



ABLV

BANKING / INVESTMENTS \ ADVISORY

Open-end investment fund  
ABLV Emerging Markets Bond Fund

Subfund  
ABLV Emerging Markets USD Bond Fund

unaudited report for the period  
from 1 January 2015 to 30 June 2015

## Contents

General information	3
Investment management company report	4
Financial statements:	
Statement of assets and liabilities	5
Statement of income and expense	6
Statement of changes in net assets	7
Notes	8

## General information

Name of the fund:	ABLV Emerging Markets USD Bond Fund
Category of the fund:	Open-end investment fund with subfunds
Name of the subfund:	ABLV Emerging Markets USD Bond Fund
Type of the fund:	Bond fund
Registration date of the subfund:	23.03.2007
Registration number of the fund:	06.03.05.263/32
Name of the investment management company:	ABLV Asset Management, IPAS
Registered office of the investment management company:	23 Elizabetes Street, Riga, LV-1010
Registration number of the investment management company:	40003814724
Licence number of the investment management company:	06.03.07.263/204
Date of the licence:	04.08.2006
Name of the custodian bank:	ABLV Bank, AS
Registered office of the custodian bank:	23 Elizabetes Street, Riga, LV-1010
Registration number of the custodian bank:	50003149401
Names and positions of council members, board members, and fund manager:	<p>Council of the investment management company:</p> <p>Chairman of the Council - Ernests Bernis Deputy Chairman of the Council - Māris Kannenieks Council Member - Vadims Reinfelds</p> <p>Board of the investment management company:</p> <p>Chairman of the Board - Leonīds Kijs Deputy Chairman of the Board - Jevgenijs Gžibovskis Board Member - Sergejs Gačenko</p> <p>Fund Manager - Jevgenijs Gžibovskis</p>
Duties of the fund manager:	The fund manager manages the fund's property according to the company's Articles of Association and the Fund Management Regulations. The fund manager may be employed only by one investment management company and manage several funds of one investment management company.

## Investment management company report

On 23 March 2007, open-end investment fund ABLV Emerging Markets Bond Fund was registered, and on 11 July 2007 it was reorganized into a fund with two subfunds: in USD and in EUR. Subfund ABLV Emerging Markets USD Bond Fund (hereinafter referred to as the subfund) is a bond fund the investment currency of which is USD.

ABLV Asset Management, IPAS (new name ABLV Asset Management, IPAS, was registered with the Register of Enterprises on 27.05.2011, hereinafter referred to as the Company) was registered with the Republic of Latvia Register of Enterprises on 4 August 2006 under No. 40003814724, the licence for operations of investment management company No. 06.03.07.263/204, and it is located in Riga, at 23 Elizabetes Street.

The subfund's investment objective is achievement of the long-term capital growth. To achieve this objective, the assets are invested in debt securities or money market instruments issued or guaranteed by central banks, governments, and municipalities of emerging countries, as well as in debt securities or money market instruments issued or guaranteed by credit institutions or commercial companies, provided the participation of the emerging country in this credit institution's or commercial company's capital exceeds 50%.

The subfund's investment portfolio is diversified among investments in different countries, thus ensuring higher investment safety and protection against fluctuations of the subfund's assets value and against the risk of default on obligations.

The year 2015 is the ninth year of operations of the subfund ABLV Emerging Markets USD Bond Fund. As at 30 June 2015, the subfund's net assets amounted to USD 28 795 683 (EUR 25 735 708), semiannual return equalled 3.32%, whereas average term to maturity of the subfund's investments was 6.6 years, average weighted rating of the investment portfolio was BB+, and yield to maturity was equal to 5.02%.

The market of emerging countries bonds demonstrated positive dynamics in the first half of 2015. Stabilization of prices in energy market contributed to recovery of prices of exporting countries bonds, which experienced strong price decline at the end of previous year given the falling price of oil. Low rates maintained by majority of the world's leading countries and launch of the ECB stimulation programme ensured substantial support for the market. On the other hand, the expectations of the US Federal Reserve System (FRS) to begin the cycle of interest rates increase, which affected the segment of long-term bonds with high investment rating, constituted a constraining factor. In the second quarter, this segment suffered most heavily because of resumed increase in yields of the US government bonds.

Due to following moderately conservative strategy, preferring the bonds that have high coupon rate and relatively to maturity, which are far less sensitive to possible negative market moods, the subfund ABLV Emerging Markets USD Bond Fund demonstrated relatively high return.

The minimum amount of investment in the subfund is USD 1 000.

The company performs regular analysis of current political and economic situation, as well as comparative analysis and technical analysis, analysis of various macroeconomic indicators, and summarizing analysis of recommendations given by the world's leading brokerage and analytics companies on different financial markets.

In order to regularly provide information on situation in the world's financial markets to existing customers and prospective investors of ABLV Asset Management, IPAS, detailed monthly analysis of macroeconomic situation prepared by our chief analyst, as well as monthly comment of the subfund manager and overview of the market situation, subfund's performance, and actions taken by the subfund manager, are published at ABLV Bank, AS, website [www.ablv.com](http://www.ablv.com).

To ensure diversification and minimize risks, the company constantly pays great attention to risk management. The Investment Strategy Committee is established at the Company, and it determines the Company's investment strategy, risk limits, and financial markets on which transactions in financial instruments are performed. The members of the Investment Strategy Committee are ABLV Bank, AS, and the company's top specialists in financial markets.

The Company will continue making every effort to efficiently manage the subfund's assets in order to increase the number of the subfund's investors and the subfund's net assets in 2015.

Management of ABLV Asset Management, IPAS, expresses gratitude to our customers for their loyalty and successful cooperation with us.

ABLV Asset Management, IPAS  
Board Member

  
**Sergejs Gačenko**  
Riga, 30 July 2015

ABLV Asset Management, IPAS  
Fund Manager,  
Deputy Chairman of the Board

  
**Jevgenijs Gžibovskis**

## Statement of assets and liabilities

			EUR	
<b>Assets</b>	Notes	30.06.2015	31.12.2014	
Demand deposits with credit institutions	2	341,524	500,132	
Financial assets at fair value through profit or loss	3	25,415,077	21,652,300	
Debt securities and other fixed income securities	3	25,415,077	21,652,300	
<b>Total assets</b>		<b>25,756,601</b>	<b>22,152,432</b>	
<b>Liabilities</b>				
Accrued expense		(20,893)	(19,928)	
<b>Total liabilities</b>		<b>(20,893)</b>	<b>(19,928)</b>	
<b>Net assets</b>		<b>25,735,708</b>	<b>22,132,504</b>	

ABLV Asset Management, IPAS  
 Board Member

Sergejs Gačenko

ABLV Asset Management, IPAS  
 Fund Manager,  
 Deputy Chairman of the Board

Jevgenijs Gžibovskis

Riga, 30 July 2015

## Statement of income and expense

	EUR	
	01.01.2015- 30.06.2015	01.01.2014- 30.06.2014
<b>Income</b>		
Interest revenue	715,028	627,175
<b>Total</b>	<b>715,028</b>	<b>627,175</b>
<b>Expense</b>		
Remuneration to investment management company	(94,648)	(76,879)
Remuneration to custodian bank	(22,085)	(17,938)
Other fund management expense	(1,120)	(1,120)
Interest expense	-	(26)
Other expense	(28)	-
<b>Total</b>	<b>(117,881)</b>	<b>(95,963)</b>
<b>Increase in investment value</b>		
Realised (decrease)/increase in investment value	(85,712)	129,916
Unrealised increase in investment value	2,193,603	503,482
<b>Increase in net assets from investment</b>	<b>2,705,038</b>	<b>1,164,610</b>

ABLV Asset Management, IPAS  
 Board Member

**Sergejs Gačenko**

ABLV Asset Management, IPAS  
 Fund Manager,  
 Deputy Chairman of the Board

**Jevgenijs Gžibovskis**

Riga, 30 July 2015

## Statement of changes in net assets

	EUR	
Item	01.01.2015- 30.06.2015	01.01.2014- 30.06.2014
<b>Net assets at the beginning of the reporting period</b>	<b>22,132,504</b>	<b>18,939,275</b>
Increase in net assets from investment	2,705,038	1,164,610
Transactions with investment certificates		
Inflow from sale of investment certificates	3,023,209	3,101,155
Outflow of redemption of investment certificates	(2,125,043)	(1,633,484)
<b>Total result of transactions with investment certificates</b>	<b>898,166</b>	<b>1,467,671</b>
<b>Increase in net assets for the reporting period</b>	<b>3,603,204</b>	<b>2,632,281</b>
<b>Net assets at the end of the reporting period</b>	<b>25,735,708</b>	<b>21,571,556</b>
Issued investment certificates at the beginning of the reporting period	1,848,895	1,827,225
Issued investment certificates at the end of the reporting period	1,917,716	1,968,704
Net assets per investment certificate at the beginning of the reporting period	11.97	10.37
Net assets per investment certificate at the end of the reporting period	13.42	10.96

ABLV Asset Management, IPAS  
 Board Member

Sergejs Gačenko

ABLV Asset Management, IPAS  
 Fund Manager,  
 Deputy Chairman of the Board

Jevgenijs Gžibovskis

Riga, 30 July 2015

## Note 1

### General information

The subfund ABLV Emerging Markets USD Bond Fund of the open-end investment fund ABLV Emerging Markets Bond Fund is a bond fund registered on 23 March 2007. The registered office of the investment management company is at 23 Elizabetes Street, Riga, LV-1010, Latvia.

The fund's business activity includes investments in emerging countries debt securities that are issued by emerging countries, and corporations and financial institutions the majority control in which belongs to these countries, as well as investments in money market instruments.

The fund's financial statements are prepared on a going concern basis, in accordance with the laws of the Republic of Latvia and the Regulations of the Financial and Capital Market Commission on the Preparation of Annual Reports, Consolidated Annual Reports and Interim Reports of Investment Funds and Open-end Alternative Investment Funds. Appropriate accounting policies have been applied on a consistent basis. Prudent and reasonable judgements and estimates have been made by the management in the preparation of the financial statements.

The fund's investment currency is USD. The monetary unit used in the financial statements is the euro (EUR), the monetary unit of the Republic of Latvia. These financial statements are reported in euro, unless otherwise stated. Information given herein represents comparative figures for the year 2014, unless otherwise stated.

Income or expense in foreign currencies is translated into EUR at the exchange rate set by the ECB at the date of recognition of the respective items.

The information on principal accounting policies and risk management can be found in the fund's Annual Report 2014 available at the Internet website <https://www.ablv.com/en/about/financial-reports/funds>. The accounting policies applied to preparation of financial statements for 2015 are in line with those applied to preparation of financial statements for the previous periods. Since 31 December 2014, there have been no material changes in risk management.

The following abbreviations are used in the notes to the financial statements: Financial and Capital Market Commission (FCMC), European Monetary Union (EMU), European Union (EU), Organisation for Economic Cooperation and Development (OECD), and ABLV Asset Management, IPAS (company).

## Note 2

### Demand deposits with credit institutions

	30.06.2015		31.12.2014	
	Carrying amount	Carrying amount to subfund's assets	Carrying amount	Carrying amount to subfund's assets
<b>Demand deposits with credit institutions</b>	EUR	%	EUR	%
Demand deposits with ABLV Bank, AS	341,524	1.33	500,132	2.26
<b>Total demand deposits with credit institutions</b>	<b>341,524</b>	<b>1.33</b>	<b>500,132</b>	<b>2.26</b>



## Note 3

### Financial assets at fair value through profit or loss

All debt securities and other fixed income securities are classified as financial assets at fair value through profit or loss. All securities are quoted on a regulated market (on an exchange). All securities are traded over-the-counter.

Debt securities and other fixed income securities by geographical area:

Geographical area	30.06.2015		31.12.2014	
	Carrying amount	Carrying amount to fund's assets	Carrying amount	Carrying amount to fund's assets
	EUR	%	EUR	%
Other countries	17,203,771	66.79	15,034,021	67.86
Other EU member states	3,670,065	14.25	3,973,700	17.94
OECD countries	3,036,286	11.79	2,414,504	10.90
EMU countries	1,504,955	5.84	230,075	1.04
<b>Total</b>	<b>25,415,077</b>	<b>98.67</b>	<b>21,652,300</b>	<b>97.74</b>

Debt securities and other fixed income securities traded on regulated markets by country profile and issuers as at 30 June 2015:

Issuer	Amount	Acquisition value	Carrying amount	Carrying amount to fund's assets
	Total face value	EUR	EUR	(%)
<b>Armenia</b>		<b>324,305</b>	<b>333,553</b>	<b>1.30</b>
REPUBLIC OF ARMENIA	376,000	324,305	333,553	1.30
<b>Azerbaijan</b>		<b>782,614</b>	<b>778,750</b>	<b>3.02</b>
SOCAR-STATE OIL COMPANY OF AZERBAIJAN REPUBLIC	500,000	421,545	431,571	1.67
THE INTERNATIONAL BANK OF AZERBAIJAN REPUBLIC OAO	400,000	361,069	347,179	1.35
<b>Brazil</b>		<b>1,442,410</b>	<b>1,335,030</b>	<b>5.18</b>
Federative Republic of Brazil	500,000	471,837	458,167	1.78
PETROLEO BRASILEIRO SA	900,000	970,573	876,863	3.40
<b>South Africa</b>		<b>1,247,831</b>	<b>1,208,681</b>	<b>4.69</b>
ESKOM HOLDINGS LIMITED	500,000	466,753	463,374	1.80
REPUBLIC OF SOUTH AFRICA	750,000	781,078	745,307	2.89
<b>Dominican Republic</b>		<b>384,467</b>	<b>389,032</b>	<b>1.51</b>
DOMINICAN REPUBLIC	400,000	384,467	389,032	1.51
<b>Egypt</b>		<b>138,320</b>	<b>140,528</b>	<b>0.55</b>
ARAB REPUBLIC OF EGYPT	150,000	138,320	140,528	0.55
<b>Philippines</b>		<b>987,048</b>	<b>911,829</b>	<b>3.54</b>
REPUBLIC OF PHILIPPINES	850,000	987,048	911,829	3.54
<b>Gabon</b>		<b>269,188</b>	<b>238,665</b>	<b>0.93</b>
GABONESE REPUBLIC	250,000	269,188	238,665	0.93
<b>Ghana</b>		<b>308,562</b>	<b>281,766</b>	<b>1.09</b>
REPUBLIC OF GHANA	300,000	308,562	281,766	1.09
<b>Georgia</b>		<b>506,390</b>	<b>488,943</b>	<b>1.90</b>
REPUBLIC OF GEORGIA	500,000	506,390	488,943	1.90
<b>Croatia</b>		<b>835,340</b>	<b>843,700</b>	<b>3.28</b>
REPUBLIC OF CROATIA	850,000	835,340	843,700	3.28
<b>Indonesia</b>		<b>1,404,421</b>	<b>1,362,077</b>	<b>5.29</b>
REPUBLIC OF INDONESIA	1,250,000	1,404,421	1,362,077	5.29

Table (cont'd)

Issuer	Amount Total face value	Acquisition value EUR	Carrying amount EUR	Carrying amount to fund's assets (%)
<b>Kazakhstan</b>		<b>1,287,844</b>	<b>1,271,849</b>	<b>4.93</b>
DEVELOPMENT BANK OF KAZAKHSTAN JSC	500,000	400,243	398,716	1.54
KAZMUNAYGAZ NATIONAL CO	900,000	887,601	873,133	3.39
<b>Kenya</b>		<b>234,941</b>	<b>226,322</b>	<b>0.88</b>
REPUBLIC OF KENYA	250,000	234,941	226,322	0.88
<b>Colombia</b>		<b>1,057,992</b>	<b>1,004,441</b>	<b>3.90</b>
REPUBLIC OF COLOMBIA	1,000,000	1,057,992	1,004,441	3.90
<b>Cote d'Ivoire</b>		<b>427,797</b>	<b>433,381</b>	<b>1.68</b>
REPUBLIC OF COTE D'IVOIRE	500,000	427,797	433,381	1.68
<b>Russia</b>		<b>2,274,645</b>	<b>2,126,614</b>	<b>8.25</b>
JSC VTB BANK	550,000	531,683	495,960	1.92
RUSSIAN FEDERATION	800,000	745,375	738,941	2.87
SBERBANK ROSSII OAO	250,000	242,649	220,100	0.85
VNESHECONOMBANK	750,000	754,938	671,613	2.61
<b>Lithuania</b>		<b>786,889</b>	<b>761,661</b>	<b>2.96</b>
REPUBLIC OF LITHUANIA	700,000	786,889	761,661	2.96
<b>Morocco</b>		<b>443,489</b>	<b>456,847</b>	<b>1.77</b>
Kingdom of Morocco	500,000	443,489	456,847	1.77
<b>Mexico</b>		<b>1,397,510</b>	<b>1,378,377</b>	<b>5.35</b>
PETROLEOS MEXICANOS	250,000	223,992	222,790	0.86
United Mexican States	1,250,000	1,173,518	1,155,587	4.49
<b>Namibia</b>		<b>482,338</b>	<b>482,662</b>	<b>1.87</b>
REPUBLIC OF NAMIBIA	500,000	482,338	482,662	1.87
<b>Nigeria</b>		<b>227,791</b>	<b>231,019</b>	<b>0.90</b>
FEDERAL REPUBLIC OF NIGERIA	250,000	227,791	231,019	0.90
<b>Panama</b>		<b>754,424</b>	<b>729,326</b>	<b>2.83</b>
REPUBLIC OF PANAMA	750,000	754,424	729,326	2.83
<b>Poland</b>		<b>505,315</b>	<b>501,073</b>	<b>1.95</b>
REPUBLIC OF POLAND	500,000	505,315	501,073	1.95
<b>Romania</b>		<b>1,005,888</b>	<b>1,016,846</b>	<b>3.95</b>
ROMANIA	1,000,000	1,005,888	1,016,846	3.95
<b>Senegal</b>		<b>201,984</b>	<b>200,496</b>	<b>0.78</b>
REPUBLIC OF SENEGAL	200,000	201,984	200,496	0.78
<b>Serbia</b>		<b>503,157</b>	<b>508,414</b>	<b>1.97</b>
REPUBLIC OF SERBIA	500,000	503,157	508,414	1.97
<b>Slovenia</b>		<b>752,078</b>	<b>743,294</b>	<b>2.89</b>
REPUBLIC OF SLOVENIA	750,000	752,078	743,294	2.89
<b>Sri Lanka</b>		<b>371,803</b>	<b>371,116</b>	<b>1.44</b>
REPUBLIC OF SRI LANKA	400,000	371,803	371,116	1.44
<b>Tunisia</b>		<b>456,810</b>	<b>446,312</b>	<b>1.73</b>
Banque Centrale de Tunisie SA	500,000	456,810	446,312	1.73
<b>Turkey</b>		<b>1,680,643</b>	<b>1,657,909</b>	<b>6.44</b>
REPUBLIC OF TURKEY	1,650,000	1,680,643	1,657,909	6.44
<b>Hungary</b>		<b>1,264,431</b>	<b>1,308,446</b>	<b>5.08</b>
REPUBLIC OF HUNGARY	1,300,000	1,264,431	1,308,446	5.08
<b>Venezuela</b>		<b>710,265</b>	<b>521,724</b>	<b>2.03</b>
REPUBLIC OF VENEZUELA	1,250,000	710,265	521,724	2.03
<b>Vietnam</b>		<b>538,900</b>	<b>527,953</b>	<b>2.05</b>
SOCIALIST REP OF VIETNAM	550,000	538,900	527,953	2.05
<b>Zambia</b>		<b>194,387</b>	<b>196,441</b>	<b>0.76</b>
REPUBLIC OF ZAMBIA	250,000	194,387	196,441	0.76
<b>Total</b>		<b>26,192,217</b>	<b>25,415,077</b>	<b>98.67</b>

## Note 4

### Dynamics of fund performance

Dynamics of investment fund's annual performance\*:

<b>Item</b>	<b>30.06.2015</b>	<b>31.12.2014</b>
Net assets (EUR)	25,735,708	22,132,504
Number of investment certificates	1,917,716	1,848,895
<b>Value of investment fund's investment certificates (EUR)</b>	<b>13.42</b>	<b>11.97</b>
Net assets (USD)	28,795,683	26,871,073
Number of investment certificates	1,917,716	1,848,895
<b>Value of investment fund's investment certificates (USD)</b>	<b>15.02</b>	<b>14.53</b>
<b>Annual performance on investment subfund's investment certificates (USD)</b>	<b>3.32%</b>	<b>5.80%</b>

\* - Performance is calculated as the value of the fund's share at the end of the reporting period to its value at the beginning of the reporting period. This ratio is expressed as annual percentage raised to the power, where the dividend is 365, but the divisor is the number of days of the reporting period.

## Note 5

### Events after reporting date

As of the last day of the reporting period until the date of approval of these financial statements there have been no significant events that could produce a material effect on the fund's performance for the reporting period.