONSIBILITY OF THE MANAGEMENT BOARD OF THE INVESTMENT MANAGEMENT COMPANY

The Management Board of the Company is responsible for preparation of financial statements of the CBL Eastern European Bond Fund (hereinafter – the Fund).

The financial statements set out on pages 7 to 27 have been prepared based on the supporting documents and give a true and fair view of the financial position of the Fund as at 31 December 2023 and of its performance for the year then ended.

The above financial statements have been prepared in accordance with the IFRS Accounting Standards adopted by the European Union, as required by the regulation of the Financial and Capital Market Commission (FCMC) On Preparation of Annual Reports, Consolidated Annual Reports and Semi-Annual Reports of Investment Fund and Open Alternative Investment Fund on a going concern basis. Appropriate accounting policies have been consistently applied during the reporting period. The judgements and estimates made by management in the preparation of the financial statements have been prudent and reasonable.

The Management Board of the Investment Management Company is responsible for the maintenance of proper accounting records, the safeguarding of assets of the CBL Eastern European Bond Fund and detecting and preventing fraud and other unfair practices. The Management Board is also responsible for compliance with the Law on Investment Management Companies of the Republic of Latvia, the regulations of the Financial and Capital Market Commission and other legislative requirements of the Republic of Latvia.

On behalf of the Management Board of the Investment Management Company:

Kārlis Purgailis
Chairperson of the Management Board

Edgars Lao
Fund Manager

Artis Mežis
Fund Manager

Riga, 26 April 2024

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STATEMENT OF ASSETS AND LIABILITIES

	Notes	<u>31.12.2023</u>	<u>31.12.2022</u>
Assets			
Due on demand from credit institutions	3	747,263	811,532
Financial assets at fair value through profit or loss			
Debt instruments	4	28,208,568	26,373,891
Derivative financial instruments	5	620,275	985,508
Total assets		<u>29,576,106</u>	<u>28,170,931</u>
Liabilities			
Financial liabilities at fair value through profit or loss			
Derivative financial instruments	5	(473,505)	(816,567)
Accrued expenses	6	(50,287)	(41,698)
Total liabilities		<u>(523,792)</u>	<u>(858,265)</u>
Net assets		<u>29,052,314</u>	<u>27,312,666</u>

The accompanying notes on pages 11 to 27 are an integral part of these financial statements.

On behalf of the Management Board of the Investment Management Company:

Kārlis Purgailis
Chairperson of the Management Board

Riga, 26 April 2024

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STATEMENT OF INCOME AND EXPENSES

	Notes	2023	2022
Income for the reporting period			
Interest income	7	1,624,207	1,678,976
Other income		6,000	1,330
Total income		1,630,207	1,680,306
Expenses for the reporting period			
Interest expense		-	(441)
Remuneration to the investment management company		(280,823)	(343,355)
Remuneration to the custodian bank		(50,548)	(58,193)
Other Fund management expenses		(67,769)	(20,081)
Total expenses		(399,140)	(422,070)
Increase/(decrease) in investment value			
Realised increase/(decrease) in investment value	8	367,656	(7 056 173)
Unrealised increase/(decrease) in investments value	9	2,037,075	(4,175,653)
Total increase/(decrease) in value of investments		2,404,731	(11,231,826)
Foreign currency revaluation result		(411,920)	(608,830)
Increase/(decrease) in net assets from investments		3,223,878	(10,582,420)

The accompanying notes on pages 11 to 27 are an integral part of these financial statements.

On behalf of the Management Board of the Investment Management Company:

Kārlis Purgailis
Chairperson of the Management Board

Riga, 26 April 2024

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STATEMENT OF CHANGES IN NET ASSETS

CBL Eastern European Bond fund

	2023	2022
Net assets at the beginning of the reporting year	27,312,666	50,824,327
Increase/(decrease) in net assets from investment	3,223,878	(10,582,420)
Transactions in share certificates and units		
Inflow from sale of share certificates and units	612,841	910,320
Outflow on redemption of share certificates and units	(2,097,071)	(13,839,561)
Decrease in net assets from transactions in share certificates and units	(1,484,230)	(12,929,241)
Increase/(decrease) in net assets during the reporting period	1,739,648	(23,511,661)
Net assets at the end of the reporting year	29,052,314	27,312,666

CBL Eastern European Bond fund Class R Acc USD

ISIN: LV0000400125

	2023	2022
Number of issued share certificates and units at the beginning of the reporting year	133,792	232,513
Number of issued share certificates and units at the end of the reporting year	95,927	133,792
Net assets per share certificate and unit at the beginning of the reporting year	20.49	24.51
Net assets per share certificate and unit at the end of the reporting year	22.67	20.49

CBL Eastern European Bond fund Class R Acc EUR (hedged)

ISIN: LV0000400174

	2023	2022
Number of issued share certificates and units at the beginning of the reporting year	1,650,880	2,312,117
Number of issued share certificates and units at the end of the reporting year	1,608,932	1,650,880
Net assets per share certificate and unit at the beginning of the reporting year	14.88	19.52
Net assets per share certificate and unit at the end of the reporting year	16.71	14.88

The annexes on pages 11 to 27 are an integral part of these financial statements.

On behalf of the Management Board of the Investment Management Company:

Kārlis Purgailis
Chairperson of the Management Board

Riga, 26 April 2024

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CASH FLOW STATEMENT

	Notes	<u>2023</u>	<u>2022</u>
Interest income received		1,515,267	1,518,745
Other income received		6,000	1,330
Interest expenses paid		-	(441)
Acquisition of investments	11	(6,739,788)	(10,860,432)
Inflow from sale of investments		6,930,187	23,158,857
Investment management expenses		(390,223)	(446,781)
Foreign currency conversion and settlement of foreign currency derivatives		123,621	(1,818,095)
Increase in cash and cash equivalents from operating activities		<u>1,445,064</u>	<u>11,553,183</u>
Cash flows from financing activities			
Inflow from sale of share certificates and units		612,841	910,320
Outflow on redemption of share certificates and units		(2,097,071)	(13,839,561)
Decrease in cash and cash equivalents from financing activities		<u>(1,484,230)</u>	<u>(12,929,241)</u>
Net decrease in cash and cash equivalents during the reporting period		<u>(39,166)</u>	<u>(1,376,057)</u>
Cash and cash equivalents at the beginning of the reporting year		<u>811,532</u>	<u>2,107,359</u>
Effects of changes in foreign exchange rates on cash and cash equivalents		(25,103)	80,230
Cash and cash equivalents at the end of the reporting year	3	<u><u>747,263</u></u>	<u><u>811,532</u></u>

The annexes on pages 11 to 27 are an integral part of these financial statements.

On behalf of the Management Board of the Investment Management Company:

Kārlis Purgailis
Chairperson of the Management Board

Rīga, 26 April 2024

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NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 GENERAL INFORMATION

Name of the Fund:	CBL Eastern European Bond Fund
Type of fund:	Investment fund
Scope of the Fund:	The investment objective of the Investment Fund is to achieve long-term capital appreciation by investing primarily in debt securities and money market instruments issued or guaranteed by Eastern European governments, municipalities, central banks, credit institutions and commercial companies, debt securities investment funds and ETFs traded on regulated markets in Member States and OECD countries without sectoral restrictions
Name of the investment management company:	CBL Asset Management IPAS, (the Company) Republikas laukums 2a, Riga, LV-1010, Latvia

NOTE 2 SIGNIFICANT ACCOUNTING PRINCIPLES

Principles for the preparation of financial statements

The financial statements of the CBL Eastern European Bond Fund have been prepared in accordance with the IFRS Accounting Standards as adopted by the European Union, as required by the Financial and Capital Markets Commission (FCMC) regulations on "On Preparation of Annual Reports, Consolidated Annual Reports and Semi-Annual Reports of Investment Fund and Open Alternative Investment Fund".

The financial statements have been prepared under the historical cost convention and modified for financial assets at fair value through profit or loss.

The monetary unit used in the financial statements is the euro (EUR), the monetary unit of the Republic of Latvia. The financial statements cover the period from 1 January 2023 to 31 December 2023.

The opening balances of the Statement of Assets and Liabilities on 1 January 2023 are consistent with the closing balances of the published financial statements for 2022.

Functional and reporting currency

The Fund's functional currency is the US dollar, but in accordance with the requirements of the FCMC, the Fund also maintains its accounts in euro and accordingly the presentation currency of these financial statements is euro.

Significant estimates and assumptions

The preparation of financial statements in conformity with the IFRS Accounting Standards requires significant assumptions. Similarly, the preparation of the financial statements requires management of the investment entity to make assumptions and judgements in applying the Fund's chosen accounting policies. The preparation of financial statements using the IFRS Accounting Standards requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures in the notes to the financial statements at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

The most significant estimates and assumptions relate to the determination of the fair value of financial assets.

Income and expense recognition

All interest income and expenses are accounted for on an accrual basis.

Interest income and expense on assets or liabilities carried at amortised cost is recognised in the income statement using the effective interest method. The effective interest rate is the rate that exactly discounts the future cash flows of a financial instrument over the expected life of the financial asset or liability. For financial instruments at fair value through profit or loss, interest income is recognised on an accrual basis, but without applying the effective interest rate.

Remuneration for managing the Fund and Custodian fee is calculated as a percentage of the value of the Fund's assets and accrues daily but is paid monthly.

Two types of transactions with derivative financial instruments (DFI) are concluded at the expense of the Fund. The first type relates to the Fund's total assets aiming to hedge foreign currency risks or earn profit. In this case, all income or expenses from DFI are attributed to the Fund's total assets. The other type focuses on containing the volatility of the value of the unit of the R Acc EUR (hedged) class share certificates due to changing exchange rates between the currency of the share certificate class (EUR) and the Fund's base currency (USD). In this case, all income and expenses from DFI are attributed only to the Fund's assets which are attributable to the R Acc EUR (hedged) class share certificates.

Derivatives listed on stock exchanges or other regulated markets are valued at the price at which the instrument can be sold (the last bid price at the close of the stock exchange on the date the Fund's value is calculated). Derivatives not quoted on exchanges or other regulated markets are valued at their redemption price, or at an offsetting transaction price confirmed in writing by the counterparty on the day of the calculation of the Fund's value, or at a price calculated through the market price of the underlying asset. An offsetting transaction is a transaction that will result in liquidation of a derivative financial instrument.

Revaluation of foreign currencies

Transactions in foreign currencies are revalued in euro at the foreign exchange rate quoted by the European Central Bank on the trade date. Monetary assets and liabilities denominated in foreign currencies are revalued in euro at the foreign exchange rate quoted by the European Central Bank at the end of the last day of the reporting period. Non-monetary assets and liabilities denominated in foreign currencies and measured at fair value in a foreign currency are converted into the functional currency using the exchange rate of the day on which the fair value was determined. Gains or losses arising from changes in foreign exchange rates are included in the statement of income and expenses as gains or losses on revaluation of foreign currency positions.

The exchange rates published by the European Central Bank for the currencies most used in the preparation of the Fund's statement of assets and liabilities (foreign currency unit to euro) were as follows:

<u>Currency</u>	<u>31.12.2023</u>	<u>31.12.2022</u>
USD	1.1050	1.0666

Cash and cash equivalents

Cash and cash equivalents consist of current balances on the Fund's accounts and other short-term highly liquid investments with original maturities of 3 months or less.

Financial instruments

Financial instruments are classified into the following categories: fair value through profit or loss and loans and receivables. The classification depends on the purpose for which the financial instrument was acquired. Management determines the classification of a financial instrument at initial recognition.

Financial instruments at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets that are acquired or acquired for trading purposes in the foreseeable future or that are classified as at fair value through profit or loss after initial recognition. All of the Fund's investments in instruments are classified as financial assets at fair value through profit or loss. The result of financial assets measured at fair value is reflected in the income statement as an increase/(decrease) in the value of investments.

The revaluation of financial instruments is based on financial information available on Bloomberg and the Russian Stock Exchange on the market bid prices of these instruments. Unquoted financial instruments are valued according to the custodian bank's information on transactions that have taken place, and in the absence of such information, instruments are valued using the discounted cash flow method. Purchases and sales of financial instruments are recognised on the settlement date. The cost of instruments sold is determined using the FIFO (first in, first out) method.

Financial assets and liabilities measured at amortised cost

To be measured at amortised cost, a financial asset must be held simultaneously within a business model that seeks to hold the financial asset to receive its contractual cash flows, and the financial asset's contractual cash flows must be fixed and determinable over time and must comply with the 'principal and interest only' principle.

Financial assets measured at amortised cost are carried at amortised cost using the effective interest method, less any provision for impairment.

Provisions for impairment losses on financial assets that are not impaired (Stage 1 and Stage 2) are measured as the present value of any cash shortfall, being the difference between the contractual cash flows expected to be received by the Company and the cash flows expected to be received by the Company, discounted at the financial asset's effective interest rate. The provision for impairment losses on financial assets that are impaired at the reporting period end date (stage 3) is measured as the difference between the gross carrying amount and the present value of estimated future cash flows, discounted at the financial asset's effective interest rate. For financial assets purchased or issued with impairment, the credit-adjusted effective interest rate is applied from initial recognition.

Income or expense from a financial asset measured at amortised cost is recognised in profit or loss when the financial asset is derecognised, reclassified, or amortised, or to recognise or reverse an impairment loss. Financial assets measured at amortised cost are recognised at the date of issue. From the date of signature of the relevant contract until the actual date of issue, they are accounted for as a lending liability in off-balance sheet items.

If financial assets cannot be recovered, they are written off and recorded as a reduction in the allowance for credit losses. The decision to write off loans is made by the Company's management. Proceeds from the recovery of loans previously written off are recognised in the income statement.

The Company classifies all financial liabilities as carried at amortised cost using the effective interest method, except for derivative financial instruments and certain deposit components of insurance plan liabilities which are measured at fair value through profit or loss. Gains or losses on financial liabilities measured at amortised cost are recognised in the income statement when the financial liability is derecognised and amortised.

Derivative financial instruments

The Fund may enter derivative financial instruments for the purpose of managing currency risk. For accounting purposes, all derivative financial instruments are classified as held-for-trading transactions.

After initial recognition and valuation, contracts are carried on the balance sheet at fair value. The fair value of these contracts is included in the statement of assets and liabilities as 'Derivative financial instruments' and their notional principal amount is disclosed in the notes to the financial statements.

Gains or losses arising from changes in claims and liabilities arising from these contracts are included in the statement of income and expenses as a result of the revaluation of foreign currencies. Considering changes in the market value of the Derivative Transactions, a Variable Collateral Amount (minimum transfer amount of EUR 500'000) is calculated as at each Valuation Date, which one party to the Derivative Transactions is required to receive from the other party to the Derivative Transactions. The Variable Collateral shall be accounted for at amortised cost. As at 31.12.2023 and 31.12.2022, the Fund did not have any Variable Collateral.

Recognition and derecognition from assets

Purchases and sales of financial assets are recognised on the settlement date. Financial assets are derecognised when the rights to the cash flows from the financial assets expire or when the Fund has transferred all risks and rewards of ownership. Financial assets classified as financial assets at fair value through profit or loss are initially recorded at fair value, with any costs associated with closing the transaction being recognised in the income statement. Other financial assets are initially recorded at fair value, including transaction costs.

Provisions for impairment of financial assets

The Company estimates expected credit losses. The impairment allowance requirements apply to financial assets measured at amortised cost but not to financial assets measured at fair value through profit or loss.

Impairment provisions are recognised based on future information, even if the loss event has not occurred. A wide range of information is considered in the assessment, but as most of these exposures are credit rated, the calculation relies heavily on external credit ratings and estimated default probabilities derived from multi-period rating migration matrices calculated by rating agencies. If an external rating agency credit rating is not available for assessment, it may be replaced by an internally calculated credit quality level. Credit risk indicators (default, delinquency, restructuring) and individual issuer credit risk assessment are also considered. The Company considers exposures with investment grade credit ratings to be low risk assets and therefore it is assumed that they have not significantly increased in credit risk since acquisition. For exposures rated below investment grade by more than 3 notches, a decline in credit rating since the original acquisition is considered as a factor indicating a significant increase in credit risk. Estimated credit losses are recognised based on the stage of the provision to which the

exposure is allocated at the reporting date. A 12-month expected credit loss is recognised for Stage 1 exposures where there has been no material increase in credit risk since initial recognition. Life-cycle expected credit losses are recognised for Stage 2 exposures where the credit risk has increased significantly since initial recognition and for Stage 3 exposures for which a default has been observed. Stage 3 exposures, if identified, would be subject to additional comprehensive assessment, including comparison with market valuations for similar exposures, market depth of the underlying security, past trading performance and other available information.

Fair value of financial assets and liabilities

Fair value is the price that would be received from selling an asset or paid to transfer a liability in an arm's length transaction between market participants at the measurement date in the principal market, or in its absence, the most advantageous market to which the Company has access at that date. The fair value of liabilities reflects the risk of default.

The Company measures the fair value of a financial instrument of the Fund using quoted prices in an active market, where practicable. A market is considered active if transactions in the asset or liability occur frequently enough and in sufficient volume to permit regular price information to be obtained.

Financial instruments are revalued using financial information available on Bloomberg and NASDAQ OMX Riga on the bid prices of these financial instruments. Purchases and sales of financial instruments are recognised on the settlement date. The acquisition value of financial instruments sold is determined using the FIFO (first in, first out) method.

Where a quoted price in an active market is not available, the Company uses valuation techniques that use observable market data as much as possible and unobservable inputs as little as possible. The valuation method chosen includes all factors that market participants would consider in determining the transaction price.

At initial recognition, the best evidence of the fair value of a financial instrument is the transaction price, i.e., the fair value of the consideration paid or received. If the Company determines that the fair value at initial recognition differs from the transaction price and the fair value is not evidenced either by a quoted price in an active market for an identical asset or liability or by the results of a valuation technique that uses only observable inputs, the financial instrument is initially measured at fair value, adjusted to reflect the difference between the fair value at initial recognition and the transaction price. This difference is subsequently recognised in profit or loss, as appropriate, considering the expected life of the instrument, but not later than the point at which the value can be fully supported by observable market data, or the transaction is completed.

The portfolios of financial assets and financial liabilities exposed to market risk and credit risk managed by the Company based on net exposure to either market risk or credit risk are valued by reference to the price that would be paid to sell a net long position (or paid to transfer a net short position) in the individual risks. These portfolio level adjustments are allocated to individual assets and liabilities based on relative risk adjustments for each individual portfolio of instruments.

A description of the methods used to determine fair value by 3 levels, based on the degree of observability of the information used in the valuation techniques, is presented below.

Level 1 represents financial instruments whose fair value is based on quoted prices in an active market. This category mainly includes equities, debt instruments, short-term bonds and standardised derivatives that are valued using quoted exchange prices. Financial instruments traded in active markets outside the stock exchange are also included in this category.

Level 2 represents financial instruments for which available market inputs, such as prices for similar financial instruments, are used to measure fair value and which are traded in the market. This category consists mainly of less liquid debt instruments and derivatives that are valued based on observable market data. The price of less liquid debt instruments is adjusted for yield spreads available in the market.

Level 3 represents financial instruments whose fair value is determined using observable market data and the entity's internal estimates.

The Company recognises changes in the fair value hierarchy level for instruments at the end of the reporting period in which the changes have occurred. There have been no changes in the fair value hierarchy levels compared to last year.

The portfolios of financial assets and financial liabilities exposed to market risk and credit risk that the Company manages for the Fund, based on the net exposure to either market risk or credit risk, are valued by reference to the price that would be paid to sell a net long position (or paid to transfer a net short position) in the individual exposures. These portfolio-level adjustments are allocated to individual assets and liabilities based on the relative risk adjustment for each individual instrument in the portfolio.

Taxes

The income of the Fund is subject to income taxes in the country where it is earned. The Fund is not subject to corporate income tax in the Republic of Latvia.

Standards published but not valid yet

Several new or amended standards are effective for annual periods beginning after 1 January 2023 (some of which have not yet been endorsed by the European Union) and early adoption is permitted; however, the Fund has not early adopted the new or amended standards in preparing these financial statements.

The new and amended standards listed below are not expected to have a material impact on the Fund's financial statements:

- Classification of liabilities as current or non-current (amendments to IAS 1).
- Non-current contingent liabilities (amendments to IAS 1)
- Lease liabilities in sale and leaseback transactions (amendments to IFRS 16)
- Financing contracts with suppliers (amendments to IAS 7 and IFRS 7)
- No substitutability (amendments to IAS 21)

NOTE 3 DUE ON DEMAND FROM CREDIT INSTITUTIONS

	31.12.2023	% of the Fund's net assets 31.12.2023	31.12.2022	% of the Fund's net assets 31.12.2022
Due on demand from credit institutions, SC				
Citadele bank	747,263	2.57%	811,532	2.97%

NOTE 4 DEBT INSTRUMENTS

All debt and other fixed income instruments are classified as financial assets at fair value through profit or loss.
Debt securities by sector, region.

	% of the Fund's net assets		% of the Fund's net assets	
	31.12.2023	31.12.2023	31.12.2022	31.12.2022
Corporate debt instruments	19,226,154	66.18%	19,561,282	71.60%
Latvia	2,132,478	7.34%	1,693,893	6.19%
OECD countries	10,058,337	34.62%	11,927,234	43.66%
Non-OECD countries	7,035,339	24.22%	5,940,155	21.75%
Government debt instruments	4,278,445	14.73%	4,854,874	17.79%
Non-OECD countries	4,278,445	14.73%	4,854,874	17.79%
Debt instruments of credit institutions	3,404,777	11.72%	1,329,985	4.87%
Latvia	508,226	1.75%	479,530	1.76%
OECD countries	2,047,894	7.05%	-	-
Non-OECD countries	848,657	2.92%	850,455	3.11%
Debt instruments of financial institutions	1,299,192	4.47%	627,750	2.30%
OECD countries	1,299,192	4.47%	627,750	2.30%
Total debt instruments:	28,208,568	97.10%	26,373,891	96.56%

The following table shows the debt instruments by country of origin of the issuer at 31 December 2023:

Financial instrument	ISIN code	Currency	Nominal value	Acquisition value (EUR)	Carrying amount 31.12.2023	% of the Fund's net assets 31.12.2023
Financial instruments traded on regulated markets:				28,127,365	26,780,058	92.18%
Debt instruments of Polish issuers:				3,869,145	3,861,998	13.29%
InPost SA 2.25% 07/2027	XS2010028004	EUR	1,100,000	1,092,308	1,028,734	3.54%
Globalworth Real Estate Investments Ltd 2.95% 07/2026	XS2208868914	EUR	1,200,000	995,728	998,644	3.44%
Synthos SA 2.5% 06/2028	XS2348767836	EUR	1,100,000	971,111	927,979	3.19%
ORLEN SA 1.125% 05/2028	XS2346125573	EUR	1,000,000	809,998	906,641	3.12%
Debt instruments of Romanian issuers:				2,885,894	3,027,049	10.42%
Romanian Government International Bond 2.875% 04/2042	XS2364200514	EUR	1,500,000	889,680	1,041,376	3.58%
NE Property BV 2% 01/2030	XS2434763483	EUR	1,000,000	778,702	817,874	2.82%
Romanian Government International Bond 6.125% 01/2044	US77586TAE64	USD	750,000	616,904	685,304	2.36%
Solis Bond Co DAC 10.113% 01/2024	NO0010914914	EUR	600,000	600,608	482,495	1.66%
Debt instruments of Turkish issuers:				2,391,318	2,370,681	8.17%
Eldorado Gold Corp 6.25% 09/2029	USC3314PAD80	USD	1,100,000	1,015,702	955,218	3.29%
Turkiye Sise ve Cam Fabrikalari AS 6.95% 03/2026	XS1961010987	USD	800,000	715,961	735,177	2.54%
Arcelik AS 8.5% 09/2028	XS2695038401	USD	700,000	659,655	680,286	2.34%
Debt instruments of Estonian issuers:				2,193,666	2,070,595	7.12%
Luminor Bank AS/Estonia 7.75% 06/2027	XS2633112565	EUR	1,000,000	1,011,046	1,096,660	3.77%
Cullinan Holdco Scsp 4.625% 10/2026	XS2397354528	EUR	1,000,000	1,000,821	784,395	2.70%
LHV Group AS 0.875% 09/2025	XS2379637767	EUR	200,000	181,799	189,540	0.65%
Debt instruments of Kazakh issuers:				1,861,620	1,990,702	6.85%
Kazakhstan Government International Bond 6.5% 07/2045	XS1263139856	USD	800,000	769,192	845,494	2.91%
KazMunayGas National Co JSC 6.375% 10/2048	XS1807299331	USD	700,000	577,045	602,404	2.07%
KazMunayGas National Co JSC 5.375% 04/2030	XS1807300105	USD	600,000	515,383	542,804	1.87%
Debt instruments of Uzbek issuers:				1,868,776	1,818,316	6.27%
Uzauto Motors AJ 4.85% 05/2026	XS2330272944	USD	1,200,000	1,013,097	969,659	3.34%
National Bank of Uzbekistan 4.85% 10/2025	XS2242418957	USD	1,000,000	855,679	848,657	2.93%
Debt instruments of Lithuanian issuers:				1,838,200	1,763,089	6.08%
Akropolis Group Uab 2.875% 06/2026	XS2346869097	EUR	1,200,000	1,193,745	1,098,556	3.78%
AUGA group AB 6% 12/2024	LT0000404238	EUR	700,000	644,455	664,533	2.30%
Debt instruments of Ukrainian issuers:				2,309,131	1,714,574	5.90%
MHP Lux SA 6.95% 04/2026	XS1713469911	USD	1,250,000	1,120,899	885,945	3.05%
Ukraine Government International Bond 9.75% 11/2030	XS1902171757	USD	2,000,000	658,883	513,412	1.77%
Ukraine Government International Bond 7.253% 03/2035	XS2010030836	USD	1,500,000	529,349	315,217	1.08%
Debt instruments of Latvian issuers:				1,195,338	1,212,194	4.17%
Citadele Banka AS 5% 12/2031	LV0000880102	EUR	520,000	520,000	508,226	1.75%
Amber Beverage Group Holding Sarl 11.431% 03/2027	LV0000870137	EUR	375,000	375,188	395,101	1.36%
Eco Baltia AS 8% 02/2026	LV0000860120	EUR	300,000	300,150	308,867	1.06%
Debt instruments of Bulgarian issuers:				1,200,637	1,047,269	3.60%
Bulgarian Energy Holding EAD 2.45% 07/2028	XS2367164576	EUR	1,200,000	1,200,637	1,047,269	3.60%

Financial instrument	ISIN code	Currency	Nominal value	Acquisition value (EUR)	Carrying amount 31.12.2023	% of the Fund's net assets 31.12.2023
Debt instruments of Czech issuers:				879,344	976,788	3.36%
PPF Telecom Group BV 3.25% 09/2027	XS2238777374	EUR	1,000,000	879,344	976,788	3.36%
Debt instruments of Georgian issuers:				894,585	933,508	3.21%
Silknet JSC 8.375% 01/2027	XS2436858349	USD	1,000,000	894,585	933,508	3.21%
Debt instruments of Macedonian issuers:				973,623	877,642	3.02%
North Macedonia Government International Bond 1.625% 03/2028	XS2310118893	EUR	1,000,000	973,623	877,642	3.02%
Debt instruments of Slovenian issuers:				737,398	761,694	2.62%
Nova Ljubljanska Banka dd 7.125% 06/2027	XS2641055012	EUR	700,000	737,398	761,694	2.62%
Debt instruments of Moldovan issuers:				997,673	753,381	2.59%
Aragvi Finance International DAC 8.45% 04/2026	XS2326545204	USD	1,200,000	997,673	753,381	2.59%
Debt instruments of Swedish issuers:				1,022,760	697,750	2.40%
DDM Debt AB 9% 04/2026	SE0015797683	EUR	1,000,000	1,022,760	697,750	2.40%
Debt instruments of Norwegian issuers:				597,886	601,442	2.07%
B2Holding ASA 10.816% 09/2026	NO0012704107	EUR	600,000	597,886	601,442	2.07%
Debt instruments of Danish issuers:				410,371	301,386	1.04%
Idavang A/S 11.237% 11/2025	DK0030472618	EUR	410,058	410,371	301,386	1.04%
Financial instruments not traded on regulated markets:				1,407,449	1,428,510	4.92%
Debt instruments of Latvian issuers:				1,407,449	1,428,510	4.92%
Elko Grupa AS 6% 02/2026	LV0000870079	EUR	531,000	531,266	521,973	1.80%
Coffee Address Holding SIA 9% 06/2025*	LV0000802585	EUR	500,000	487,550	506,250	1.74%
iCotton SIA 9.975% 06/2027	LV0000802783	EUR	400,000	388,633	400,287	1.38%
Total debt instruments:				29,534,814	28,208,568	97.10%

The following table shows the debt instruments by country of origin of the issuer at 31 December 2022:

Financial instrument	ISIN code	Currency	Nominal value	Acquisition value (EUR)	Carrying amount 31.12.2022	% of the Fund's net assets 31.12.2022
Financial instruments traded on regulated markets:				28,602,195	24,849,369	90.99%
Debt instruments of Polish issuers:				5,144,774	4,484,049	16.42%
InPost SA 2.25% 07/2027	XS2010028004	EUR	1,200,000	1,191,609	994,659	3.64%
Globalworth Real Estate Investments Ltd 2.95% 07/2026	XS2208868914	EUR	1,200,000	995,728	954,513	3.50%
GTC Aurora Luxembourg SA 2.25% 06/2026	XS2356039268	EUR	1,200,000	1,176,328	883,109	3.23%
Synthos SA 2.5% 06/2028	XS2348767836	EUR	1,100,000	971,111	847,019	3.10%
Polski Koncern Naftowy ORLEN SA 1.125% 05/2028	XS2346125573	EUR	1,000,000	809,998	804,749	2.95%
Debt instruments of Turkish issuers:				2,247,377	2,218,104	8.12%
Eldorado Gold Corp 6.25% 09/2029	USC3314PAD80	USD	1,100,000	1,015,702	922,675	3.38%
Turkiye Sise ve Cam Fabrikalari AS 6.95% 03/2026	XS1961010987	USD	800,000	715,961	742,962	2.72%
Arcelik AS 3% 05/2026	XS2346972263	EUR	600,000	515,714	552,467	2.02%
Debt instruments of Romanian issuers:				2,160,009	2,095,358	7.68%
Romanian Government International Bond 2.875% 04/2042	XS2364200514	EUR	1,500,000	889,680	867,175	3.18%
Romanian Government International Bond 1.75% 07/2030	XS2364199757	EUR	900,000	669,721	630,854	2.31%
Solis Bond Co DAC 6.5% 01/2024	NO0010914914	EUR	600,000	600,608	597,329	2.19%
Debt instruments of Kazakh issuers:				2,164,399	2,068,243	7.58%
KazTransGas JSC 4.375% 09/2027	XS1682544157	USD	1,250,000	1,202,909	1,066,735	3.91%
Kazakhstan Government International Bond 6.5% 07/2045	XS1263139856	USD	1,000,000	961,490	1,001,508	3.67%
Debt instruments of Estonian issuers:				2,101,077	1,915,920	7.01%
Cullinan Holdco Scsp 4.625% 10/2026	XS2397354528	EUR	1,500,000	1,501,077	1,323,128	4.84%
Mainor Ulemiste 5.5% 04/2023	EE3300111343	EUR	600,000	600,000	592,792	2.17%
Debt instruments of Uzbek issuers:				1,868,776	1,773,175	6.49%
Uzauto Motors AJ 4.85% 05/2026	XS2330272944	USD	1,200,000	1,013,097	922,720	3.38%
National Bank of Uzbekistan 4.85% 10/2025	XS2242418957	USD	1,000,000	855,679	850,455	3.11%
Debt instruments of Lithuanian issuers:				1,838,200	1,696,257	6.21%
Akropolis Group Uab 2.875% 06/2026	XS2346869097	EUR	1,200,000	1,193,745	1,001,974	3.67%
AUGA group AB 6% 12/2024	LT0000404238	EUR	700,000	644,455	694,283	2.54%
Debt instruments of Ukrainian issuers:				2,309,131	1,233,719	4.52%
MHP Lux SA 6.95% 04/2026	XS1713469911	USD	1,250,000	1,120,899	568,653	2.08%
Ukraine Government International Bond 9.75% 11/2030	XS1902171757	USD	2,000,000	658,883	403,600	1.48%
Ukraine Government International Bond 7.253% 03/2035	XS2010030836	USD	1,500,000	529,349	261,466	0.96%
Debt instruments of Latvian issuers:				1,192,014	1,040,590	3.81%
Air Baltic Corp AS 6.75% 07/2024	XS1843432821	EUR	750,000	672,014	561,060	2.05%
Citadele Banka AS 5% 12/2031	LV0000880102	EUR	520,000	520,000	479,530	1.76%
Debt instruments of Bulgarian issuers:				1,200,637	936,677	3.43%
Bulgarian Energy Holding EAD 2.45% 07/2028	XS2367164576	EUR	1,200,000	1,200,637	936,677	3.43%
Debt instruments of Moldovan issuers:				1,167,846	931,891	3.41%
Aragvi Finance International DAC 8.45% 04/2026	XS2326545204	USD	1,400,000	1,167,846	931,891	3.41%
Debt instruments of Georgian issuers:				894,585	916,150	3.35%
Silknet JSC 8.375% 01/2027	XS2436858349	USD	1,000,000	894,585	916,150	3.35%

Financial instrument	ISIN code	Currency	Nominal value	Acquisition value (EUR)	Carrying amount 31.12.2022	% of the Fund's net assets 31.12.2022
Debt instruments of Czech issuers:				879,344	901,421	3.30%
PPF Telecom Group BV 3.25% 09/2027	XS2238777374	EUR	1,000,000	879,344	901,421	3.30%
Debt instruments of Azerbaijani issuers:				954,620	897,263	3.29%
Republic of Azerbaijan International Bond 5.125% 09/2029	XS1678623064	USD	1,000,000	954,620	897,263	3.29%
Debt instruments of Macedonian issuers:				973,623	793,008	2.90%
North Macedonia Government International Bond 1.625% 03/2028	XS2310118893	EUR	1,000,000	973,623	793,008	2.90%
Debt instruments of Swedish issuers:				1,022,760	627,750	2.30%
DDM Debt AB 9% 04/2026	SE0015797683	EUR	1,000,000	1,022,760	627,750	2.30%
Debt instruments of Danish issuers:				483,023	319,794	1.17%
Idavang A/S 9.052% 11/2025	DK0030472618	EUR	482,655	483,023	319,794	1.17%
Financial instruments not traded on regulated markets:				1,519,156	1,524,522	5.57%
Debt instruments of Latvian issuers:				1,118,866	1,132,833	4.14%
Elko Grupa AS 6% 02/2026	LV0000870079	EUR	631,000	631,316	626,583	2.29%
Coffee Address Holding SIA 9% 06/2025	LV0000802585	EUR	500,000	487,550	506,250	1.85%
Debt instruments of Estonian issuers:				400,290	391,689	1.43%
Nortal AS 4.75% 05/2024	FI4000383930	EUR	400,000	400,290	391,689	1.43%
Total debt instruments:				30,121,351	26,373,891	96.56%

NOTE 5 DERIVATIVE FINANCIAL INSTRUMENTS

The following tables show the notional principal amount and fair value of forwards and swaps at 31 December 2023. The notional principal amount of foreign exchange swaps is determined in accordance with the requirements arising from these transactions.

Foreign exchange transactions	31.12.2023			% of the Fund's net assets 31.12.2023*
	Base value	Fair value		
		Assets	Liabilities	
Currency swaps	43,176,362	611,576	(464,615)	0.51%
Currency swaps (forwards)	723,362	8,699	(8,890)	0.00%
Total derivatives	43,899,724	620,275	(473,505)	0.51%

*The net value of derivative assets and liabilities is reflected as a percentage of the Fund's net assets.

All derivative financial instruments are EUR-USD currency swaps and are entered into with SC Citadele bank.

Foreign exchange transactions	31.12.2022			% of the Fund's net assets 31.12.2022*
	Base value	Fair value		
		Assets	Liabilities	
Currency swaps	38,716,927	965,949	(807,088)	0.58%
Currency swaps (forwards)	1,250,721	19,559	(9,479)	0.04%
Total derivatives	39,967,648	985,508	(816,567)	0.62%

*The net value of derivative assets and liabilities is reflected as a percentage of the Fund's net assets.

All derivative financial instruments are EUR-USD currency swaps and are entered into with SC Citadele bank.

NOTE 6 ACCRUED EXPENSES

	31.12.2023	31.12.2022
Accrued expenses for investment management company fees	24,546	23,363
Accrued expenses for custodian fees	4,419	4,205
Accrued expenses for professional services of auditors	6,050	6,655
Accrued expenses for the Bank of Latvia (FCMC until 31.12.2022)	8,228	7,475
Other expenses	7,044	-
Total accrued expenses	50,287	41,698

NOTE 7 INTEREST INCOME

	31.12.2023	31.12.2022
From debt instruments	1,617,940	1,678,976
Interest income on claims on credit institutions	6,267	-
Total interest income	1,624,207	1,678,976

NOTE 8 OTHER FUND MANAGEMENT EXPENSES FOR THE REPORTING PERIOD

	<u>31.12.2023</u>	<u>31.12.2022</u>
Expenses for the Bank of Latvia	32,656	7,814
Expenses for professional services of auditors	6,050	6,655
Expenses for information sources and analytical studies	27,145	-
Other expenses	1,936	5,612
Total other fund management expenses	<u>67,769</u>	<u>20,081</u>

NOTE 9 REALISED INCREASE/(DECREASE) IN INVESTMENT VALUE

	<u>31.12.2023</u>	<u>31.12.2022</u>
Income for the period from sale of investments*	6,755,767	21,968,282
Acquisition value of investments sold during the reporting period	(7,327,039)	(29,546,267)
Increase in the value of sold investments recognised in previous reporting periods	938,928	521,812
Total realised increase/(decrease) in investment value	<u>367,656</u>	<u>(7,056,173)</u>

* For the reporting period, gains on the sale (redemption) of investments are recognised at the exchange rate on the date of acquisition of the financial instrument.

NOTE 10 UNREALISED INCREASE/(DECREASE) IN INVESTMENT VALUE

	<u>31.12.2023</u>	<u>31.12.2022</u>
From debt instruments	1,890,307	(4,344,593)
From derivatives*	146,768	168,940
Total unrealised increase/(decrease) in investment value	<u>2,037,075</u>	<u>(4,175,653)</u>

* The statement reflects unrealised appreciation on derivatives.

NOTE 11 CHANGES IN INVESTMENTS DURING THE REPORTING PERIOD

The table below shows the changes in investments in 2023:

	<u>31.12.2022</u>	<u>Increase during the reporting period</u>	<u>Decrease during the reporting period*</u>	<u>Fair value revaluation result and recognised interest income</u>	<u>31.12.2023</u>
Debt instruments	26,373,891	6,739,788	(8,442,267)	3,537,156	28,208,568
Derivatives, net	168,941	-	(118,117)	95,946	146,770
Total investments	<u>26,542,832</u>	<u>6,739,788</u>	<u>(8,560,384)</u>	<u>3,633,102</u>	<u>28,355,338</u>

*Decrease during the reporting period is carried at the exchange rate on the date the investment is sold. This item includes income from the sale and redemption of investments and coupons received.

The table below shows the changes in investments in 2022:

	<u>31.12.2021</u>	<u>Increase during the reporting period</u>	<u>Decrease during the reporting period*</u>	<u>Fair value revaluation result and recognised interest income</u>	<u>31.12.2022</u>
Debt instruments	48,990,750	10,860,432	(24,762,472)	(8,714,819)	26,373,891
Derivatives, net	(207,018)	-	1,832,143	(1,456,184)	168,941
Total investments	<u>48,783,732</u>	<u>10,860,432</u>	<u>(22,930,329)</u>	<u>(10,171,003)</u>	<u>26,542,832</u>

*Decrease during the reporting period is carried at the exchange rate on the date the investment is sold. This item includes income from the sale and redemption of investments and coupons received.

NOTE 12 PLEDGED ASSETS

During the year under review, the Fund did not issue any guarantees or sureties or pledge or otherwise encumber any assets.

NOTE 13 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

The following table analyses financial instruments measured at fair value at the end of the reporting period by level within the fair value hierarchy, which categorises fair value measurements.

2023	Level 1:	Level 2:	Level 3:	Total
Financial assets				
Financial assets at fair value through profit or loss:				
Debt instruments and other fixed-income instruments	3,631,620	24,068,722	508,226	28,208,568
Derivative financial instruments	-	620,275	-	620,275
Total financial assets	3,631,620	24,688,997	508,226	28,828,843
Financial liabilities				
Derivative financial instruments	-	(473,505)	-	(473,505)
Net fair value	3,631,620	24,215,492	508,226	28,355,338

At 31 December 2023, the balance of debt securities classified in Level 1 of the fair value hierarchy (Valuation technique - observable market inputs) has increased compared to 31 December 2022. The main reason for the increase is the bid-ask spreads observed at the end of 2022, which were compared to the fixed bid-ask spread threshold set in the fair value hierarchy methodology and applied consistently year on year. During 2023, for debt securities with an asset balance of EUR 1,641,818, there was a change in classification from Level 2 to Level 1 of the hierarchy, and for securities with a balance of EUR 1,041,376, there was a change in classification from Level 1 to Level 2 of the hierarchy. During 2023, for securities with an asset balance of EUR 1,186,506, there was a change in classification from Level 3 to Level 2 of the hierarchy.

2022	Level 1:	Level 2:	Level 3:	Total
Financial assets				
Financial assets at fair value through profit or loss:				
Debt instruments and other fixed-income instruments	1,498,029	23,075,466	1,800,396	26,373,891
Derivative financial instruments	-	985,508	-	985,508
Total financial assets	1,498,029	24,060,974	1,800,396	27,359,399
Financial liabilities				
Derivative financial instruments	-	(816,567)	-	(816,567)
Net fair value	1,498,029	23,244,407	1,800,396	26,542,832

During 2022, for securities with an asset value of EUR 13,447,935, there was a change in classification from hierarchy level 1 to hierarchy level 2 and no change in classification from hierarchy level 2 to hierarchy level 1.

The following table shows a comparison of the opening balances and closing balances of the fair value measurements in Level 3 of the fair value hierarchy.

EUR	Total financial instruments held for trading
Balance at 1 January 2023	1,800,396
Reclassification from Level 3 on 31.12.2023	
AUGA group AB 6% 12/2024 ISIN LT0000404238	(664,533)
Elko Grupa AS 6% 02/2026 ISIN LV0000870079	(521,973)
Total profit or loss:	
Statement of income and expenses	(79,664)
Purchase at	-
Sales/Disposals	-
Coupons	(26,000)
Balance at 31 December 2023	508,226

*A decision was taken at the end of the reporting year to reclassify the debt instruments AUGA group AB 6% 12/2024 ISIN LT0000404238 and Elko Grupa AS 6% 02/2026 ISIN LV0000870079 to a more appropriate level 2 of the hierarchy due to available quotes; accordingly, available quotes are not sufficient to reclassify the specific debt securities to level 1 of the hierarchy.

The following table shows a comparison of the opening balances and closing balances of the fair value measurements in Level 3 of the fair value hierarchy.

EUR	Total financial instruments held for trading
Balance at 1 January 2022	661,288
Reclassification to Level 3 31.12.2022*	
AUGA group AB 6.00% 12/2024 ISIN LT0000404238	
Citadele Banka AS 5% 12/2031 ISIN LV0000880102	1,173,813
Total profit or loss:	
Statement of income and expenses	71,736
Purchase at	-
Sales/Disposals	
Receiving a voucher	(106 441)
Balance at 31 December 2022	1,800,396

*Due to the lack of liquidity at the end of the reporting year, it was decided to apply the valuation model for fair value measurement for debt instruments AUGA group AB 6.00% 12/2024 ISIN LT0000404238 and Citadele Banka AS 5% 12/2031 ISIN LV0000880102.

The table below presents the valuation techniques used to measure Level 2 and Level 3 fair values, as well as key unobservable inputs:

Type	Valuation method	Significant unobservable data	Relationship between significant unobservable inputs and fair value measurement
Financial assets at fair value through profit or loss (Debt instruments) - Level 2	Financial market quotes	Not applicable	Not applicable
Derivative financial instruments	Financial market quotes	Not applicable	Not applicable
Financial assets at fair value through profit or loss (Debt instruments) - Level 3	Discounted cash flow method	Discount rate	The estimated fair value would increase (decrease) if: - The discount rate would be lower (higher);

	Impact on the income statement	
	Increase	(Decrease)
31 December 2023		
Discount rate (2% change) Citadele 5% 12/2031 ISIN LV0000880102	60,750	(70,891)
31 December 2022		
Discount rate (2% change) Citadele 5% 12/2031 ISIN LV0000880102	61,812	(73,270)
Discount rate (2% change) AUGA group AB 6% 12/2024 ISIN LT0000404238	24,142	(25,507)
Discount rate (2% change) Elko Grupa AS 6% 02/2026 ISIN LV0000870079	32,992	(35,313)

NOTE 14 RISK MANAGEMENT

Investment process risk can be defined as a probability of undesirable outcome that may materialise in each market economy at a given point in time. Risk management is described as risk identification, measurement, and its possible prevention. The investment process may be affected by the exchange rate risk, interest rate risk, price risk, credit risk, liquidity risk and other risks, including operational risk. The Fund's investment strategy is designed to minimise these risks, but the Company cannot guarantee that these risks can be completely avoided in the future.

Risk management framework

Risk identification and measurement is a responsibility of an independent unit - the Risk Management Department of the Company, which develops and presents the information on risk profile to the Fund Manager. The Fund Manager can make certain decisions on the necessity to reduce existing or potential risks.

Risk measurement process employs models that are developed by the company, are based on historical data, and are adjusted according to the economic situation. Certain models are also used to predict the financial risk factor changes under both normal and exceptional financial market circumstances. The Manager of Investment Fund follows risk diversification and hedging principles whose objective is to reduce the investment risk that are developed in accordance with the Management Policy. When investing for the account of the Fund, the Fund Manager shall obtain sufficient information on potential or acquired investment targets and shall monitor the financial and economic situation of issuers in whose securities the Fund's assets will be or have been invested. When developing the Fund's investment strategy and setting risk limits, the Company performs an analysis of the Fund's distribution of maturity, geographic location, and types of currency investments by assessing the risk level for each of these factors. The Manager acts in strict compliance with the Prospectus of the Fund, Fund Management Regulations, as well as regulations and restrictions prescribed in laws and regulations of the Republic of Latvia.

Market risk

Market risk is the probability that the Fund's value may decrease when any of the market factors changes, for example, in case of changes in interest rates (interest rate risk), prices of securities (price risk), foreign currency exchange rates (foreign currency risk) or other market risk factors. The assessment of each of these market risk sources is provided below, however, they cannot be fully diversified.

Interest rate risk

The price risk of financial instruments (bonds) is largely dependent on fluctuations in market interest rates and changes in the credit quality of the issuer. Changes in market interest rates have the most direct impact on the attractiveness of a financial instrument, as it is essentially an alternative source of interest income. If interest rates rise in the market, the prices of fixed income financial instruments fall and vice versa. On the other hand, a rise (fall) in market interest rates has a positive (negative) impact on coupon rates for fixed income instruments with floating interest rates (where the coupon is set as a base rate, e.g., Euribor or Libor plus an additional margin). After revaluation (the point at which a new interest rate will be applied), the coupon rate of such financial instruments increases (decreases), resulting in an increase (decrease) in interest income.

The tables below show the potential impact on the value of a particular Fund of changes in market interest rates for individual currencies, where the change in interest income is calculated over one year. Actual changes in the Fund's value may differ from the calculations and the difference may be significant.

Changes in the market value of fixed income securities and interest income (2023, EUR)				
Currency	Change in base rates, bp	Change in interest income for the year	Changes in market value	Impact of changes in base rates on the total value of the portfolio
EUR	100	27,438	(762,603)	(735,165)
USD	100	-	(729,653)	(729,653)
Total		27,438	(1,492,256)	1,464,817
EUR	-100	(27,438)	762,603	735,165
USD	-100	-	729,653	729,653
Total		(27,438)	1,492,256	1,464,817

Changes in the market value of fixed income securities and interest income (2022, EUR)				
Currency	Change in base rates, bp	Change in interest income for the year	Changes in market value	Impact of changes in base rates on the total value of the portfolio
EUR	100	7,491	(890,460)	(882,969)
USD	100	-	(757,201)	(757,201)
Total		7,491	(1,647,661)	(1,640,170)
EUR	-100	(7,491)	890,460	882,969
USD	-100	-	757,201	757,201
Total		(7,491)	1,647,661	1,640,170

Changes in the market value of fixed income securities and interest income (2023, % of net assets)				
Currency	Change in base rates, bp	Change in interest income for the year	Changes in market value	Impact of changes in base rates on the total value of the portfolio
EUR	100	0.09%	(2.62%)	(2.53%)
USD	100	-	(2.51%)	(2.51%)
Total		0.09%	(5.13%)	(5.04%)
EUR	-100	(0.09%)	2.62%	2.53%
USD	-100	-	2.51%	2.51%
Total		(0.09%)	5.13%	5.04%

Changes in the market value of fixed income securities and interest income (2022, % of net assets)				
Currency	Change in base rates, bp	Change in interest income for the year	Changes in market value	Impact of changes in base rates on the total value of the portfolio
EUR	100	0.03%	(3.26%)	(3.23%)
USD	100	-	(2.77%)	(2.77%)
Total		0.03%	(6.03%)	(6.00%)
EUR	-100	(0.03%)	3.26%	3.23%
USD	-100	-	2.77%	2.77%
Total		(0.03%)	6.03%	6.00%

Exchange rate risk

Exchange rate risk arises when the nominal currency of a financial instrument or other financial instruments in the Fund differs from the currency of the Fund. Exchange rate fluctuations may result in gains or losses, depending on the direction of exchange rate fluctuations and the currency position of the Fund. Currency risk in the Fund is effectively managed by entering Forward and/or SWAP transactions.

The following table shows the breakdown of the Fund's net assets and liabilities by currency at 31 December 2023

	USD	EUR	Total
Assets			
Due on demand from credit institutions	488,052	259,211	747,263
Financial instruments at fair value through profit or loss			
Debt instruments	10,266,466	17,942,102	28,208,568
Derivative financial instruments	(26,173,912)	26,794,187	620,275
Total assets	(15,419,394)	44,995,500	29,576,106
Liabilities			
Accrued expenses	(37,193)	(13,094)	(50,287)
Derivative financial instruments	17,725,812	(18,199,317)	(473,505)
Total liabilities	17,688,619	(18,212,411)	(523,792)
Net assets	2,269,225	26,783,089	29,052,314
Net long/(short) position	7.81%	92.19%	100.00%

The following table shows the breakdown of the Fund's net assets and liabilities by currency at 31 December 2022

	USD	EUR	Total
Assets			
Due on demand from credit institutions	722,400	89,132	811,532
Financial instruments at fair value through profit or loss			
Debt instruments	9,486,078	16,887,813	26,373,891
Derivative financial instruments	(23,439,450)	24,424,958	985,508
Total assets	(13,230,972)	41,401,903	28,170,931
Liabilities			
Accrued expenses	(35,043)	(6,655)	(41,698)
Derivative financial instruments	15,927,236	(16,743,803)	(816,567)
Total liabilities	15,892,193	(16,750,458)	(858,265)
Net assets	2,661,221	24,651,445	27,312,666
Net long/(short) position	9.74%	90.26%	100.00%

The impact of exchange rate changes on the Fund's net asset value is shown in the tables below. Exchange rate movements are the one-year standard deviation (root-mean-square deviation) of the respective exchange rate.

Impact of exchange rate changes (2023)				Impact of exchange rate changes (2022)			
Currency	Share in the fund (% of assets)	Exchange rate against USD	Impact on the value of the fund	Currency	Share in the fund (% of assets)	Exchange rate against USD	Impact on the value of the fund
EUR	92.19%	7.54%	6.95%	EUR	90.26%	10.06%	9.08%
Total	92.19%		6.95%	Total	90.26%		9.08%

The impact of exchange rate changes on the value of the CBL Eastern European Bond Fund Class R Acc EUR (hedged) is shown in the table below. The exchange rate movements are the one-year standard deviation of the respective exchange rate.

Impact of exchange rate changes (2023)				Impact of exchange rate changes (2022)			
Currency	Share in the fund (% of assets)	Exchange rate against USD	Impact on the value of the fund	Currency	Share in the fund (% of assets)	Exchange rate against USD	Impact on the value of the fund
EUR	85.29%	7.54%	6.43%	EUR	81.20%	10.06%	8.17%
Total	85.29%		6.43%	Total	81.20%		8.17%

The impact of exchange rate changes on the USD value of the CBL Eastern European Bond Fund Class R Acc is shown in the table below. The exchange rate movements are the one-year standard deviation of the respective exchange rate.

Impact of exchange rate changes (2023)				Impact of exchange rate changes (2023)			
Currency	Share in the fund (% of assets)	Exchange rate against USD	Impact on the value of the fund	Currency	Share in the fund (% of assets)	Exchange rate against USD	Impact on the value of the fund
EUR	6.90%	7.54%	0.52%	EUR	9.06%	10.06%	0.91%
Total	6.90%		0.52%	Total	9.06%		0.91%

Credit risk

Credit risk refers to the probability that the value of the Fund may decline if the Fund's counterparty or the issuer of the debt obligations is unable or refuses to meet its obligations. Consequently, only reputable, and reliable counterparties are selected for transactions in the Fund's assets. The Fund Manager regularly monitors the solvency of the Fund's counterparties, researching their credit ratings, financial condition, and media coverage.

The credit quality of the Fund's assets is managed based on the credit ratings assigned by the international rating agencies. In addition, the financial statements of issuers, their financial position and future perspective are examined.

The Fund's claims on credit institutions in 2023 and 2022 are investment grade rated. On 31 October 2023, the international credit rating agency revised the credit rating of SC Citadele bank to Baa2 with a stable outlook, which corresponds to the category of investment grade financial instruments.

The breakdown by credit rating is as follows:

High quality financial instruments: AAA - AA-; Aaa - Aa3;

Investment grade financial instruments: A+ - BBB-; A1 - Baa3;

Higher risk financial instruments: BB+ - BB-; Ba1 - Ba3;

Speculative financial instruments: B+ - C; B1 - C;

The following table shows the breakdown of the Fund's assets by credit rating as at 31 December 2023:

	Investment grade financial instruments	Higher risk financial instruments	Speculative financial instruments	Without rating	Total
Due on demand from credit institutions	747,263	-	-	-	747,263
Financial assets at fair value through profit or loss:					
Debt instruments	7,489,791	8,484,555	8,145,104	4,089,118	28,208,568
Derivative financial instruments	620,275	-	-	-	620,275
Total investments	8,857,329	8,484,555	8,145,104	4,089,118	29,576,106

The following table shows the breakdown of the Fund's assets by credit rating as at 31 December 2022:

	Investment grade financial instruments	Higher risk financial instruments	Speculative financial instruments	Without rating	Total
Due on demand from credit institutions	811,532	-	-	-	811,532
Financial assets at fair value through profit or loss:					
Debt instruments	5,325,534	9,981,180	6,858,927	4,208,250	26,373,891
Derivative financial instruments	985,508	-	-	-	985,508
Total investments	7,122,574	9,981,180	6,858,927	4,208,250	28,170,931

Concentration risk

The industry and geography of the issuer are additional risk factors that may affect both the price of the security issued and the issuer's own solvency, and it is therefore important to identify concentration risk, i.e., the extent to which the value of the Fund is affected by changes in certain regions and/or industries. The geographical breakdown of concentration risk (based on the country with the greatest impact on the issuer's solvency) and the sectoral breakdown are set out in the tables below.

The following table shows the geographical breakdown of the Fund's assets and liabilities at 31 December 2023.

	Latvia	Other OECD countries	Non-OECD countries	Total
Assets				
Due on demand from credit institutions	747,263	-	-	747,263
Financial assets at fair value through profit or loss				
Debt instruments	2,640,704	13,405,423	12,162,441	28,208,568
Derivative financial instruments	620,275	-	-	620,275
Total assets	4,008,242	13,405,423	12,162,441	29,576,106
Liabilities				
Derivative financial instruments	(473,505)	-	-	(473,505)
Accrued expenses	(50,287)	-	-	(50,287)
Total liabilities	(523,792)	-	-	(523,792)
Net assets	3,484,450	13,405,423	12,162,441	29,052,314

The following table shows the geographical breakdown of the Fund's assets and liabilities at 31 December 2022.

	Latvia	Other OECD countries	Non-OECD countries	Total
Assets				
Due on demand from credit institutions	811,532	-	-	811,532
Financial assets at fair value through profit or loss				
Debt instruments	2,173,423	12,554,984	11,645,484	26,373,891
Derivative financial instruments	985,508	-	-	985,508
Total assets	3,970,463	12,554,984	11,645,484	28,170,931
Liabilities				
Derivative financial instruments	(816,567)	-	-	(816,567)
Accrued expenses	(41,698)	-	-	(41,698)
Total liabilities	(858,265)	-	-	(858,265)
Net assets	3,112,198	12,554,984	11,645,484	27,312,666

The following table shows the sectoral breakdown of the Fund's portfolio according to the GICS (Global Industry Classification Standard). Information is provided for securities for which such information is available:

Sectors	Carrying amount	% of the Fund	Carrying amount	% of the Fund
	31.12.2023	net assets 31.12.2023	31.12.2022	net assets 31.12.2022
Government	4,278,445	14.72%	4,854,874	17.79%
Consumer goods	3,906,883	13.46%	3,020,871	11.05%
Commercial banks	3,404,777	11.72%	1,329,985	4.87%
Real estate	2,915,074	10.04%	3,432,388	12.57%
Energy resources	2,836,244	9.76%	3,194,612	11.70%
Industry	2,072,778	7.14%	2,298,681	8.41%
Communication services	1,910,296	6.57%	1,817,571	6.65%
Raw materials	1,883,197	6.48%	1,769,694	6.48%
Consumer services	1,649,945	5.68%	1,475,187	5.40%
Utilities	1,529,764	5.26%	1,534,006	5.62%
Financial services	1,299,192	4.47%	627,750	2.30%
IT services	521,973	1.80%	1,018,272	3.72%
Total	28,208,568	97.10%	26,373,891	96.56%

The following table shows the breakdown of the Fund's net assets by country:

Country	Carrying amount	% of the Fund's net	Carrying amount	% of the Fund's
	31.12.2023	assets 31.12.2023	31.12.2022	net assets 31.12.2022
Poland	3,861,998	13.29%	4,484,049	16.42%
Latvia	3,484,450	11.99%	3,112,198	11.39%
Romania	3,027,049	10.42%	2,095,358	7.68%
Turkey	2,370,681	8.17%	2,218,104	8.12%
Estonia	2,070,595	7.12%	2,307,609	8.44%
Kazakhstan	1,990,702	6.85%	2,068,243	7.58%
Uzbekistan	1,818,316	6.27%	1,773,175	6.49%
Lithuania	1,763,089	6.08%	1,696,257	6.21%
Ukraine	1,714,574	5.90%	1,233,719	4.52%
Bulgaria	1,047,269	3.60%	936,677	3.43%
Czech Republic	976,788	3.36%	901,421	3.30%
Georgia	933,508	3.21%	916,150	3.35%
Macedonia	877,642	3.02%	793,008	2.90%
Slovenia	761,694	2.62%	-	0.00%
Moldova	753,381	2.59%	931,891	3.41%
Sweden	697,750	2.40%	627,750	2.30%
Norway	601,442	2.07%	-	0.00%
Denmark	301,386	1.04%	319,794	1.17%
Azerbaijan	-	0.00%	897,263	3.29%
Total	29,052,314	100.00%	27,312,666	100.00%

Liquidity risk

Liquidity risk may arise when the Fund has difficulties meeting its financial obligations. The Fund Manager maintains a structure of the Fund's assets that enables the Fund to sell financial instruments in a timely manner and without material loss. A large part of the Fund's assets is invested in short-term investment grade government bonds, which are one of the most liquid asset types. The following table shows the maturity structure of the Fund's assets and liabilities at 31 December 2023:

	Up to 1	1 - 3	3 - 6	1 - 5 years	More than 5	Total
	month	months	months		years and indefinite	
Assets						
Due on demand from credit institutions	747,263	-	-	-	-	747,263
Financial assets at fair value through profit or loss						
Debt instruments	-	-	-	16,941,422	11,267,146	28,208,568
Derivative financial instruments	326,169	294,106	-	-	-	620,275
Total assets	1,073,432	294,106	-	16,941,422	11,267,146	29,576,106
Liabilities						
Derivative financial instruments	(267,958)	(205,547)	-	-	-	(473,505)
Accrued expenses	(28,965)	-	(21,322)	-	-	(50,287)
Total liabilities	(296,923)	(205,547)	(21,322)	-	-	(523,792)
Net assets	776,509	88,559	(21,322)	16,941,422	11,267,146	29,052,314
Net position % of net assets	2.68%	0.30%	(0.07%)	58.31%	38.78%	100.00%

The following table shows the maturity structure of the Fund's assets and liabilities at 31 December 2022:

	Up to 1 month	1 - 3 months	3 - 6 months	1 - 5 years	More than 5 years and indefinite	Total
Assets						
Due on demand from credit institutions	811,532	-	-	-	-	811,532
Financial assets at fair value through profit or loss						
Debt instruments	-	-	592,792	16,935,575	8,845,524	26,373,891
Derivative financial instruments	614,260	371,248	-	-	-	985,508
Total assets	1,425,792	371,248	592,792	16,935,575	8,845,524	28,170,931
Liabilities						
Derivative financial instruments	(617,778)	(198,789)	-	-	-	(816,567)
Accrued expenses	(27,568)	-	(14,130)	-	-	(41,698)
Total liabilities	(645,346)	(198,789)	(14,130)	-	-	(858,265)
Net assets	780,446	172,459	578,662	16,935,575	8,845,524	27,312,666
Net position % of net assets	2.82%	0.63%	2.12%	62.01%	32.39%	100.00%

NOTE 15 INFORMATION ON HOLDERS OF SHARE CERTIFICATES OF THE FUND

The following table sets out the number of share certificates held by the Company's Group and related parties, which have a significant interest in the Company, and the proportion of the total number of share certificates held by related parties of the Fund and other persons:

	31.12.2023	% of the total number 31.12.2023	31.12.2022	% of the total number 31.12.2022
CBL Eastern European Bond fund Class R Acc USD				
Share certificates held by related parties	22,786	23.75%	37,516	28.04%
Share certificates held by other persons	73,141	76.25%	96,276	71.96%
Number of issued share certificates at the end of the reporting period	95,927	100.00%	133,792	100.00%
CBL Eastern European Bond fund Class R Acc EUR (hedged)				
Investment units held by a shareholder (SC Citadele bank)	73,935	4.60%	73,935	4.48%
Share certificates held by related parties	208,106	12.93%	212,335	12.86%
Share certificates held by other persons	1,326,891	82.47%	1,364,610	82.66%
Number of issued share certificates at the end of the reporting period	1,608,932	100.00%	1,650,880	100.00%

NOTE 16 RELATED PARTY TRANSACTIONS

Most of the Fund's investments are purchased through a custodian bank. SC Citadele bank also receives remuneration from the custodian bank, which is shown in the income and expenditure account, and SC Citadele bank holds the Fund's cash (see Note 3) and has entered derivative contracts (see Note 5). The result of derivative transactions during the reporting period was positive for an amount of EUR 95,946. The result of derivative transactions in 2022 is negative for an amount of EUR 1,456,184. During the reporting period, the Fund Managers entered 2 foreign currency conversion transactions through the custodian bank, for a total negative result of EUR 864. During 2022, the Fund Managers entered 25 foreign currency conversion transactions through the custodian bank, for a total negative result of EUR 2,805. During the reporting period, the Fund earned interest income on claims on credit institutions of EUR 6,267. No interest income was received in 2022 (see Note 7). In 2022, the Fund incurred interest expenses of EUR 441.

The remuneration paid to the investment management company during the period is disclosed in the statement of income and expenses.

During the period under review, related parties transacted in the Fund's investment units (see Note 15). For the purposes of these financial statements, related parties include: officers of the Company, employees of the Company and other natural persons involved in the provision of management services by the Company and whose activities are controlled by the Company, or natural persons who are first-degree relatives; companies within the Group of SC Citadele bank; During 2023, related parties purchased 223 units of CBL Eastern European Bond fund Class R Acc USD and sold 14,658 units and purchased 6,163 units of CBL Eastern European Bond fund Class R Acc EUR (hedged) and sold 10,392 units. As at the end of 2023, 295 units of CBL Eastern European Bond fund Class R Acc USD are no longer classified as held by related parties. During 2022, related parties bought 1,321 units of CBL Eastern European Bond fund Class R Acc USD and sold 3,878 units and bought 6,389 units of CBL Eastern European Bond fund Class R Acc EUR (hedged) and sold 329,919 units.

Purchases and reselling transactions of share certificates of the Fund are calculated based only on the share certificates held by related parties that were classified as related parties of the Fund in 2023 and 2022.

At the end of the reporting period, the Fund had investments in bonds issued by SC Citadele bank in the amount of EUR 508,226. In 2022, the Fund had investments in bonds issued by SC Citadele bank amounting to EUR 479,530.

NOTE 17 PERFORMANCE DYNAMICS OF THE INVESTMENT FUND

CBL Eastern European Bond fund Class R Acc USD	31.12.2023	31.12.2022	31.12.2021
Net assets (EUR)	2,174,510	2,741,444	5,700,007
Number of share certificates	95,927	133,792	232,513
Value of the unit of the Fund (EUR)	22.67	20.49	24.51
Fund return*	10.64%	(16.40%)	9.13%
Net assets (USD)**	2,402,825	2,924,031	6,455,826
Number of share certificates	95,927	133,792	232,513
Value of the unit of the Fund (USD)	25.05	21.86	27.77
Fund return*	14.59%	(21.28%)	0.76%
CBL Eastern European Bond fund Class R Acc EUR (hedged)	31.12.2023	31.12.2022	31.12.2021
Net assets (EUR)	26,877,804	24,571,222	45,124,321
Number of share certificates	1,608,932	1,650,880	2,312,117
Value of the unit of the Fund (EUR)	16.71	14.88	19.52
Fund return*	12.30%	(23.77%)	(0.05%)

The total assets of the CBL Eastern European Bond Fund are the sum of the net asset values of the two classes in the valuation currency of the fund converted at the European Central Bank rate, the total assets of the CBL Eastern European Bond Fund result in an exchange rate difference with the sum of the two classes, resulting in a difference from the net assets reported elsewhere in the accounts.

* Return is calculated assuming there are 365 days in a year.

** Net asset value in USD determined using end-of-day foreign exchange rates quoted in financial markets.

NOTE 18 EVENTS AFTER THE END OF THE REPORTING PERIOD

No significant events have occurred between the end of the reporting year and today that could have a material impact on the assessment in of the Annual Report for 2023 or on the financial position of the Fund.

Riga,

DATE: AS STATED IN THE TIME STAMP OF THE ELECTRONIC SIGNATURE

CUSTODIAN BANK REPORT

For the period from 1st January 2023 to 31st December 2023

To the holders of "CBL Eastern European Bond Fund"
Investment Fund Share Certificates

SC "Citadele bank", registered in the Register of Enterprises of the Republic of Latvia on June 30, 2010, with No. 40103303559, registered office: Republikas laukums 2a, Riga, hereby confirms the following:

- in accordance with the custody agreement concluded on 7th April 2017 (hereinafter - the Custody Agreement), SC "Citadele bank" (hereinafter the Custodian) performs custodian's duties for the investment fund "CBL Eastern European Bond Fund" (hereinafter - the Fund) established by IPAS "CBL Asset Management" (hereinafter - the Company).
- the Custodian performs the functions of the Fund's custodian pursuant to the law "On Investment Management Companies" and other laws and regulations applicable to the Custodian (hereinafter - the Law).

The Custodian is responsible for the performance of obligations set forth for it in the Law and in the Custody Agreement. The main duties of the Custodian include:

- holding the Fund's assets in accordance with the Law and the Custody Agreement;
- ensuring the maintenance of the Fund's accounts, receiving and executing the Company's orders, as well as settlement of the orders according to requirements of the Law and the Custody Agreement;
- ensuring that the value of Fund's net assets and Fund Share Certificates is estimated in accordance with requirements of the Law, Regulations of Financial and Capital Market Commission, Fund prospectus and the Fund Management Rules;
- ensuring that issue, sale or repurchase of the Fund Share Certificates is affected in compliance with requirements of the Law, Fund's prospectus, and the Fund Management Rules.
- ensuring that Fund income is allocated in accordance with the Law, the Fund prospectus, and the Fund Management Rules.

During the period from January 1st, 2023, to December 31st, 2023, according to the information provided to the Custodian by the Company:

- Issue, sale and repurchase of the Fund Share Certificates were affected in compliance with requirements of the Law, Fund prospectus and the Fund Management Rules;
- Fund assets were held in accordance with requirements of the Law and the Custody Agreement;
- the value of Fund's net assets was assessed in accordance with requirements of the Law, Regulations of Financial and Capital Market Commission, Fund prospectus and the Fund Management Rules;
- the Company's orders, as well as transactions executed with the Fund's assets were performed in accordance with the Law, Fund prospectus, the Fund Management Rules, and the Custody Agreement.

Chairman of the Management Board

Johan Åkerblom

THIS DOCUMENT IS SIGNED ELETRONICALLY WITH SECURE ELECTRONIC SIGNATURE AND CONTAINS TIME STAMP



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Independent Auditors' Report

To the shareholders of investment fund “CBL Eastern European Bond Fund”

Report on the audit of financial statements

Our opinion on the financial statements

We have audited the financial statements of investment fund ‘CBL Eastern European Bond Fund’ (“the Fund”) managed by IPAS ‘CBL Asset Management’ (“the Asset Manager”) as set out on pages 7 to 27 of the accompanying Annual Report. The accompanying financial statements include:

- Overview of assets and liabilities as at 31 December 2023,
- Report on income and expenses for the year then ended,
- Statement of changes to net assets for the year then ended,
- Statement of cash flows for the year then ended, and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of investment fund ‘CBL Eastern European Bond Fund’ as at 31 December 2023, and of its financial performance and cash flows for the year then ended in accordance with IFRS Accounting Standards as adopted by the European Union.

Basis for Opinion

In accordance with the ‘Law on Audit Services’ of the Republic of Latvia we conducted our audit in accordance with International Standards on Auditing (hereinafter – ISAs) adopted in the Republic of Latvia. Our responsibilities under those standards are further described in the *Auditors’ Responsibility for the Audit of the Financial Statements* section of our report.

We are independent of the Fund and the Fund Manager in accordance with the Code of Ethics for Professional Accountants (IESBA Code) by the International Ethics Standards Board for Accountants and the independence requirements included in the ‘Law on Audit Services’ of the Republic of Latvia that are relevant to our audit of the financial statements in the Republic of Latvia. We have also fulfilled our other professional ethics responsibilities and objectivity requirements in accordance with the IESBA Code and the ‘Law on Audit Services’ of the Republic of Latvia.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Reporting on Other Information

The management of the Asset Manager is responsible for the other information. The other information comprises:



- Information about the investment fund, as set out on page 3 of the accompanying Annual Report,
- Investment Management Companies Report, as set out on pages 4 of the accompanying Annual Report.
- Report on the implementation of the engagement policy, presented on page 5 of the accompanying Annual Report
- Statement of responsibility of the board of the Asset Manager, as set out on page 6 of the accompanying Annual Report.
- Custodian Bank Report, as set out on page 28 of the accompanying Annual Report.

Our opinion on the financial statements does not cover the other information included in the Annual Report, and we do not express any form of assurance conclusion thereon, except as described in the *Other Reporting Responsibilities in Accordance with the Legislation of the Republic of Latvia related to Other Information* section of our report.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed and in light of the knowledge and understanding of the Fund Manager and Fund and its environment obtained in the course of our audit, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Other Reporting Responsibilities in Accordance with the Legislation of the Republic of Latvia Related to Other Information

In addition, in accordance with the 'Law on Audit Services' of the Republic of Latvia, our responsibility is to express an opinion on whether the Asset Manager's Report is prepared in accordance with the requirements of Regulation No. 181 'Regulation on the preparation of annual reports, consolidated annual reports and interim reports of an investment fund and open alternative investment fund' issued by the Financial and Capital Market Commission ("Regulation No. 181").

Based solely on the work required to be undertaken in the course of our audit, in our opinion:

- the information presented in the Asset Manager's Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Asset Manager's Report has been prepared in accordance with the requirements of Regulation No. 181 of the Financial and Capital Market Commission of the Republic of Latvia.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of the financial statements that give a true and fair view in accordance with IFRS Accounting Standards as adopted by the European Union and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.



In preparing the financial statements, the management of the Fund Manager is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Fund Manager management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditors' Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Asset Manager's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Fund Manager to cease Fund to continue as a going concern;
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a fair presentation.



We communicate with those charged with governance of the Fund and the Asset Manager regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG Baltics SIA

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Rainers Vilāns

KPMG Baltics SIA

Sworn auditor

Certificate No. 200

Riga, Latvia

26 April 2024

This report is an English translation of the original Latvian. In the event of discrepancies between the two reports, the Latvian version prevails.