



ABLV

BANKING / INVESTMENTS \ ADVISORY

Open-end investment fund
ABLV Global ETF Fund

Subfund
ABLV Global USD ETF Fund

Annual report
for the year ended 31 December 2012

Together with independent auditors' report

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General information

Name of the fund:	ABLV Global USD ETF Fund
Category of the fund:	Open-end investment fund with subfunds
Type of the fund:	Stock fund
Registration date of the fund:	23 March 2007
Number of the fund:	06.03.05.263/33
Name of the investment manager:	ABLV Asset Management, IPAS
Registered office of the investment manager:	Elizabetes iela 23, Riga, LV-1010
Registration number of the investment manager:	40003814724
Licence number of the investment manager:	06.03.07.263/204
Date of the licence:	4 August 2006
Name of the custodian bank:	ABLV Bank, AS
Registered office of the custodian bank:	Elizabetes iela 23, 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 manager:</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 manager:</p> <p>Chairman of the Board - Leonīds Kijs Deputy Chairman of the Board - Jevgenijs Gžibovskis Board Member - Vadims Burcevs</p> <p>Fund Manager – Oļegs Rusnaks</p>
Duties of the fund manager:	The fund manager operates 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 manager and manage several funds of one investment manager.

Report of the Investment Management Company

On 23 March 2007, open-end mutual fund ABLV Global USD ETF Fund (hereinafter referred to as the fund) was registered as a stock fund the investment currency of which is US dollar.

ABLV Asset Management, IPAS (ABLV Asset Management, IPAS new name 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 investment management activities No. 06.03.07.263/204, and it is located in Riga, at 23 Elizabetes Street.

The fund is aimed at generating long-term income by investing the fund's assets mainly in ETFs and other instruments traded on the US and European stock exchanges, which represent the value of stocks, as well as the value of particular sectors of economy of various countries. Investments in particular capital securities which have essential weight in the main index of the chosen country are also possible. The fund's investment portfolio is diversified by investing in different countries, thus ensuring higher investment safety and protection against fluctuations in value of the fund's assets, which are associated with investments in securities of one country only.

The year 2012 was the sixth year of operations of ABLV Global USD ETF Fund. As at the end of 2012, the fund's net assets amounted to USD 11 332 706 (LVL 6 017 667), and annual yield equalled 11.50%.

During the first half of 2012, mixed trends have been observed in global stock markets. In Q1, given recovery of the global economy and also the fact that debt restructuring under Greek bonds finally has been technically completed, which diverted the investors' attention from debt problems in the euro zone for some time, global stock market demonstrated powerful growth. Whereas in Q2, investors became even more nervous about debt problems in Europe. Published macroeconomic data on Q2 also evidenced declining pace of the global economy growth. These factors caused high volatility in global stock market, and therefore the same almost returned to the levels observed at the beginning of the year. Stock markets of Europe and emerging countries suffered most in this situation.

In the second half of 2012, global stock market received considerable support from the world's political and monetary authorities. Several decisions important for the European Union were taken at summit of the EU leaders in June. In July, president of the European Central Bank (ECB) M. Draghi said the regulator is ready to implement all measures to save the euro. Thus the investors were assured that the lowest point of the European crisis has already been reached, and consequently the global stock market ended Q3 with good increase. At the beginning of Q3, monetary and political authorities of the leading countries announced massive measures to stimulate the global economy. The ECB introduced new OMT (Outright Monetary Transactions) programme, under which the ECB will be able to buy bonds of the euro zone countries in the market without amount limitations, in order to control the market rates. A week later, the US Federal Reserve System (FRS) introduced QE3 (quantitative easing) programme, which was joined by the Bank of Japan expanding its own programme, whereas Chinese authorities informed about large-scale investments in the country's infrastructure. Moreover, macroeconomic indicators released in Q4, especially those of the USA and China, evidenced improvement of the economic situation. At the end of 2012, following elections in the USA, the US economy faced the 'fiscal cliff' problem, but after long debates between Democrats and Republicans it was successfully solved. At the end of 2012, the global stock market demonstrated pretty good yield.

The minimum amount of investment in a fund or subfund of mutual funds managed by ABLV Asset Management, IPAS is equal to USD 1 000, and also minimum investment increment requirement has been annulled.

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 leading brokerage and analytics companies on different financial markets.

In order to regularly provide information on situation in the world financial markets to current and prospective customers of ABLV Asset Management, IPAS, detailed monthly analysis of macroeconomic situation prepared by our chief analyst is published at ABLV Bank, AS home page www.ablv.com. Whereas customers who have already invested in funds managed by ABLV Asset Management, IPAS each month are sent comments of the funds' manager, containing information on market situation, funds' performance and actions taken by the fund manager.

To ensure diversification and minimize risks, the company constantly pays great attention to risk management issues. The Investment 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 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 fund's assets in order to increase the number of the fund's investors and the fund's net assets in 2013. Management of ABLV Asset Management, IPAS expresses gratitude to our customers for their loyalty and successful cooperation with us.

ABLV Asset Management, IPAS
Chairman of the Board

Leonīds Kijs



Fund Manager

Oļegs Rusnaks



Riga, 29 April 2013

Statement of responsibility of the board of the investment manager

The board of the investment manager are responsible for the preparation of the financial statements of the subfund ABLV Global USD ETF Fund of the open-end investment fund ABLV Global ETF Fund.

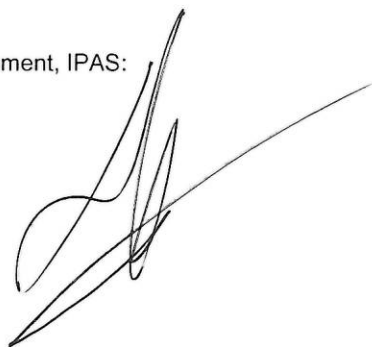
The financial statements set out on pages 8 to 28 are prepared in accordance with the source documents and present fairly the financial position of the fund as at 31 December 2012 and 2011 and the results of its operations for the years then ended.

The aforementioned financial statements are prepared on a going concern basis, applying laws of the Republic of Latvia, the Regulations of the Financial and Capital Market Commission on the Preparation of Reports of Investment Funds and on the Preparation of Annual Reports of Investment Funds, according to International Financial Reporting Standards as adopted by the European Union. 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 board of the investment manager are responsible for the maintenance of proper accounting records, the safeguarding of the fund's assets, and the prevention and detection of fraud and other irregularities in the fund. They are also responsible for operating the fund in compliance with the Law of the Republic of Latvia on Investment Management Companies, FCMC regulations, and other laws of the Republic of Latvia.

For ABLV Asset Management, IPAS:
Chairman of the Board

Leonīds Kijs



Riga, 29 April 2013

Custodian bank report

To the investors of
the subfund ABLV Global USD ETF Fund of
AIF ABLV Global ETF Fund

ABLV Bank, AS, registered with the Republic of Latvia Enterprise Register on 17 September 1993 under No 50003149401, located in Riga, Elizabetes iela 23, hereby confirms and attests that:

According to the Law of the Republic of Latvia on Investment Management Companies, FCMC regulations, other requirements of Latvian laws, and the Custodian Bank Agreement signed on 2 March 2007, ABLV Bank, AS (hereinafter – the custodian bank) acts as the custodian bank for the subfund ABLV Global USD ETF Fund established by ABLV Asset Management, IPAS.

The custodian bank is responsible for the compliance with the requirements of Latvian laws applicable to custodian banks and the execution of the Custodian Bank Agreement. The key duties of the custodian bank are as follows:

- To keep the fund's property held in the account according to the conditions of the Custodian Bank Agreement;
- To service the fund's account and execute the orders given by the company in respect of the fund's property held in the account according to the Custodian Bank Agreement;
- To control that the fund's investment certificates are issued, sold and redeemed and the fund's share value is calculated following the procedure prescribed by laws, the fund's Prospectus, and the Fund Management Regulations;
- To submit to the company the list of persons authorised by the custodian bank to accept orders at the effectiveness date of the Custodian Bank Agreement;
- To ensure the execution of other duties provided for custodian banks by laws and regulations.

The investment certificates are issued, sold and redeemed pursuant to the requirements of the Law on Investment Management Companies, the fund's Prospectus, and the Fund Management Regulations.

The fund's property is kept in accordance with the requirements of the Law on Investment Management Companies and the Custodian Bank Agreement.


The net asset value is calculated according to the requirements of the Law on Investment Management Companies, FCMC regulations, the fund's Prospectus, and the Fund Management Regulations.

The company's orders and transactions involving the property of the subfund ABLV Global USD ETF Fund of AIF ABLV Global ETF Fund are in compliance with the requirements of the Law on Investment Management Companies, the fund's Prospectus, the Fund Management Regulations, and the Custodian Bank Agreement.

In the reporting period, there were no errors or illegalities observed in the company's operations involving the fund's property.

For the custodian bank ABLV Bank, AS:
Chairman of the Board

Ernests Bernis



Riga, 29 April 2013

Statement of assets and liabilities

LVL			
Assets	Notes	31/12/2012	31/12/2011
Demand deposits with credit institutions	4	1,084,135	113,467
Term deposits with credit institutions	4	-	924,800
Financial assets at fair value through profit or loss		4,934,390	3,834,712
Shares and other non-fixed income securities	5	4,934,390	3,834,712
Accrued income		11,981	2,630
Total assets		6,030,506	4,875,609
Liabilities			
Accrued expense	6	(12,839)	(11,508)
Total liabilities		(12,839)	(11,508)
Net assets		6,017,667	4,864,101

For ABLV Asset Management, IFAS:
Chairman of the Board

Leonīds Kijs

Fund Manager

Oļegs Rusnaks

Riga, 29 April 2013

Statement of income and expense

LVL			
		01/01/2012- 31/12/2012	01/01/2011- 31/12/2011
Income	Notes		
Interest revenue	7	594	183
Dividends		79,783	75,793
Total		80,377	75,976
Expense			
Remuneration to investment manager		(100,205)	(104,141)
Remuneration to custodian bank		(12,526)	(13,018)
Other fund management expense		(1,444)	(1,461)
Other expense		(92)	(263)
Total		(114,267)	(118,883)
Increase/ (decrease) in investment value			
Realised increase in investment value	8	77,264	78,231
Unrealised increase/ (decrease) in investment value	9	346,499	(423,156)
Increase/ (decrease) in net assets from investment		389,873	(387,832)

For ABLV Asset Management, IPAS:
Chairman of the Board

Leonīds Kijs

Fund Manager

Oļegs Rusnaks

Riga, 29 April 2013

Statement of changes in net assets

Item	LVL	
	01/01/2012- 31/12/2012	01/01/2011- 31/12/2011
Net assets at the beginning of the year	4,864,101	4,933,616
Increase/ (decrease) in net assets from investment	389,873	(387,832)
Transactions with investment certificates		
Inflow from sale of investment certificates	1,761,935	1,414,633
Outflow of redemption of investment certificates	(998,242)	(1,096,316)
Total result of transactions with investment certificates	763,693	318,317
Increase/ (decrease) in net assets for the year	1,153,566	(69,515)
Net assets at the end of the year	6,017,667	4,864,101
Issued investment certificates at the beginning of the year	926,376	872,426
Issued investment certificates at the end of the year	1,053,163	926,376
Net assets per investment certificate at the beginning of the year	5.25	5.66
Net assets per investment certificate at the end of the year	5.71	5.25

For ABLV Asset Management, IPAS
Chairman of the Board

Leonīds Kijs

Fund Manager

Oļegs Rusnaks

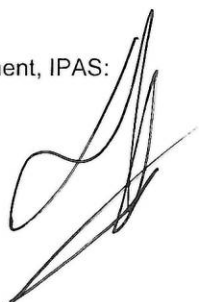
Riga, 29 April 2013

Statement of cash flows

	LVL	
Item	01/01/2012- 31/12/2012	01/01/2011- 31/12/2011
Interest received	590	183
Dividends received	69,438	98,165
Investment management expense	(111,474)	(118,057)
Acquisition of financial assets	(8,514,395)	(12,312,764)
Disposal of financial assets	7,925,960	12,764,396
(Decrease)/ increase in cash and cash equivalents from operating activities	(629,881)	431,923
Inflow from sale of investment certificates	1,761,935	1,414,633
Outflow of redemption of investment certificates	(998,242)	(1,096,316)
Increase in cash and cash equivalents from financing activities	763,693	318,317
Increase in cash and cash equivalents for the year	133,812	750,240
Cash and cash equivalents at the beginning of the year	1,038,267	84,482
Net foreign exchange difference	(87,944)	203,545
Cash and cash equivalents at the end of the year	1,084,135	1,038,267

For ABLV Asset Management, IPAS:
Chairman of the Board

Leonīds Kijs



Fund Manager

Oļegs Rusnaks



Riga, 29 April 2013

Note 1

General information

The subfund ABLV Global USD ETF Fund of the open-end investment fund ABLV Global ETF Fund is a stock fund registered on 23 March 2007. The registered office of the investment manager is at Elizabetes iela 23, Riga, LV-1010, Latvia.

The fund's business activity includes investments in exchange traded funds (ETF) and other instruments traded on US and European stock exchanges, which represent the value of stocks, as well as the value of particular sectors of economy of various countries.

The following abbreviations are used in the notes to the financial statements: International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), International Financial Reporting Interpretations Committee (IFRIC), Financial and Capital Market Commission (FCMC), European Monetary Union (EMU), European Union (EU), Organisation for Economic Cooperation and Development (OECD), ABLV Asset Management, IPAS (company), and open-end investment fund (AIF).

Note 2

Principal accounting policies

Basis of Preparation

These financial statements are based on the accounting records made pursuant to the legislative requirements and prepared in conformity with International Financial Reporting Standards and IFRIC Interpretations as adopted by the European Union, on a going concern basis.

These records are maintained under the historical cost convention, except for financial assets and liabilities which are reported at fair value.

During the year ended 31 December 2012, the fund consistently applied accounting policies in line with those disclosed in the prior-year financial statements, except for the changes listed below.

The fund's functional currency is the US dollar. The monetary unit used in the financial statements is lat (LVL), the monetary unit of the Republic of Latvia. These financial statements are reported in lats, unless otherwise stated. Information given herein in brackets represents comparative figures for the year ended 31 December 2011, unless otherwise stated.

Adoption of New and/ or Changed IFRSs and IFRIC Interpretations in the Reporting Year

In the reporting period, the fund has adopted the following new and amended IFRS and IFRIC interpretations, which do not have a significant impact on the financial statements:

- amendment to IFRS 7 *Financial Instruments* - Enhanced Derecognition Disclosure Requirements,
- amendment to IAS 12 *Deferred tax* - Recovery of Underlying Assets.

The IASB issued an amendment to IFRS 7 that enhances disclosures for financial assets. These disclosures relate to assets transferred (as defined under IAS 39). If the assets transferred are not derecognised entirely in the financial statements, an entity has to disclose information that enables users of financial statements to understand the relationship between those assets which are not derecognised and their associated liabilities. If those assets are derecognised entirely, but the entity retains a continuing involvement, disclosures have to be provided that enable users of financial statements to evaluate the nature of, and risks associated with, the entity's continuing involvement in those derecognised assets. The amendment has only disclosure effects. The adoption of this amendment does not affect these financial statements because the fund does not have such financial assets.

The amendment to IAS 12 *Deferred tax* is effective for annual periods beginning on or after 1 January 2012. The amendment clarifies the determination of deferred tax on investment property measured at fair value. The amendment introduces a rebuttable presumption that deferred tax on investment property measured using the fair value model in IAS 40 should be determined on the basis that its carrying amount will be recovered through sale. Furthermore, it introduces the requirement that deferred tax on non-depreciable assets that are measured using the revaluation model in IAS 16 always be measured on a sale basis of the asset. This amendment has not yet been endorsed by the EU. The fund has assessed that this amendment will not affect its financial position and performance because the fund measures its investment properties according to the cost model.

Standards issued but not yet effective or not endorsed by the EU and not early adopted

The fund has not applied the following IFRS and IFRIC interpretations that have been issued as of the date of authorisation of these financial statements for issue, but which are not yet effective:

IAS 1 Financial Statement Presentation (Amended) – Presentation of Items of Other Comprehensive Income

The amendment is effective for annual periods beginning on or after 1 July 2012. The amendments to IAS 1 change the grouping of items presented in OCI. Items that could be reclassified (or 'recycled') to profit or loss at a future point in time (for example, upon derecognition or settlement) would be presented separately from items that will never be reclassified. The amendment affects presentation only and has no impact on the fund's financial position or performance. This amendment has not yet been endorsed by the EU. The fund is in the process of assessing the impact of this amendment on the disclosures to be included in these financial statements.

IAS 19 Employee Benefits (Amended)

The amendment is effective for annual periods beginning on or after 1 January 2013. The IASB has issued numerous amendments to IAS 19. These range from fundamental changes such as removing the corridor mechanism and the concept of expected returns on plan assets to simple clarifications and re-wording. Early application is permitted. This amendment has not yet been endorsed by the EU. The fund is in the process of assessing the impact of this amendment on its financial position or performance.

IAS 27 Separate Financial Statements (Revised)

The Standard is effective for annual periods beginning on or after 1 January 2013. As a result of the new standards IFRS 10 and IFRS 12, this standard was amended to contain accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when an entity prepares separate financial statements. IAS 27 *Separate Financial Statements* requires an entity preparing separate financial statements to account for those investments at cost or in accordance with IFRS 9 *Financial Instruments*. Earlier application is permitted. This amendment has not yet been endorsed by the EU. The fund is in the process of assessing the impact of this amendment on its financial position or performance.

IAS 28 Investments in Associates and Joint Ventures (Revised)

The Standard is effective for annual periods beginning on or after 1 January 2013. As a consequence of the new IFRS 11 and IFRS 12, IAS 28 has been renamed IAS 28 *Investments in Associates and Joint Ventures*, and describes the application of the equity method to investments in joint ventures in addition to associates. Earlier application is permitted. This amendment has not yet been endorsed by the EU. The fund is in the process of assessing the impact of this amendment on its financial position or performance.

IAS 32 Financial Instruments: Presentation (Amended) - Offsetting Financial Assets and Financial Liabilities

The amendment is effective for annual periods beginning on or after 1 January 2014. This amendment clarifies the meaning of "currently has a legally enforceable right to set-off" and also clarifies the application of the IAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. The amendments to IAS 32 are to be retrospectively applied. Earlier application is permitted. However, if an entity chooses to early adopt, it must disclose that fact and also make the disclosures required by IFRS 7 *Offsetting Financial Assets and Financial Liabilities* amendments. This amendment has not yet been endorsed by the EU.

IFRS 7 Financial Instruments: Disclosures (Amended) - Offsetting Financial Assets and Financial Liabilities

The amendment is effective for annual periods beginning on or after 1 January 2013. The amendment introduces common disclosure requirements. These disclosures would provide users with information that is useful in evaluating the effect or potential effect of netting arrangements on an entity's financial position. The amendments to IFRS 7 are to be retrospectively applied. The fund is in the process of assessing the impact of this amendment on its financial position or performance.

IFRS 9 Financial Instruments - Classification and Measurement

The new standard is effective for annual periods beginning on or after 1 January 2015. IFRS 9 as issued will eventually replace IAS 39 and it applies to classification and measurement of financial assets and financial liabilities as defined in IAS 39. Phase 1 of IFRS 9 will have a significant impact on the classification and measurement of financial assets and a change in reporting for those entities that have designated financial liabilities using the FVO. In subsequent phases, the IASB will address hedge accounting and impairment of financial assets. Earlier application is permitted. This standard has not yet been endorsed by the EU. The fund is in the process of assessing the impact of the new standard on its financial position or performance.

IFRS 10 Consolidated Financial Statements

The new standard is effective for annual periods beginning on or after 1 January 2013. IFRS 10 replaces the portion of IAS 27 *Consolidated and Separate Financial Statements* that addresses the accounting for consolidated financial statements as well as SIC-12 *Consolidation – Special Purpose Entities*. IFRS 10 establishes a single control model that applies to all entities including special purpose entities. The changes introduced by IFRS 10 will require management to exercise significant judgment to determine which entities are controlled and, therefore, are required to be consolidated by a parent. Examples of areas of significant judgment include evaluating de facto control, potential voting rights or whether a decision maker is acting as a principal or agent. This standard has not yet been endorsed by the EU. The fund is in the process of assessing the impact of the new standard on its financial position or performance.

IFRS 11 *Joint Arrangements*

The new standard is effective for annual periods beginning on or after 1 January 2013. IFRS 11 replaces IAS 31 *Interests in Joint Ventures* and SIC-13 *Jointly-controlled Entities — Non-monetary Contributions by Venturers*. IFRS 11 eliminates proportionate consolidation of jointly controlled entities. Instead, jointly controlled entities that are classified as joint ventures must be accounted for using the equity method. Additionally, jointly controlled assets and operations are joint operations under IFRS 11, and the accounting for those arrangements will generally be consistent with today's accounting. That is, the entity will continue to recognise its relative share of assets, liabilities, revenues and expenses. This standard has not yet been endorsed by the EU. The fund is in the process of assessing the impact of the new standard on its financial position or performance.

IFRS 12 *Disclosures of Involvement with Other Entities*

The new standard is effective for annual periods beginning on or after 1 January 2013. IFRS 12 includes all of the disclosures that were previously in IAS 27 related to consolidated financial statements, as well as all of the disclosures that were previously included in IAS 31 and IAS 28. These disclosures relate to an entity's interests in subsidiaries, joint arrangements, associates and special purpose entities. A number of new disclosures are also required. This standard has not yet been endorsed by the EU. The fund is in the process of assessing the impact of the new standard on its financial position or performance.

Amendments to IFRS 10, IFRS 12 and IAS 27 - *Investment Entities*

The amendments are effective for annual periods beginning on or after 1 January 2014, once adopted by the EU. The amendments apply to entities that qualify as investment entities. The amendments provide an exception to the consolidation requirements of IFRS 10 by requiring investment entities to measure their subsidiaries at fair value through profit or loss, rather than consolidate them. The fund is in the process of assessing the impact of this amendment on its financial position or performance.

IFRS 13 *Fair Value Measurement*

The new standard is effective for annual periods beginning on or after 1 January 2013. IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. This standard should be applied prospectively and early adoption is permitted. This standard has not yet been endorsed by the EU. The fund is in the process of assessing the impact of the new standard on its financial position or performance.

IFRIC Interpretation 20 *Stripping Costs in the Production Phase of a Surface Mine*

The interpretation is effective for annual periods beginning on or after 1 January 2013. This interpretation only applies to stripping costs incurred in surface mining activity during the production phase of the mine. Early application is permitted. IFRIC 20 has not yet been endorsed by the EU. The implementation of this interpretation will not have any impact on the fund's financial statements because the fund is not engaged in mining.

The IASB has issued the Annual Improvements to IFRSs 2009 – 2011 Cycle, which contains amendments to its standards and the related Basis for Conclusions. The annual improvements project provides a mechanism for making necessary, but non-urgent, amendments to IFRS.

The effective date for the amendments is for annual periods beginning on or after 1 January 2013. Earlier application is permitted in all cases, provided that fact is disclosed. This project has not yet been endorsed by the EU. The fund is in the process of assessing the impact of the project on its financial position or performance:

- IAS 1 *Financial Statement Presentation*: Clarifies the difference between voluntary additional comparative information and the minimum required comparative information. Generally, the minimum required comparative period is the previous period. An entity must include comparative information in the related notes to the financial statements when it voluntarily provides comparative information beyond the minimum required comparative period. The additional comparative period does not need to contain a complete set of financial statements. In addition, the opening statement of financial position (known as the "third balance sheet") must be presented in the following circumstances: when an entity changes its accounting policies; makes retrospective restatements or makes reclassifications, and that change has a material effect on the statement of financial position. The opening statement would be at the beginning of the preceding period. However, unlike the voluntary comparative information, the related notes are not required to accompany the "third balance sheet".
- IAS 16 *Property, Plant and Equipment*: Clarifies that major spare parts and servicing equipment that meet the definition of property, plant and equipment are not inventory.
- IAS 32 *Financial Instruments: Presentation*: Clarifies that income taxes arising from distributions to equity holders are accounted for in accordance with IAS 12 *Income Taxes*. The amendment removes existing income tax requirements from IAS 32 and requires entities to apply the requirements in IAS 12 to any income tax arising from distributions to equity holders.
- IAS 34 *Interim Financial Reporting*: Clarifies the requirements in IAS 34 relating to segment information for total assets and liabilities for each reportable segment to enhance consistency with the requirements in IFRS 8 *Operating Segments*. Total assets and liabilities for a particular reportable segment need to be disclosed only when the amounts are regularly provided to the chief operating decision maker and there has been a material change in the total amount disclosed in the entity's previous annual financial statements for that reportable segment.
- Transition Guidance (Amendments to IFRS 10, IFRS 11 and IFRS 12). The guidance is effective for annual periods beginning on or after 1 January 2013. The IASB issued amendments to IFRS 10 *Consolidated Financial Statements*, IFRS 11 *Joint Arrangements* and IFRS 12 *Disclosure of Interests in Other Entities*. The amendments change the

transition guidance to provide further relief from full retrospective application. The date of initial application in IFRS 10 is defined as the beginning of the annual reporting period in which IFRS 10 is applied for the first time. The assessment of whether control exists is made at "the date of initial application" rather than at the beginning of the comparative period. If the control assessment is different between IFRS 10 and IAS 27/SIC-12, retrospective adjustments should be determined. However, if the control assessment is the same, no retrospective application is required. If more than one comparative period is presented, additional relief is given to require only one period to be restated. For the same reasons IASB has also amended IFRS 11 *Joint Arrangements* and IFRS 12 *Disclosure of Interests in Other Entities* to provide transition relief. This guidance has not yet been endorsed by the EU. The fund is in the process of assessing the impact of the guidance on its financial position or performance.

The fund plans to adopt the above mentioned standards and interpretations on their effectiveness date.

The fund has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Significant Accounting Estimates and Assumptions

The preparation of financial statements in accordance with IFRS as adopted by the EU requires the management to make estimates and assumptions that affect the reported amounts of assets, liabilities, income and expense, and disclosure of contingencies. Future events occur which cause the assumptions used in arriving at the estimates to change. Such estimates and assumptions are based on most reliable information available to the management in respect to specific events and actions. The effect of any changes in estimates will be recorded in the financial statements when determinable. The significant areas of estimation and assumptions relate to determining the fair value of financial assets.

Revenue and Expense Recognition

All major revenue and expense items are recognised on an accrual basis. Commission and fee revenue and expense are included in the statement of income and expense over the period or at a specific time, except for commission and fee revenue and expense directly attributable to financial assets and liabilities measured at amortised cost – for these assets and liabilities the respective commission and fee revenue and expense form an integral part of the effective interest rate. Interest revenue is recognised in the period when earned using the effective interest method and includes interest revenue from term deposits. Dividend revenue is recognised when the right to receive the payment is established. Both accrued and earned interest has been stated as interest revenue.

The difference between the acquisition price and the value of a financial instrument (hereinafter – a 'Day 1' profit or loss) is not recognised in the statement of income and expense at the acquisition date. The 'Day 1' profit or loss from transactions is recognised on an individual basis. The difference is either recognised in the statement of income and expense during the term of the transaction, or deferred and recognised only when the fair value of the financial instrument may be determined using observable data, or recognised in the statement of income and expense upon derecognition of a financial instrument. The financial instrument is subsequently stated at fair value adjusted by the deferred 'Day 1' profit or loss. Fair value changes are recognised in the statement of income and expense without making adjustments to the deferred 'Day 1' profit or loss.

Foreign Currency Translation

The fund's functional currency is the US dollar but, according to the FCMC requirements, the fund ensures accounting also in Latvian lats. These financial statements are prepared based on transaction accounting in Latvian lats. All assets and liabilities denominated in foreign currencies are translated into Latvian lats at the official exchange rate established by the Bank of Latvia at the last day of the reporting period. Income or expense resulting from changes in exchange rates is included in the statement of income and expense of the reporting period. Transactions denominated in foreign currencies are recorded in Latvian lats at the official exchange rate established by the Bank of Latvia at the date of the transaction. Assets and liabilities denominated in foreign currencies are translated into Latvian lats applying the official exchange rates fixed by the Bank of Latvia at the year end.

Assets and liabilities denominated in foreign currencies are translated into Latvian lats at the official exchange rates established by the Bank of Latvia at the reporting date (LVL for one foreign currency unit):

Reporting date	USD
31 December 2012	0.531
31 December 2011	0.544

Cash and Cash Equivalents

Cash and cash equivalents comprise fund's demand deposits with credit institutions and term deposits with credit institutions with a contractual original maturity of three months or less. Cash and cash equivalents are highly liquid

investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of change in value.

Recognition and Derecognition of Financial Assets and Liabilities

A financial asset is any asset that is cash, an equity instrument of another entity, a contractual right to receive cash or another financial asset from another entity or to exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity; or a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments.

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another entity or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the entity; or a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments.

The fund recognises financial assets and liabilities in its statement of assets and liabilities when, and only when, the fund becomes a party to the contractual provisions of the instrument.

A financial asset is derecognised only when the contractual rights to receive cash flows from the asset have expired, or the fund has transferred the financial asset and substantially all the risks and rewards of the asset to the counterparty. A financial liability is derecognised only when the obligation under the liability is discharged according to the contract or cancelled or expires.

All purchases and sales of financial assets are recognised and derecognised on the settlement date. The acquisition value of securities is determined on a weighed average cost basis.

Fair Value of Financial Assets and Liabilities

Fair value is the amount for which an asset could be exchanged or a liability settled between a knowledgeable, willing buyer and a knowledgeable, willing seller in an arm's length transaction. The best evidence of fair value of financial assets and liabilities is quoted prices in an active market. If the market for a financial asset or liability is inactive, fair value is established by using a valuation technique, including discounted cash flow analysis, recent transactions that are substantially the same, as well as management estimates and assumptions

Financial Instruments

Financial assets at fair value through profit or loss:

Financial assets at fair value through profit or loss are held-for-trading securities, i.e., securities acquired for generating a profit from short-term fluctuations in price. Financial assets are analysed by the fund manager on the basis of their fair value and other financial information.

Securities are initially stated at fair value and further marked-to-market on the basis of quoted market prices. Any gain or loss resulting from revaluation of securities at fair value as well as any gain or loss resulting from disposal of the above securities is included in the statement of income and expense.

Dividends from financial assets at fair value through profit or loss are recognised in the statement of income and expense when the right to the payment has been established.

Provisions

Provisions are recognised when the fund has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Taxes

The fund's income is subject to income taxes in the country of its origin. Basically, the fund's income is exempt from income taxes. The fund is not a Latvian corporate income tax payer, and upon annulment of the fund's investment certificates, no income taxes are charged on increases in value.

Note 3

Risk management

Risks are inherent in the investment process and risk management is one of the fund's strategic values, which is based on the confidence that efficient risk management is critical for the success of the fund. Managing risks permits keeping the fund's exposure at a level meeting its willingness and ability to undertake risks.

The key investment risks are market risk (price risk and interest rate risk), liquidity risk, credit risk, legal risk, strategic risk, information risk, foreign investment risk, and other business-related risks. Considering that the company makes investments only in the subfund's base currency (USD), there is no exposure to currency risk.

The company acts in strict compliance with the provisions and restrictions of the prospectuses, agreements, and Latvian laws, as well as assesses the compliance of the investments made on an ongoing basis.

To minimise the investment risks, the fund is managed following the risk diversification and hedging principles. The company applies qualitative and quantitative assessments to manage financial risks. According to the qualitative assessment, investments are made in assets corresponding to certain parameters. In planning investments, the company takes into consideration investment safety in each particular country and particular financial instruments and term deposits with banks, i.e., analyses credit ratings granted to the respective country, bank or company. In developing the investment strategy and stating limits, the company performs an analysis of the fund's investments by maturity, geographical placements, currency profile, industry, etc., assessing the risks inherent in each of the above factors. Meanwhile, the quantitative assessment is expressed as limits set for specific investment types, countries and regions, industries, specific issuers and counterparties.

When investments are made abroad, particular attention is paid to expected investment-related currency fluctuations against the fund's base currency. For risk mitigation purposes, the company performs:

- Country assessment according to international rating agencies scale;
- Assessment of the political situation in the country;
- Assessment of the economic situation in the country.

In spite of the fact that the company makes investments only in the subfund's base currency, currency risk should also be considered. As a rule, MSCI indexes, which are indexes underlying ETFs, reflect the changes in equity prices in the currency of a respective country. Therefore, the ETF dynamics and the underlying index dynamics may differ significantly in the event of changes in the rate of the base currency against the rate of the respective country's currency. This risk is mitigated following the investment diversification principle.

The investment strategy of the fund is aimed at minimising the aforementioned risks to the maximum extent possible; however, the company cannot guarantee that these risks can be completely avoided in the future.

Note 4

Deposits with credit institutions

	31/12/2012		31/12/2011	
	Carrying amount	Carrying amount to fund's assets	Carrying amount	Carrying amount to fund's assets
Demand deposits with credit institutions	LVL	%	LVL	%
Demand deposits with ABLV Bank, AS	1,084,135	17.98	113,467	2.33
Term deposits with ABLV Bank, AS	-	-	924,800	18.97
Total demand deposits with credit institutions	1,084,135	17.98	1,038,267	21.30

The fund received interest on demand deposits fixed as monthly average LIBOR EUR o/n - 0.2%; if LIBOR EUR o/n - 0.2% was less than 0, the 0% rate was applied. Starting from 1 December 2012, no interest has been paid on demand deposits. No payments related to term deposits and securities were past due in the reporting period.

Note 5

Shares and other non-fixed income securities

All shares and other non-fixed income securities are classified as financial assets at fair value through profit or loss. All securities are listed and traded on regulated markets (stock exchanges).

Shares and other non-fixed income securities by geographical placement:

Geographical placement	31/12/2012		31/12/2011	
	Carrying amount	Carrying amount to fund's assets	Carrying amount	Carrying amount to fund's assets
	LVL	%	LVL	%
OECD countries	2,862,414	47.46	2,137,522	43.84
Other countries	1,604,063	26.6	1,586,601	32.54
Other EU Member States	292,880	4.86	14,269	0.29
EMU countries	175,033	2.9	96,320	1.98
Total shares and other non-fixed income securities	4,934,390	81.82	3,834,712	78.65

Shares and other non-fixed income securities by country profile and issuers as at 31 December 2012:

Country	Issuer	Amount	Acquisition value	Carrying amount	Carrying amount to fund's assets
		number	LVL	LVL	%
USA		39,290	1,804,575	1,837,848	30.48
	iShares MSCI Australia Index Fund	24	300	318	0.01
	ISHARES MSCI CANADA	326	4,922	4,927	0.08
	iShares MSCI Emerging Markets IndexFund	35	783	835	0.01
	iShares Russell 2000 Index Fund	5,230	222,660	234,452	3.89
	iShares S&P Latin America 40 IndexFund	83	1,985	1,926	0.03
	Powershares QQQ	13,963	474,565	482,840	8.01
	SPDR DJIA TRUST	6,900	472,483	478,505	7.94
	SPDR Trust Series 1	3,477	255,766	263,418	4.37
	VANGUARD MID-CAP ETF	1,428	62,846	61,795	1.02
	VANGUARD MSCI EUROPEAN ETF	4	102	104	0.00
	VANGUARD SMALL-CAP ETF	1,468	64,013	61,265	1.02
	VANGUARD TOTAL STOCK MKT ETF	6,352	244,150	247,463	4.10
Argentina		3	155	151	0.00
	VANGUARD SMALL-CAP ETF	2	105	100	0.00
	VANGUARD TOTAL STOCK MKT ETF	1	50	51	0.00
Australia		13,916	175,405	185,917	3.08
	iShares MSCI Australia Index Fund	13,916	175,405	185,917	3.08
Austria		22	549	557	0.01
	VANGUARD MSCI EUROPEAN ETF	22	549	557	0.01
Bahamas		4	163	169	0.00
	iShares Russell 2000 Index Fund	3	137	144	0.00
	VANGUARD SMALL-CAP ETF	1	26	25	0.00
Belgium		87	2,223	2,254	0.04
	VANGUARD MSCI EUROPEAN ETF	87	2,223	2,254	0.04

Table (cont'd):

Country	Issuer	Amount number	Acquisition value LVL	Carrying amount LVL	Carrying amount to fund's assets %
Bermuda		157	6,307	6,437	0.11
	iShares Russell 2000 Index Fund	62	2,642	2,782	0.05
	Powershares QQQ	23	788	802	0.01
	SPDR Trust Series 1	1	78	81	0.00
	VANGUARD MID-CAP ETF	23	1,030	1,013	0.02
	VANGUARD MSCI EUROPEAN ETF	10	256	259	0.00
	VANGUARD SMALL-CAP ETF	14	589	563	0.01
	VANGUARD TOTAL STOCK MKT ETF	24	924	937	0.02
Brazil		5,456	125,914	127,616	2.12
	iShares MSCI Emerging Markets IndexFund	2,593	57,472	61,220	1.02
	iShares S&P Latin America 40 IndexFund	2,863	68,442	66,396	1.10
Czechia		60	1,337	1,424	0.02
	iShares MSCI Emerging Markets IndexFund	60	1,337	1,424	0.02
Chile		1,010	23,500	23,582	0.40
	iShares MSCI Emerging Markets IndexFund	372	8,250	8,788	0.15
	iShares S&P Latin America 40 IndexFund	638	15,250	14,794	0.25
Denmark		89	2,274	2,306	0.04
	VANGUARD MSCI EUROPEAN ETF	89	2,274	2,306	0.04
South Africa		1,562	34,625	36,883	0.61
	iShares MSCI Emerging Markets IndexFund	1,562	34,612	36,870	0.61
	VANGUARD SMALL-CAP ETF	0	13	13	0.00
Jersey		100	1,657	1,700	0.03
	ISHARES MSCI UNITED KINGDOM	67	604	629	0.01
	Powershares QQQ	26	887	903	0.02
	VANGUARD MSCI EUROPEAN ETF	7	166	168	0.00
Egypt		60	1,337	1,424	0.02
	iShares MSCI Emerging Markets IndexFund	60	1,337	1,424	0.02
Philippines		187	4,148	4,418	0.07
	iShares MSCI Emerging Markets IndexFund	187	4,148	4,418	0.07
France		678	17,324	17,569	0.29
	VANGUARD MSCI EUROPEAN ETF	678	17,324	17,569	0.29
Guernsey		47	475	493	0.01
	ISHARES MSCI UNITED KINGDOM	43	386	402	0.01
	VANGUARD MSCI EUROPEAN ETF	4	89	91	0.00
Greece		4	102	104	0.00
	VANGUARD MSCI EUROPEAN ETF	4	102	104	0.00
Hong Kong		17,144	205,480	214,266	3.55
	iShares FTSE/Xinhua China 25 IndexFund	841	14,987	18,053	0.30
	ISHARES MSCI ASIA EX-JAPAN	720	22,690	23,107	0.38
	iShares MSCI Emerging Markets IndexFund	980	21,707	23,123	0.38
	iShares MSCI Hong Kong Index Fund	14,355	144,368	148,182	2.46
	ISHARES MSCI SINGAPORE	248	1,728	1,801	0.03
India		13,951	162,778	166,644	2.77
	ISHARES MSCI ASIA EX-JAPAN	558	17,585	17,908	0.30
	iShares MSCI Emerging Markets IndexFund	1,393	30,879	32,893	0.55
	POWERSHARES INDIA PORTFOLIO	12,000	114,314	115,843	1.92
Indonesia		767	19,020	19,942	0.33
	ISHARES MSCI ASIA EX-JAPAN	216	6,807	6,932	0.11
	iShares MSCI Emerging Markets IndexFund	551	12,213	13,010	0.22
Italy		163	4,152	4,211	0.07
	VANGUARD MSCI EUROPEAN ETF	163	4,152	4,211	0.07

Table (cont'd):

Country	Issuer	Amount	Acquisition value	Carrying amount	Carrying amount to fund's assets
		number	LVL	LVL	%
Israel		47	1,616	1,645	0.03
	iShares Russell 2000 Index Fund	2	68	72	0.00
	Powershares QQQ	45	1,528	1,554	0.03
	VANGUARD SMALL-CAP ETF	0	20	19	0.00
Ireland		696	14,088	14,480	0.24
	iShares MSCI Australia Index Fund	60	759	804	0.01
	ISHARES MSCI UNITED KINGDOM	389	3,521	3,672	0.06
	iShares Russell 2000 Index Fund	21	911	959	0.02
	Powershares QQQ	68	2,316	2,357	0.04
	SPDR Trust Series 1	36	2,611	2,690	0.04
	VANGUARD MID-CAP ETF	13	568	558	0.01
	VANGUARD MSCI EUROPEAN ETF	61	1,546	1,568	0.03
	VANGUARD SMALL-CAP ETF	4	157	150	0.00
	VANGUARD TOTAL STOCK MKT ETF	44	1,699	1,722	0.03
Cayman Islands		15	625	639	0.01
	iShares Russell 2000 Index Fund	7	296	312	0.01
	VANGUARD MID-CAP ETF	4	158	156	0.00
	VANGUARD SMALL-CAP ETF	1	46	44	0.00
	VANGUARD TOTAL STOCK MKT ETF	3	125	127	0.00
Canada		15,646	237,243	237,521	3.93
	ISHARES MSCI CANADA	15,587	235,065	235,310	3.90
	iShares Russell 2000 Index Fund	9	387	408	0.01
	Powershares QQQ	35	1,183	1,203	0.02
	VANGUARD MID-CAP ETF	6	251	247	0.00
	VANGUARD SMALL-CAP ETF	4	157	150	0.00
	VANGUARD TOTAL STOCK MKT ETF	5	200	203	0.00
Cyprus		161	2,624	2,568	0.04
	Market Vectors Russia ETF	161	2,624	2,568	0.04
Colombia		556	12,131	12,309	0.20
	ISHARES MSCI CANADA	86	1,303	1,304	0.02
	iShares MSCI Emerging Markets IndexFund	237	5,254	5,597	0.09
	iShares S&P Latin America 40 IndexFund	233	5,574	5,408	0.09
Republic of Korea (South Korea)		9,516	270,665	279,195	4.63
	ISHARES MSCI ASIA EX-JAPAN	1,242	39,140	39,860	0.66
	iShares MSCI Emerging Markets IndexFund	3,274	72,542	77,274	1.28
	ISHARES MSCI SOUTH KOREA INDEX FUND	5,000	158,983	162,061	2.69
Russia		24,972	286,270	277,410	4.60
	GAZPROM OAO	7,500	42,037	37,674	0.62
	iShares MSCI Emerging Markets IndexFund	1,246	27,607	29,407	0.49
	Market Vectors Russia ETF	7,476	121,997	119,371	1.98
	NOVATEK OAO	750	49,291	47,312	0.78
	Severstal OAO	3,500	24,811	22,618	0.38
	SURGUTNEFTEGAZ	4,500	20,527	21,028	0.35
China		8,727	188,622	208,857	3.45
	iShares FTSE/Xinhua China 25 IndexFund	4,159	74,168	89,342	1.48
	ISHARES MSCI ASIA EX-JAPAN	1,470	46,326	47,178	0.78
	iShares MSCI Emerging Markets IndexFund	2,839	62,910	67,013	1.11
	ISHARES MSCI SINGAPORE	95	664	692	0.01
	iShares MSCI Taiwan Index Fund	38	267	270	0.00
	Powershares QQQ	126	4,287	4,362	0.07

Table (cont'd):

Country	Issuer	Amount	Acquisition value	Carrying amount	Carrying amount to fund's assets
		number	LVL	LVL	%
UK		17,694	191,763	198,492	3.29
	ISHARES MSCI UNITED KINGDOM	15,773	142,938	149,084	2.47
	Market Vectors Russia ETF	210	3,420	3,347	0.06
	Powershares QQQ	117	3,992	4,061	0.07
	SPDR Trust Series 1	9	653	672	0.01
	VANGUARD MID-CAP ETF	6	257	253	0.00
	VANGUARD MSCI EUROPEAN ETF	1,569	40,103	40,670	0.67
	VANGUARD TOTAL STOCK MKT ETF	10	400	405	0.01
Luxembourg		132	2,369	2,375	0.04
	ISHARES MSCI SWEDEN INDEX FD	75	1,139	1,146	0.02
	Market Vectors Russia ETF	25	405	396	0.01
	VANGUARD MSCI EUROPEAN ETF	29	728	739	0.01
	VANGUARD SMALL-CAP ETF	2	72	69	0.00
	VANGUARD TOTAL STOCK MKT ETF	1	25	25	0.00
Macao		645	6,487	6,658	0.11
	iShares MSCI Hong Kong Index Fund	645	6,487	6,658	0.11
Malaysia		1,012	25,115	26,328	0.43
	ISHARES MSCI ASIA EX-JAPAN	288	9,076	9,243	0.15
	iShares MSCI Emerging Markets IndexFund	724	16,039	17,085	0.28
Mexico		7,923	246,203	257,451	4.27
	iShares MSCI Emerging Markets IndexFund	1,077	23,873	25,431	0.42
	iShares MSCI Mexico investable Market Index Fur	5,300	186,003	196,748	3.26
	ISHARES MSCI UNITED KINGDOM	43	386	402	0.01
	iShares S&P Latin America 40 IndexFund	1,500	35,864	34,792	0.58
	VANGUARD MSCI EUROPEAN ETF	3	77	78	0.00
Monaco		3	114	120	0.00
	iShares Russell 2000 Index Fund	3	114	120	0.00
Netherlands		2,234	28,830	29,614	0.50
	iShares MSCI Germany Index Fund	26	332	346	0.01
	ISHARES MSCI UNITED KINGDOM	1,661	15,055	15,702	0.26
	iShares Russell 2000 Index Fund	7	296	312	0.01
	Market Vectors Russia ETF	129	2,102	2,057	0.03
	SPDR Trust Series 1	6	418	430	0.01
	VANGUARD MID-CAP ETF	5	224	221	0.00
	VANGUARD MSCI EUROPEAN ETF	387	9,876	10,015	0.17
	VANGUARD SMALL-CAP ETF	1	52	50	0.00
	VANGUARD TOTAL STOCK MKT ETF	12	475	481	0.01
Norway		60	1,560	1,586	0.02
	iShares Russell 2000 Index Fund	2	91	96	0.00
	VANGUARD MSCI EUROPEAN ETF	58	1,469	1,490	0.02
Panama		3	114	120	0.00
	iShares Russell 2000 Index Fund	3	114	120	0.00
Peru		274	6,380	6,382	0.11
	iShares MSCI Emerging Markets IndexFund	92	2,028	2,160	0.04
	iShares S&P Latin America 40 IndexFund	182	4,352	4,222	0.07
Poland		313	6,943	7,394	0.12
	iShares MSCI Emerging Markets IndexFund	312	6,913	7,364	0.12
	iShares Russell 2000 Index Fund	1	23	24	0.00
	VANGUARD SMALL-CAP ETF	0	7	6	0.00
Portugal		13	319	324	0.01
	VANGUARD MSCI EUROPEAN ETF	13	319	324	0.01

Table (cont'd):

Country	Issuer	Amount	Acquisition value	Carrying amount	Carrying amount to fund's assets
		number	LVL	LVL	%
Singapore		14,165	111,563	115,876	1.93
	ISHARES MSCI ASIA EX-JAPAN	438	13,803	14,057	0.23
	ISHARES MSCI SINGAPORE	13,656	95,250	99,278	1.65
	Powershares QQQ	57	1,922	1,956	0.04
	VANGUARD MID-CAP ETF	8	363	357	0.01
	VANGUARD TOTAL STOCK MKT ETF	6	225	228	0.00
Finland		56	1,431	1,451	0.02
	VANGUARD MSCI EUROPEAN ETF	56	1,431	1,451	0.02
Spain		206	5,251	5,325	0.09
	VANGUARD MSCI EUROPEAN ETF	206	5,251	5,325	0.09
Switzerland		1,334	27,443	27,986	0.46
	ISHARES MSCI UNITED KINGDOM	525	4,761	4,966	0.08
	Powershares QQQ	39	1,331	1,354	0.02
	SPDR Trust Series 1	22	1,619	1,668	0.03
	VANGUARD MID-CAP ETF	4	185	182	0.00
	VANGUARD MSCI EUROPEAN ETF	702	17,924	18,178	0.30
	VANGUARD SMALL-CAP ETF	3	124	119	0.00
	VANGUARD TOTAL STOCK MKT ETF	39	1,499	1,519	0.03
Taiwan		40,592	344,648	351,563	5.83
	ISHARES MSCI ASIA EX-JAPAN	888	27,984	28,499	0.47
	iShares MSCI Emerging Markets IndexFund	2,242	49,683	52,923	0.88
	iShares MSCI Taiwan Index Fund	37,462	266,981	270,141	4.48
Thailand		677	16,688	17,510	0.30
	ISHARES MSCI ASIA EX-JAPAN	180	5,673	5,777	0.10
	iShares MSCI Emerging Markets IndexFund	497	11,015	11,733	0.20
Turkey		410	9,092	9,685	0.16
	iShares MSCI Emerging Markets IndexFund	410	9,079	9,672	0.16
	VANGUARD SMALL-CAP ETF	0	13	13	0.00
Ukraine		6	138	147	0.00
	iShares MSCI Emerging Markets IndexFund	6	138	147	0.00
Hungary		48	1,060	1,129	0.02
	iShares MSCI Emerging Markets IndexFund	48	1,060	1,129	0.02
Germany		6,589	90,887	94,202	1.57
	iShares MSCI Germany Index Fund	5,973	75,160	78,253	1.30
	VANGUARD MSCI EUROPEAN ETF	616	15,727	15,949	0.27
Sweden		5,168	81,619	82,133	1.36
	ISHARES MSCI SWEDEN INDEX FD	4,925	75,314	75,743	1.26
	iShares Russell 2000 Index Fund	1	23	24	0.00
	VANGUARD MID-CAP ETF	3	139	136	0.00
	VANGUARD MSCI EUROPEAN ETF	237	6,068	6,154	0.10
	VANGUARD TOTAL STOCK MKT ETF	2	75	76	0.00
Total shares and other non-fixed income securities			4,813,401	4,934,390	81.82

Note 6

Accrued expense

	LVL	
Item	31/12/2012	31/12/2011
Accrued commission fees payable to investment manager	(10,196)	(9,003)
Accrued fees payable for professional services	(1,344)	(1,355)
Accrued commission fees payable to custodian bank	(1,274)	(1,125)
Accrued payments to Riga Stock Exchange	(25)	(25)
Total accrued expense	(12,839)	(11,508)

Note 7

Interest revenue

	LVL	
Item	01/01/2012 - 31/12/2012	01/01/2011 - 31/12/2011
From deposits with credit institutions	594	183
Total interest revenue	594	183

Note 8

Realised increase in investment value

	LVL	
Item	01/01/2012 - 31/12/2012	01/01/2011 - 31/12/2011
Income from sale of investments	7,925,960	12,764,396
Acquisition value of investments sold	(7,848,696)	(12,686,165)
Total realised increase in investment value	77,264	78,231

Note 9

Unrealised increase/ (decrease) in investment value

	LVL	
Item	01/01/2012 - 31/12/2012	01/01/2011 - 31/12/2011
Revaluation of financial assets at fair value through profit or loss	511,110	(504,629)
Currency exchange gain	(164,611)	81,473
Total unrealised increase/ (decrease) in investment value	346,499	(423,156)

Note 10

Change in investment assets during the reporting year

The table below shows changes in the fund's investment portfolio in 2012:

LVL						
Item	01/01/2012	Increase for the reporting year	Decrease for the reporting year	Fair value revaluation result	Foreign currency translation result	31/12/2012
Financial assets at fair value through profit or loss	3,834,712	8,591,659	(7,925,960)	511,110	(77,131)	4,934,390
Total assets	3,834,712	8,591,659	(7,925,960)	511,110	(77,131)	4,934,390

The table below shows changes in the fund's investment portfolio in 2011:

LVL						
Item	01/01/2011	Increase for the reporting year	Decrease for the reporting year	Fair value revaluation result	Foreign currency translation result	31/12/2011
Financial assets at fair value through profit or loss	4,834,523	12,312,764	(12,686,165)	(504,629)	(121,781)	3,834,712
Total assets	4,834,523	12,312,764	(12,686,165)	(504,629)	(121,781)	3,834,712

Note 11

Credit risk

Credit risk is a risk that the fund's value will decrease from counterparty's or issuer's non-performance or default.

Considering that the fund makes investments chiefly in ETFs that reflect the fund index dynamics for certain countries and regions, thereby achieving the maximum diversification, credit risk associated with investments is low.

The table below shows the fund's assets and liabilities by geographical placement as at 31 December 2012:

LVL						
	Latvia	EMU countries	Other EU Member States	OECD countries	Other countries	Total
Assets						
Demand deposits with credit institutions	1,084,135	-	-	-	-	1,084,135
Financial assets at fair value through profit or loss	-	175,033	292,880	2,862,414	1,604,063	4,934,390
Accrued income		166	-	8,275	3,540	11,981
Total assets	1,084,135	175,199	292,880	2,870,689	1,607,603	6,030,506
Liabilities						
Accrued expense	(12,839)	-	-	-	-	(12,839)
Total liabilities	(12,839)	-	-	-	-	(12,839)
Net assets, total	1,071,296	175,199	292,880	2,870,689	1,607,603	6,017,667

The table below shows the fund's assets and liabilities by geographical placement as at 31 December 2011:

	LVL					
	Latvia	EMU countries	Other EU Member States	OECD countries	Other countries	Total
Assets						
Demand deposits with credit institutions	113,467	-	-	-	-	113,467
Term deposits with credit institutions	924,800	-	-	-	-	924,800
Financial assets at fair value through profit or loss	-	96,320	14,269	2,137,522	1,586,601	3,834,712
Accrued income	-	15	-	2,615	-	2,630
Total assets	1,038,267	96,335	14,269	2,140,137	1,586,601	4,875,609
Liabilities						
Accrued expense	(11,508)	-	-	-	-	(11,508)
Total liabilities	(11,508)	-	-	-	-	(11,508)
Net assets, total	1,026,759	96,335	14,269	2,140,137	1,586,601	4,864,101

Breakdown of shares and other non-fixed income securities by industry profile:

Industry	31/12/2012		31/12/2011	
	Carrying amount	Carrying amount to fund's assets	Carrying amount	Carrying amount to fund's assets
	LVL	(%)	LVL	(%)
Information and communication services	1,213,977	20.13	871,815	17.88
Production of consumer goods	1,101,145	18.26	748,203	15.35
Finance	1,016,751	16.86	741,791	15.21
Manufacturing	862,652	14.31	720,145	14.77
Energy	556,117	9.22	589,610	12.09
Utilities	116,906	1.94	114,927	2.36
Other industries	66,842	1.10	48,221	0.99
Total shares and other non-fixed income securities	4,934,390	81.82	3,834,712	78.65

The maximum exposure to credit risk is assessed without taking into account collateral and other credit enhancements.

The table below presents the analysis of the fund's maximum credit risk exposure:

	LVL			
	31/12/2012		31/12/2011	
Assets	Carrying amount	Maximum exposure	Carrying amount	Maximum exposure
Demand deposits with credit institutions	1,084,135	1,084,135	113,467	113,467
Term deposits with credit institutions	-	-	924,800	924,800
Financial assets at fair value through profit or loss	4,934,390	4,934,390	3,834,712	3,834,712
Accrued income	11,981	11,981	2,630	2,630
Total assets	6,030,506	6,030,506	4,875,609	4,872,979

Note 12

Financial risks

Liquidity risk

Liquidity risk is the risk that the fund will sustain a loss if its assets cannot be realised at minimal expense within a certain period of time.

Liquidity risk is minimised by holding part of the fund's assets as cash and short-term debt securities as well as high-quality, highly liquid securities, ensuring the adequate diversification of the investments and fixing maturity dates within a wide maturity range, analysing the data regarding the plans revised by the participants and related cash flows as well as forecasting the fund's participants and cash flows.

The table below presents the distribution of the fund's assets and liabilities into maturity bands based on the remaining period of the contractual maturity date as at 31 December 2012:

	LVL		
	Up to 1 month	1 - 12 months	Total
Assets			
Demand deposits with credit institutions	1,084,135	-	1,084,135
Financial assets at fair value through profit or loss	4,934,390	-	4,934,390
Accrued income	11,981	-	11,981
Total assets	6,030,506	-	6,030,506
Liabilities			
Accrued expense	(11,470)	(1,369)	(12,839)
Total liabilities	(11,470)	(1,369)	(12,839)
Net assets	6,019,036	(1,369)	6,017,667

The table below presents the distribution of the fund's assets and liabilities into maturity bands based on the remaining period of the contractual maturity date as at 31 December 2011:

	LVL		
	Up to 1 month	1 - 12 months	Total
Assets			
Demand deposits with credit institutions	113,467	-	113,467
Term deposits with credit institutions	-	924,800	924,800
Financial assets at fair value through profit or loss	3,834,712	-	3,834,712
Accrued income	2,630	-	2,630
Total assets	3,950,809	924,800	4,875,609
Liabilities			
Accrued expense	(10,153)	(1,355)	(11,508)
Total liabilities	(10,153)	(1,355)	(11,508)
Net assets	3,940,656	923,445	4,864,101

Price risk

Price risk is a risk of potential loss due to adverse changes in the market prices of financial instruments. There exist two types of price risk: systematic and specific risk.

Systematic risk represents changes in stock indexes of a respective country, while specific risk demonstrates potential changes in the individual issuer's financial position. Considering that the ETF fund hedges its market risk by making investments in various index funds traded on US and European stock exchanges, specific risk is minimised, whereas the exposure to systematic risk still remains. Systematic risk is managed by conducting a fundamental analysis of the countries and regions selected for investing, based on the forecasts regarding the global economic development. This risk is assessed by calculating the volatility of the fund's market prices. Although the historical performance does not always provide a sound basis for forecasting future income, it still demonstrates the potential volatility of the fund's prices. As a rule, the higher price volatility, the higher investor risk. The lowest potential yield due to price volatility is calculated as a deviation from the 2012 yield subject to the 95% confidence level, i.e., that is the probability that the fund's yield cannot be below the lowest level assuming a normal distribution of the market price volatility.

The analysis of volatility of the fund's market prices:

	31/12/2012	31/12/2011
	%	%
Annual volatility	13.05	20.72
Annual yield	11.50	(8.70)
Lowest potential yield subject to the 95% confidence level	(9.97)	(42.78)

The annual volatility is calculated by extrapolating the daily yield volatility estimated for the previous year. The daily yield volatility is determined as the standard deviation of the natural logarithms of the daily yield for the reporting year.

The annual yield is computed as the relative difference in the fund's prices at the year end against the previous reporting date.

The lowest potential yield subject to the 95% confidence level is determined on the basis of a normal distribution assumption where the average expected value is the estimated annual yield, while the standard deviation is the estimated annual volatility.

Note 13

Information on holders of investment certificates

The below table specifies the proportion of investment certificates held by related parties out of total investment certificates issued:

	31/12/2012		31/12/2011	
Item	Number of certificates	% of total certificates	Number of certificates	% of total certificates
Investment certificates held by related parties	1,847	0.18%	92,221	9.96%
Investment certificates held by other persons	1,051,316	99.82%	834,155	90.04%
Investment certificates issued as at the year end	1,053,163	100.00%	926,376	100.00%

Note 14

Related party disclosures

The majority of the fund's investments are acquired with the mediation of the custodian bank ABLV Bank, AS. ABLV Bank, AS receives also remuneration as the custodian bank, as disclosed in the statement of income and expense. In addition, the fund's cash is held with ABLV Bank, AS (see Note 4).

The remuneration paid to the investment manager during the reporting year is disclosed in the statement of income and expense.

During the reporting year, related parties acquired 847 (0) investment certificates and sold 0 (0) investment certificates of the fund.

Note 15

Pledged assets

During the reporting year, no guarantees or collateral have been issued by the fund, neither has it pledged or otherwise caused any encumbrance or lien on its assets.

Note 16

Fair value of financial instruments

The management of the company believes that the carrying amounts of financial assets and liabilities approximate to their fair values. The company assumes that the fair value of liquid financial assets and financial liabilities or financial assets and financial liabilities having short maturities (less than three months) approximates to their carrying amount.

The fair value of the fund's financial assets and liabilities is chiefly based on the official price quotations in an active market.

Hierarchy of input data for determining the fair value of financial assets and liabilities

The following hierarchy of three levels of input data is used for determining and disclosing the fair value of fund's financial assets and liabilities:

- Level 1: Quoted prices in active markets;
- Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable.
- Level 3: Other techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

Level 3 inputs, i.e. other valuation techniques, are used for available-for-sale financial assets not quoted in the market and for which no quoted prices for similar assets in active markets are available. In determining the fair value for such financial assets, valuation models are based on the assumptions and estimates regarding the potential future financials of the investment property, and the industry and geographical area risks in which the respective investment property operates.

The fund's financial assets recorded at fair value according to the hierarchy of input data for determining the fair value:

	LVL	
	31/12/2012	31/12/2011
Financial assets	Level 1	Level 1
Financial assets at fair value through profit or loss	4,934,390	3,834,712
Total financial assets	4,934,390	3,834,712

Note 17

Dynamics of fund's performance

The following table demonstrates the dynamics of investment fund's performance*:

Item	31/12/2012	31/12/2011
Net assets (LVL)	6,017,667	4,864,101
Number of investment certificates	1,053,163	926,376
Value of investment fund's shares (LVL)	5.71	5.25
Net assets (USD)	11,332,706	8,941,362
Number of investment certificates	1,053,163	926,376
Value of investment fund's shares (USD)	10.76	9.65
Annual performance on investment fund's shares	11.50%	-8.70%

* - Performance is calculated as the value of the fund's share at the end of the year to its value at the beginning of the year. 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 18

Events after reporting date

As of the last day of the reporting year 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 year.

INDEPENDENT AUDITORS' REPORT

To the shareholders of AIF ABLV Global USD ETF Fund

Report on the financial statements

We have audited the accompanying financial statements of AIF ABLV Global USD ETF Fund (the "Fund"), set out on pages 8 through 28 of the accompanying 2012 Annual Report, which comprise the statement of assets and liabilities as at 31 December 2012, and the statement of income and expense, statement of changes in net assets and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards 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.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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


Opinion

In our opinion, the financial statements give a true and fair view of the financial position of AIF ABLV Global USD ETF Fund as of 31 December 2012, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Report on other legal and regulatory requirements

Furthermore, we have read the investment manager report for the year ended 31 December 2012 (set out on page 4 to 5 of the accompanying 2012 Annual Report) and have not noted any material inconsistencies between the financial information included in it and the financial statements for the year ended 31 December 2012.

SIA Ernst & Young Baltic
Licence No. 17



Diāna Krišjāne
Chairperson of the Board
Latvian Certified Auditor
Certificate No. 124

Riga, 29 April 2013