



ABLV

BANKING / INVESTMENTS \ ADVISORY

Open-end investment fund
ABLV Global Stock Index Fund

Subfund
ABLV Global USD Stock Index Fund

Annual report
for the year ended 31 December 2013

Together with independent auditors' report

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General information

Name of the fund:	ABLV Global USD Stock Index Fund
Category of the fund:	Open-end investment fund with subfunds
Name of the subfund:	ABLV Global USD Stock Index Fund
Type of the fund:	Stock fund
Registration date of the subfund:	23 March 2007
Registration number of the fund:	06.03.05.263/33
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:	4 August 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 Kiļs Deputy Chairman of the Board - Jevgenijs Gžibovskis Board Member - Sergejs Gačenko</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 management company and manage several funds of one investment management company.

Investment management company report

On 23 March 2007, the open-end investment fund ABLV Global Stock Index Fund was registered, which was reorganised on 11 July 2007 as a fund with two subfunds – in USD and EUR currencies. The subfund ABLV Global USD Stock Index Fund is a stock fund with the investment currency USD. In June 2013, the name of the subfund was changed from ABLV Global USD ETF Fund to ABLV Global USD Stock Index Fund (hereinafter referred to as the subfund).

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, licence for investment management activities 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 subfund's assets are invested in ETF securities, which replicate the structure of indexes of emerging and developed countries commercial companies' stocks traded on regulated markets.

The subfund's investment portfolio is diversified by investing across different countries and issuers, thus ensuring higher investment safety and protection against fluctuations in the value of the subfund's assets and performance risk.

The year 2013 is the seventh year of operations of ABLV Global USD Stock Index Fund. As at the end of December 2013, the subfund's net assets amounted to USD 13,247,402 (LVL 6,822,412), its annual yield was 10.24%.

In 2013, ambiguous trends were observed on global stock markets. The main peculiarity was obviously different dynamics on the stock markets of developed and emerging countries. Whereas most developed countries, first of all the US and Germany, demonstrated strong growth, the stock markets of emerging countries suffered sizable losses. The main cause of growing markets of developed countries is very high cash inflow from investors due to improved macroeconomic indicators and negative dynamics of the global bond market. In their turn, stock markets of emerging countries, most of which are commodity exporters, felt the buyers' pressure due to slower rates of growth of Chinese economy. Another impact factor was that the rates of local currencies of most emerging countries dropped considerably (emerging countries currency index JPM EM FX declined by 8% over 2013), leading to the decrease of MSCI EM stock index by 5%.

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 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, as well as the subfund manager's comments on and evaluation of the market situation, the subfund's performance and actions taken by the Fund Manager are published at ABLV Bank, AS home page www.ablv.com.

To ensure diversification and to minimize risks, the company constantly pays great attention to risk management issues. The company has established an Investment Strategy Committee, which determines the company's investment strategy, risk limits and financial markets where 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 its efforts to efficiently manage the subfund's assets in order to increase the number of the subfund's investors and net assets in 2014.

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

ABLV Asset Management, IPAS
Fund Manager

Oļegs Rusnaks

Riga, 23 April 2014

Statement of responsibility of the board of the investment management company

The board of the investment management company are responsible for the preparation of the financial statements of the subfund ABLV Global USD Stock Index Fund of the open-end investment fund ABLV Global Stock Index Fund.

The financial statements set out on pages 7 to 25 are prepared in accordance with the source documents and present fair of view the financial position of the subfund as at 31 December 2013 and 2012 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 management company are responsible for the ensuring of proper system of accounting records, the safeguarding of the subfund's assets, and the prevention and detection of fraud and other irregularities in the subfund. They are also responsible for operating the subfund in compliance with the Law of the Republic of Latvia on Investment Management Companies, FCMC regulations, and other laws of the Republic of Latvia.

ABLV Asset Management, IPAS
Chairman of the Board

Leonīds Kijs



Riga, 23 April 2014

Custodian bank report

To the investors of
the subfund ABLV Global USD Stock Index Fund of
the open-end investment fund ABLV Global Stock Index Fund

ABLV Bank, AS, registered with the Republic of Latvia Enterprise Register on 17 September 1993 under No 50003149401, located in Riga, 23 Elizabetes Street, 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 Stock Index 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 subfund's property held in the account according to the conditions of the Custodian Bank Agreement;
- To service the subfund's account and execute the orders given by the company in respect of the subfund's property held in the account according to the Custodian Bank Agreement;
- To control that the subfund's investment certificates are issued, sold and redeemed and the subfund'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 subfund's property is kept in accordance with the requirements of the Law on Investment Management Companies and the Custodian Bank Agreement.

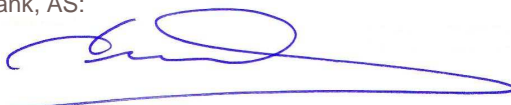
The net asset value is calculated according to the requirements of the Law on Investment Management Companies, FCMC regulations, the fund's Prospectus, and the Fund Management Regulations.

The company's orders and transactions involving the property of the subfund ABLV Global USD Stock Index Fund of the open-end investment fund ABLV Global Stock Index 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 subfund's property.

Custodian bank ABLV Bank, AS:
Chairman of the Board

Ernests Bernis



Riga, 23 April 2014

Statement of assets and liabilities

LVL			
	Notes	31/12/2013	31/12/2012
Assets			
Demand deposits with credit institutions	4	941,597	1,084,135
Financial assets at fair value through profit or loss		5,895,713	4,934,390
Shares and other non-fixed income securities	5	5,895,713	4,934,390
Accrued income		-	11,981
Total assets		6,837,310	6,030,506
Liabilities			
Accrued expense	6	(14,898)	(12,839)
Total liabilities		(14,898)	(12,839)
Net assets		6,822,412	6,017,667

ABLV Asset Management, IPAS
Chairman of the Board

Leonīds Kijs

ABLV Asset Management, IPAS
Fund Manager

Oļegs Rusnaks

Rīga, 23 April 2014

Statement of income and expense

		LVL	
	Notes	01/01/2013- 31/12/2013	01/01/2012- 31/12/2012
Income			
Interest revenue	7	-	594
Dividends		101,311	79,783
Total		101,311	80,377
Expense			
Remuneration to investment management company		(139,557)	(100,205)
Remuneration to custodian bank		(17,445)	(12,526)
Other fund management expense		(1,476)	(1,444)
Interest expense		(75)	(92)
Total		(158,553)	(114,267)
Increase/ (decrease) in investment value			
Realised increase in investment value	8	414,216	77,264
Unrealised (decrease)/ increase in investment value	9	(25,864)	346,499
Taxes and duties		(28,936)	-
Increase in net assets from investment		302,174	389,873

ABLV Asset Management, IPAS
 Chairman of the Board

Leonīds Kijs

ABLV Asset Management, IPAS
 Fund Manager

Oļegs Rusnaks

Riga, 23 April 2014

Statement of changes in net assets

Position title	LVL	
	01/01/2013- 31/12/2013	01/01/2012- 31/12/2012
Net assets at the beginning of the year	6,017,667	4,864,101
Increase in net assets from investment	302,174	389,873
Transactions with investment certificates		
Inflow from sale of investment certificates	2,324,536	1,761,935
Outflow of redemption of investment certificates	(1,821,965)	(998,242)
Total result of transactions with investment certificates	502,571	763,693
Increase in net assets for the year	804,745	1,153,566
Net assets at the end of the year	6,822,412	6,017,667
Issued investment certificates at the beginning of the year		
	1,053,163	926,376
Issued investment certificates at the end of the year		
	1,138,978	1,053,163
Net assets per investment certificate at the beginning of the year		
	5.71	5.25
Net assets per investment certificate at the end of the year		
	5.99	5.71

ABLV Asset Management, IPAS
 Chairman of the Board

Leonīds Kijs

ABLV Asset Management, IPAS
 Fund Manager

Oļegs Rusnaks

Rīga, 23 April 2014

Statement of cash flows

	LVL	
Position title	01/01/2013- 31/12/2013	01/01/2012- 31/12/2012
Interest received	-	590
Dividends received	94,817	69,438
Investment management expense	(155,847)	(111,474)
Acquisition of financial assets	(19,460,597)	(8,514,395)
Disposal of financial assets	18,823,051	7,925,960
Decrease in cash and cash equivalents from operating activities	(698,576)	(629,881)
Inflow from sale of investment certificates	2,324,536	1,761,935
Outflow of redemption of investment certificates	(1,821,965)	(998,242)
Increase in cash and cash equivalents from financing activities	502,571	763,693
(Decrease)/ increase in cash and cash equivalents for the year	(196,005)	133,812
Taxes and duties	(10,537)	-
Cash and cash equivalents at the beginning of the year	1,084,135	1,038,267
Net foreign exchange difference	64,004	(87,944)
Cash and cash equivalents at the end of the year	941,597	1,084,135

ABLV Asset Management, IPAS
 Chairman of the Board

Leonīds Kijs

ABLV Asset Management, IPAS
 Fund Manager

Oļegs Rusnaks

Rīga, 23 April 2014

Note 1

General information

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

The fund's business activity includes investments in ETF securities, which replicate the structure of indexes of emerging and developed countries commercial companies' stocks traded on regulated markets.

The following abbreviations are used in the notes to the financial statements: International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), International Accounting Standards Board (IASB), 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), and ABLV Asset Management, IPAS (company).

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

During the year ended 31 December 2013, the subfund consistently applied accounting policies in line with those disclosed in the prior-year financial statements, except for the changes listed below.

The subfund's functional currency is USD. The monetary unit used in the financial statements is the 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 2012, unless otherwise stated.

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

During the year, the subfund has adopted the following IFRS amendments:

- Amendment to IAS 1 *Financial Statement Presentation* - Presentation of Items of Other Comprehensive Income (OCI);
- Amendments to IAS 19 *Employee Benefits*;
- Amendment to IFRS 7 *Financial Instruments: Disclosures* - Offsetting Financial Assets and Financial Liabilities;
- IFRS 13 *Fair Value Measurement*;
- IFRIC Interpretation 20 *Stripping Costs in the Production Phase of a Surface Mine*.

Amendment to IAS 1 *Financial Statement Presentation* - Presentation of Items of Other Comprehensive Income (OCI)
This amendment changes 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 subfund's financial position or performance. This amendment did not impact the subfund's financial statements because the subfund does not have such items.

Amendments to IAS 19 *Employee Benefits*

These amendments 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. This amendment did not impact the subfund's financial statements because the subfund does not have such benefits.

Amendment to IFRS 7 *Financial Instruments: Disclosures* - Offsetting Financial Assets and Financial Liabilities

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 amendment to IFRS 7 is to be retrospectively applied. This amendment did not impact the subfund's financial statements because the subfund does not have netting arrangements.

IFRS 13 *Fair Value Measurement*

The main reason of issuance of IFRS 13 is to reduce complexity and improve consistency in application when measuring fair value. It 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 by IFRS. The implementation of this standard did not have a material impact on the amounts recognised in the subfund's financial statements; however, the subfund provided additional disclosures in Note 16.

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

This interpretation applies to stripping costs incurred in surface mining activity during the production phase of the mine ('production stripping costs'). This interpretation had no impact on the subfund's financial statements as the subfund is not involved in mining activity.

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.

- 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.
- 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*.
- IAS 34 *Interim Financial Reporting*. Clarifies the requirements in IAS 34 relating to segment information for total assets and liabilities for each reportable segment and disclosure in interim financial reports.

Standards Issued but not yet Effective

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

The subfund 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 19 *Employee Benefits* (Amended)

The amendment is effective for financial years beginning on or after 1 July 2014. The amendments address accounting for the employee contributions to a defined benefit plan. This amendment has not yet been endorsed by the EU.

IAS 27 *Separate Financial Statements* (Amended)

The amendment is effective for financial years beginning on or after 1 January 2014. As a result of the new standards IFRS 10, IFRS 11 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*.

IAS 28 *Investments in Associates and Joint Ventures* (Amended)

The amendment is effective for financial years beginning on or after 1 January 2014. As a result of the new standards IFRS 10, IFRS 11 and IFRS 12 this standard was renamed and addresses the application of the equity method to investments in joint ventures in addition to associates.

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

The amendment is effective for financial years 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.

IAS 36 *Impairment of Assets* (Amended)

The amendment is effective for financial years beginning on or after 1 January 2014. This amendment adds a few additional disclosure requirements about the fair value measurement when the recoverable amount is based on fair value less costs of disposal and removes an unintended consequence of IFRS 13 to IAS 36 disclosures.

IAS 39 *Financial Instruments: Recognition and Measurement* (Amended)

The amendment is effective for financial years beginning on or after 1 January 2014. The amendment provides relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria.

IFRS 9 *Financial Instruments: Classification and Measurement*

The effectiveness date of the new standard has not been set yet. IFRS 9 will eventually replace IAS 39. The IASB has issued the first three parts of the standard, establishing a new classification and measurement framework for financial assets, requirements on the accounting for financial liabilities and hedge accounting. This standard has not yet been endorsed by the EU.

IFRS 10 *Consolidated Financial Statements*

The new standard is effective for financial years beginning on or after 1 January 2014. 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. IFRS 10 replaces the part of IAS 27 *Consolidated and Separate Financial Statements* related to consolidated financial statements and replaces SIC 12 *Consolidation — Special Purpose Entities*.

IFRS 11 *Joint Arrangements*

The new standard is effective for financial years beginning on or after 1 January 2014. IFRS 11 eliminates proportionate consolidation of jointly controlled entities. Under IFRS 11, jointly controlled entities, if classified as joint ventures (a newly defined term), 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.

IFRS 12 *Disclosures of Interests in Other Entities*

The new standard is effective for financial years beginning on or after 1 January 2014. IFRS 12 combines the disclosure requirements for an entity's interests in subsidiaries, joint arrangements, investments in associates and structured entities into one comprehensive disclosure standard. A number of new disclosures also will be required such as disclosing the judgments made to determine control over another entity.

IFRS 14 *Regulatory Deferral Accounts*

The new standard is effective for financial years beginning on or after 1 January 2016. It is an interim standard that provides first-time adopters of IFRS with relief from derecognising rate-regulated assets and liabilities until a comprehensive project on accounting for such assets and liabilities is completed by the IASB. This standard has not yet been endorsed by the EU.

IFRS 10, IFRS 12 and IAS 27 - *Investment Entities* (Amended)

The amendments are effective for financial years beginning on or after 1 January 2014. 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.

IFRIC Interpretation 21 *Levies*

The interpretation is effective for financial years beginning on or after 1 January 2014. This interpretation addresses the accounting for levies imposed by governments. Liability to pay a levy is recognised in the financial statements when the activity that triggers the payment of the levy occurs. This interpretation has not yet been endorsed by the EU.

In December 2013 the IASB issued a number of amendments of standards. Therefore, the adoptions of amendments are subject to change in accounting policy or disclosure. The applying of amendments is mandatory, but non-urgent. Amendments to the following standards have been made:

- IFRS 1 *First-time Adoption of IFRS*;
- IFRS 2 *Share-based Payment*;
- IFRS 3 *Business Combinations*;
- IFRS 8 *Operating Segments*;
- IFRS 13 *Fair Value Measurement*;
- IAS 16 *Property, Plant and Equipment*;
- IAS 24 *Related Party Disclosures*;
- IAS 38 *Intangible Assets*;
- IAS 40 *Investment Property*.

The subfund is in the process of assessing the impact of the guidance on its financial position or performance. The subfund plans to adopt the above mentioned standards and interpretations on their effectiveness date.

The subfund 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.

The accompanying notes form an integral part of these financial statements.

Revenue and Expense Recognition

All major revenue and expense items are recognised on an accrual basis. Interest revenue is recognised in the period when earned using the effective interest rate. Interest revenue and expense also include amortisation of any discount or premium. Dividend revenue is recognised when received.

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 subfund's functional currency is USD but, according to the FCMC requirements, the subfund ensures accounting also in LVL. These financial statements are prepared based on transaction accounting in LVL. Income or expense resulting from changes in exchange rates is included in the statement of income and expense of the reporting period. Income or expense in foreign currencies is expressed into Latvian lats at the official currency exchange rate fixed by the Bank of Latvia at the date of recognition of the respective items.

The following LVL/USD exchange rate established by the Bank of Latvia has been applied in preparing these financial statements of the subfund.

Reporting date	USD
31 December 2013	0.515
31 December 2012	0.531

Cash and Cash Equivalents

Cash and cash equivalents comprise subfund'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 essential 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 subfund; 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 subfund; 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 subfund recognises financial assets and liabilities in its statement of assets and liabilities when, and only when, the subfund 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 subfund 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 various valuation techniques, 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 fixed income held-for-trading securities, i.e., securities acquired for generating a profit from short-term fluctuations in price.

Securities are initially stated at fair value, including transaction costs, 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.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables comprise balances due from credit institutions. Those are carried at amortised cost using the effective interest method.

An impairment allowance is established when there is objective evidence that the subfund will not be able to collect all amounts due according to the original terms. The amount of the allowance is the difference between the amortised cost and the recoverable amount.

Taxes

The subfund's income is subject to income taxes in the country of its origin. Basically, the subfund's income is exempt from income taxes. The subfund is not a Latvian corporate income tax payer, and upon redemption of the subfund'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 subfund'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

Demand deposits with credit institutions

	31/12/2013		31/12/2012	
	Carrying amount	Carrying amount to subfund's assets	Carrying amount	Carrying amount to subfund's assets
Demand deposits with credit institutions	LVL	%	LVL	%
Demand deposits with ABLV Bank, AS	941,597	13.77	1,084,135	17.98
Total demand deposits with credit institutions	941,597	13.77	1,084,135	17.98

As at 31 December 2013 and 2012, demand deposits with credit institutions were neither past due nor impaired.

Note 5

Financial assets at fair value through profit or loss

Debt securities and other fixed income securities by country profile and issuers as at 31 December 2013:

Issuer	Amount number	Acquisition value LVL	Carrying amount to subfund's assets	
			Carrying amount LVL	(%)
USA	53,619	2,842,759	3,096,284	45.29
ISHARES MSCI CANADA	966	14,691	14,507	0.21
iShares MSCI Emerging Markets IndexFund	16	347	343	0.01
iShares Russell 2000 Index Fund	10,508	595,996	624,962	9.14
Powershares QQQ	13,523	556,438	612,521	8.96
SPDR DJIA TRUST	7,500	596,636	639,321	9.35
SPDR Trust Series 1	3,129	246,303	297,806	4.36
VANGUARD MID-CAP ETF	4,349	218,696	246,362	3.60
VANGUARD SMALL-CAP ETF	4,380	218,849	247,467	3.62
VANGUARD TOTAL STOCK MKT ETF	4,878	234,548	241,168	3.53
VANGUARD VALUE ETF	4,370	160,255	171,827	2.51
Austria	74	1,486	1,570	0.02
ISHARES MSCI EMU ETF	74	1,486	1,570	0.02
Bahamas	7	431	458	0.01
iShares Russell 2000 Index Fund	6	364	382	0.01
VANGUARD SMALL-CAP ETF	1	67	76	0.00
Belgium	629	13,631	14,372	0.21
ISHARES MSCI EMU ETF	306	6,186	6,534	0.10
SPDR EURO STOXX 50 ETF	226	4,639	4,904	0.07
VANGUARD MSCI EUROPEAN ETF	97	2,806	2,934	0.04
Bermuda	252	12,964	14,095	0.21
iShares Russell 2000 Index Fund	91	5,158	5,409	0.08
SPDR Trust Series 1	1	76	91	0.00
VANGUARD MID-CAP ETF	70	3,516	3,961	0.06
VANGUARD SMALL-CAP ETF	54	2,698	3,051	0.05
VANGUARD TOTAL STOCK MKT ETF	20	938	964	0.01
VANGUARD VALUE ETF	16	578	619	0.01
Brazil	1,647	35,836	35,451	0.52
iShares MSCI Emerging Markets IndexFund	1,647	35,836	35,451	0.52

Continuation of table

Issuer	Amount Acquisition value		Carrying amount	
	number	LVL	LVL	to subfund's assets (%)
British Virgin Islands	1	61	64	0.00
iShares Russell 2000 Index Fund	1	61	64	0.00
Czech Republic	39	852	843	0.01
iShares MSCI Emerging Markets IndexFund	39	852	843	0.01
Chile	228	4,953	4,899	0.07
iShares MSCI Emerging Markets IndexFund	228	4,953	4,899	0.07
Denmark	98	2,853	2,984	0.04
VANGUARD MSCI EUROPEAN ETF	98	2,853	2,984	0.04
South Africa	1,063	23,123	22,875	0.33
iShares MSCI Emerging Markets IndexFund	1,063	23,123	22,875	0.33
Jersey	61	632	655	0.01
ISHARES MSCI UNITED KINGDOM	61	632	655	0.01
Egypt	23	505	499	0.01
iShares MSCI Emerging Markets IndexFund	23	505	499	0.01
Philippines	126	2,744	2,715	0.04
iShares MSCI Emerging Markets IndexFund	126	2,744	2,715	0.04
France	6,036	129,803	136,917	2.00
ISHARES MSCI EMU ETF	2,552	51,520	54,424	0.80
SPDR EURO STOXX 50 ETF	2,691	55,296	58,456	0.85
VANGUARD MSCI EUROPEAN ETF	793	22,987	24,037	0.35
Guernsey	81	842	873	0.01
ISHARES MSCI UNITED KINGDOM	81	842	873	0.01
Hong Kong	2,675	48,568	47,259	0.70
iShares FTSE/Xinhua China 25 IndexFund	1,448	29,844	28,598	0.42
iShares MSCI Emerging Markets IndexFund	684	14,890	14,730	0.22
ISHARES MSCI SINGAPORE	540	3,607	3,657	0.05
SPDR Trust Series 1	3	227	274	0.01
India	873	18,991	18,786	0.27
iShares MSCI Emerging Markets IndexFund	873	18,991	18,786	0.27
Indonesia	335	7,287	7,209	0.11
iShares MSCI Emerging Markets IndexFund	335	7,287	7,209	0.11
Italy	1,297	28,022	29,553	0.43
ISHARES MSCI EMU ETF	544	10,982	11,601	0.17
SPDR EURO STOXX 50 ETF	566	11,620	12,284	0.18
VANGUARD MSCI EUROPEAN ETF	187	5,420	5,668	0.08
Israel	46	1,926	2,114	0.03
iShares Russell 2000 Index Fund	2	121	127	0.00
Powershares QQQ	44	1,805	1,987	0.03
Ireland	847	20,111	21,842	0.33
ISHARES MSCI EMU ETF	93	1,873	1,979	0.03
ISHARES MSCI UNITED KINGDOM	441	4,573	4,738	0.07
iShares Russell 2000 Index Fund	9	485	509	0.01
Powershares QQQ	64	2,620	2,884	0.04
SPDR EURO STOXX 50 ETF	52	1,063	1,124	0.02
SPDR Trust Series 1	32	2,519	3,046	0.05
VANGUARD MID-CAP ETF	38	1,897	2,137	0.03
VANGUARD SMALL-CAP ETF	23	1,124	1,271	0.02
VANGUARD TOTAL STOCK MKT ETF	43	2,043	2,101	0.03
VANGUARD VALUE ETF	52	1,914	2,053	0.03
Japan	12,000	306,219	314,191	4.60
WISDOMTREE JAPAN HEDGED EQ	12,000	306,219	314,191	4.60

Continuation of table

Issuer	Amount number	Acquisition value LVL	Carrying amount LVL	Carrying amount
				to subfund's assets (%)
Cayman Islands	38	2,059	2,207	0.03
iShares Russell 2000 Index Fund	22	1,274	1,336	0.02
VANGUARD MID-CAP ETF	8	416	469	0.01
VANGUARD SMALL-CAP ETF	5	225	254	0.00
VANGUARD TOTAL STOCK MKT ETF	3	144	148	0.00
Canada	18,977	289,674	286,209	4.19
ISHARES MSCI CANADA	18,946	288,130	284,520	4.16
iShares Russell 2000 Index Fund	9	485	509	0.01
VANGUARD MID-CAP ETF	12	578	651	0.01
VANGUARD SMALL-CAP ETF	7	337	381	0.01
VANGUARD TOTAL STOCK MKT ETF	3	144	148	0.00
Cyprus	224	3,315	3,325	0.05
Market Vectors Russia ETF	224	3,315	3,325	0.05
Colombia	239	4,619	4,567	0.07
ISHARES MSCI CANADA	88	1,338	1,322	0.02
iShares MSCI Emerging Markets IndexFund	151	3,281	3,245	0.05
Republic of Korea (South Korea)	11,882	367,067	367,475	5.37
iShares MSCI Emerging Markets IndexFund	2,382	51,830	51,273	0.75
ISHARES MSCI SOUTH KOREA INDEX FUND	9,500	315,237	316,202	4.62
Russia	10,331	159,250	159,462	2.33
iShares MSCI Emerging Markets IndexFund	882	19,180	18,974	0.28
Market Vectors Russia ETF	9,449	140,070	140,488	2.05
China	9,210	191,944	186,497	2.73
iShares FTSE/Xinhua China 25 IndexFund	6,552	135,039	129,404	1.89
iShares MSCI Emerging Markets IndexFund	2,221	48,328	47,809	0.70
ISHARES MSCI SINGAPORE	273	1,823	1,849	0.03
Powershares QQQ	164	6,754	7,435	0.11
UK	27,514	326,257	339,294	4.96
ISHARES MSCI UNITED KINGDOM	25,430	263,833	273,324	4.00
Market Vectors Russia ETF	176	2,615	2,623	0.04
Powershares QQQ	205	8,442	9,293	0.14
SPDR Trust Series 1	13	1,033	1,249	0.02
VANGUARD MID-CAP ETF	40	2,013	2,267	0.03
VANGUARD MSCI EUROPEAN ETF	1,609	46,644	48,774	0.71
VANGUARD TOTAL STOCK MKT ETF	16	769	791	0.01
VANGUARD VALUE ETF	25	908	973	0.01
Luxembourg	154	2,949	3,123	0.06
ISHARES MSCI EMU ETF	83	1,680	1,774	0.03
iShares MSCI Germany Index Fund	39	594	638	0.01
Market Vectors Russia ETF	27	405	406	0.01
VANGUARD SMALL-CAP ETF	5	270	305	0.01
Malaysia	547	11,893	11,765	0.17
iShares MSCI Emerging Markets IndexFund	547	11,893	11,765	0.17
Mexico	767	16,424	16,258	0.23
iShares MSCI Emerging Markets IndexFund	744	16,183	16,009	0.23
ISHARES MSCI UNITED KINGDOM	23	241	249	0.00
Monaco	17	971	1,018	0.01
iShares Russell 2000 Index Fund	17	971	1,018	0.01

Continuation of table:

Issuer	Amount	Acquisition value	Carrying amount	Carrying amount to subfund's assets
	number	LVL	LVL	(%)
Netherlands	4,624	74,465	77,822	1.15
ISHARES MSCI EMU ETF	725	14,632	15,457	0.23
iShares MSCI Germany Index Fund	46	701	753	0.01
ISHARES MSCI UNITED KINGDOM	2,212	22,956	23,782	0.35
iShares Russell 2000 Index Fund	18	1,032	1,082	0.02
Market Vectors Russia ETF	624	9,246	9,273	0.14
Powershares QQQ	74	3,028	3,333	0.05
SPDR EURO STOXX 50 ETF	538	11,050	11,681	0.17
VANGUARD MID-CAP ETF	21	1,064	1,199	0.02
VANGUARD MSCI EUROPEAN ETF	358	10,362	10,835	0.16
VANGUARD SMALL-CAP ETF	4	202	229	0.00
VANGUARD TOTAL STOCK MKT ETF	4	192	198	0.00
Norway	10	546	573	0.01
iShares Russell 2000 Index Fund	10	546	573	0.01
Panama	5	303	318	0.00
iShares Russell 2000 Index Fund	5	303	318	0.00
Peru	44	946	936	0.01
iShares MSCI Emerging Markets IndexFund	44	946	936	0.01
Poland	257	5,584	5,524	0.08
iShares MSCI Emerging Markets IndexFund	257	5,584	5,524	0.08
Singapore	29,257	198,114	201,163	2.94
ISHARES MSCI SINGAPORE	29,187	194,954	197,661	2.89
Powershares QQQ	41	1,688	1,859	0.03
VANGUARD MID-CAP ETF	15	763	860	0.01
VANGUARD SMALL-CAP ETF	10	517	585	0.01
VANGUARD TOTAL STOCK MKT ETF	4	192	198	0.00
Finland	239	4,829	5,101	0.07
ISHARES MSCI EMU ETF	239	4,829	5,101	0.07
Spain	2,060	44,383	46,809	0.68
iShares MSCI Emerging Markets IndexFund	3	63	62	0.00
ISHARES MSCI EMU ETF	858	17,329	18,306	0.27
SPDR EURO STOXX 50 ETF	921	18,941	20,023	0.29
VANGUARD MSCI EUROPEAN ETF	278	8,050	8,418	0.12
Switzerland	1,741	40,132	42,502	0.62
ISHARES MSCI UNITED KINGDOM	751	7,793	8,073	0.12
Powershares QQQ	35	1,456	1,602	0.02
SPDR Trust Series 1	22	1,738	2,102	0.03
VANGUARD MID-CAP ETF	47	2,383	2,684	0.04
VANGUARD MSCI EUROPEAN ETF	808	23,434	24,504	0.36
VANGUARD SMALL-CAP ETF	11	540	610	0.01
VANGUARD TOTAL STOCK MKT ETF	30	1,418	1,458	0.02
VANGUARD VALUE ETF	37	1,370	1,469	0.02
Taiwan	1,621	35,268	34,889	0.51
iShares MSCI Emerging Markets IndexFund	1,621	35,268	34,889	0.51
Thailand	325	7,066	6,990	0.10
iShares MSCI Emerging Markets IndexFund	325	7,066	6,990	0.10
Turkey	257	5,584	5,524	0.08
iShares MSCI Emerging Markets IndexFund	257	5,584	5,524	0.08
Ukraine	3	63	62	0.00
iShares MSCI Emerging Markets IndexFund	3	63	62	0.00
Hungary	30	662	655	0.01
iShares MSCI Emerging Markets IndexFund	30	662	655	0.01

Continuation of table:

Issuer	Amount	Acquisition value	Carrying amount	Carrying amount to subfund's assets
	number	LVL	LVL	(%)
Germany	15,588	273,005	290,845	4.25
ISHARES MSCI EMU ETF	2,433	49,130	51,899	0.76
iShares MSCI Germany Index Fund	9,915	151,068	162,225	2.37
SPDR EURO STOXX 50 ETF	2,500	51,366	54,301	0.79
VANGUARD MSCI EUROPEAN ETF	740	21,441	22,420	0.33
Sweden	264	7,681	8,032	0.12
iShares Russell 2000 Index Fund	1	61	64	0.00
VANGUARD MSCI EUROPEAN ETF	263	7,620	7,968	0.12
Other countries	368	9,791	10,260	0.15
ISHARES MSCI EMU ETF	92	1,857	1,962	0.03
SPDR EURO STOXX 50 ETF	7	139	147	0.00
VANGUARD MSCI EUROPEAN ETF	269	7,795	8,151	0.12
Total debt securities traded on regulated markets		5,589,443	5,895,713	86.23

Note 6

Accrued expense

Position title	LVL	
	31/12/2013	31/12/2012
Accrued commission fees payable to investment manager	(11,996)	(10,196)
Accrued fees payable for professional services	(1,378)	(1,344)
Accrued commission fees payable to custodian bank	(1,499)	(1,274)
Accrued payments to the stock exchange	(25)	(25)
Total accrued expense	(14,898)	(12,839)

Note 7

Interest revenue

Position title	LVL	
	01/01/2013- 31/12/2013	01/01/2012- 31/12/2012
From deposits with credit institutions	-	594
Total interest revenue	-	594

Note 8

Realised investment value

Position title	LVL	
	01/01/2013- 31/12/2013	01/01/2012- 31/12/2012
Income from sale of investments	18,823,051	7,925,960
Acquisition value of investments sold	(18,408,835)	(7,848,696)
Total realised increase in investment value	414,216	77,264

Note 9

The accompanying notes form an integral part of these financial statements.

Unrealised investment value

	LVL	
Position title	01/01/2013- 31/12/2013	01/01/2012- 31/12/2012
Revaluation of financial assets at fair value through profit or loss	205,774	511,110
Currency exchange gain	(231,638)	(164,611)
Total unrealised (decrease)/ increase in investment value	(25,864)	346,499

Note 10

Change in investment assets during the reporting year

Changes in the investment portfolio in 2013:

	LVL					
Position title	01/01/2013	Increase for the reporting year	Decrease for the reporting year	Fair value revaluation result	Foreign currency translation result	31/12/2013
Financial assets at fair value through profit or loss	4,934,390	19,874,813	(18,823,051)	205,774	(296,213)	5,895,713
Total assets	4,934,390	19,874,813	(18,823,051)	205,774	(296,213)	5,895,713

Changes in the investment portfolio in 2012:

	LVL					
Position title	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

Note 11

Credit risk

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

Considering that the subfund 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.

Assets and liabilities by geographical placement as at 31 December 2013:

	LVL					
Assets	Latvia	EMU countries	EU Member States	OECD countries	Other countries	Total
Demand deposits with credit institutions	941,597	-	-	-	-	941,597
Financial assets at fair value through profit or loss	-	631,280	357,331	4,136,030	771,072	5,895,713
Total assets	941,597	631,280	357,331	4,136,030	771,072	6,837,310
Liabilities						
Accrued expense	(14,898)	-	-	-	-	(14,898)
Total liabilities	(14,898)	-	-	-	-	(14,898)
Net assets, total	926,699	631,280	357,331	4,136,030	771,072	6,822,412

Assets and liabilities by geographical placement as at 31 December 2012:

The accompanying notes form an integral part of these financial statements.

						LVL
Assets	Latvia	EMU countries	EU Member States	OECD countries	Other countries	Total
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

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

Industry	31/12/2013		31/12/2012	
	Carrying amount to subfund's		Carrying amount to subfund's	
	Carrying amount	assets	Carrying amount	assets
	LVL	%	LVL	%
Production of consumer goods	1,679,589	24.57	1,101,145	18.26
Information and communication services	1,357,486	19.85	1,213,977	20.13
Finance	1,227,784	17.96	1,016,751	16.86
Manufacturing	662,952	9.70	862,652	14.31
Energy	489,469	7.16	556,117	9.22
Mining	311,555	4.56	-	-
Utilities	132,635	1.94	116,906	1.94
Other industries	34,244	0.49	66,842	1.10
Total financial assets at fair value through profit or loss	5,895,713	86.23	4,934,390	81.82

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

Analysis of the subfund's maximum credit risk exposure:

	31.12.2013		31.12.2012	
Assets	Carrying amount	Maximum exposure	Carrying amount	Maximum exposure
Demand deposits with credit institutions	941,597	941,597	1,084,135	1,084,135
Financial assets at fair value through profit or loss	5,895,713	5,895,713	4,934,390	4,934,390
Accrued income	-	-	11,981	11,981
Total assets	6,837,310	6,837,310	6,030,506	6,030,506

Note 12

Financial risks

Liquidity risk

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

Liquidity risk is minimised by holding part of the subfund'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 changed by the participants and related cash flows as well as forecasting the fund's participants and cash flows.

Assets and liabilities by maturity profile as at 31 December 2013:

The accompanying notes form an integral part of these financial statements.

			LVL
Assets	Up to 1 month	1 - 12 months	Total
Demand deposits with credit institutions	941,597	-	941,597
Financial assets at fair value through profit or loss	5,895,713	-	5,895,713
Total assets	6,837,310	-	6,837,310
Liabilities			
Accrued expense	(13,495)	(1,403)	(14,898)
Total liabilities	(13,495)	(1,403)	(14,898)
Net assets	6,823,815	(1,403)	6,822,412

Assets and liabilities by maturity profile as at 31 December 2012:

			LVL
Assets	Up to 1 month	1 - 12 months	Total
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

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 Stock Index subfund 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 subfund'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 subfund'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 2013 yield subject to the 95% confidence level, i.e., that is the probability that the subfund's yield cannot be below the lowest level assuming a normal distribution of the market price volatility.

Analysis of volatility of the subfund's market prices:

	31.12.2013	31.12.2012
	%	%
Annual volatility	10.15	13.05
Annual yield	10.24	11.50
Lowest potential yield subject to the 95% confidence level	(6.45)	(9.97)

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 subfund'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 proportion of investment certificates held by related parties of the company:

Position title	31.12.2013		31.12.2012	
	Number of certificates	% of total certificates	Number of certificates	% of total certificates
Investment certificates held by related parties	24,443	2.15%	1,847	0.18%
Investment certificates held by other persons	1,114,535	97.85%	1,051,316	99.82%
Investment certificates issued as at the year end	1,138,978	100.00%	1,053,163	100.00%

Note 14

Related party disclosures

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

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

During the reporting year, related parties acquired 273 (847) investment certificates and sold 68,898 (0) investment certificates of the subfund.

Note 15

Pledged assets

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

Note 16

Fair value

Fair value of financial instruments, such as financial assets at fair value through profit or loss, is mostly defined based on quoted prices in an active market. Where such price is not observable, the respective instruments are valued based on observable prices in a market, where no active trading is done. For financial assets which are not quoted in the market and for which no quoted prices for similar assets in active markets are available, the fair value is estimated based on valuation models which 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. For other assets and liabilities for which fair value is disclosed and which have short maturities (less than three months), it is assumed that the fair value approximates to their carrying amount. This assumption also applies to demand deposits with credit institutions.

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

The following hierarchy of three levels of input data is used for determining and disclosing the fair value of 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 on market;
- 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.

The subfund's assets according to the hierarchy of input data for determining the fair value:

	LVL	
	31/12/2013	31/12/2012
Assets at fair value	Level 1	Level 1
Demand deposits with credit institutions	941,597	1,084,135
Financial assets at fair value through profit or loss	5,895,713	4,934,390
Other assets	-	11,981
Total assets at fair value	6,837,310	6,030,506

Note 17

Dynamics of performance

Dynamics of investment subfund's annual performance*:

Position title	31/12/2013	31/12/2012
Net assets (LVL)	6,822,412	6,017,667
Number of investment certificates	1,138,978	1,053,163
Value of investment subfund's investment certificates (LVL)	5.99	5.71
Net assets (USD)	13,247,402	11,332,706
Number of investment certificates	1,138,978	1,053,163
Value of investment subfund's investment certificates (USD)	11.63	10.76
Annual performance on investment subfund's investment certificates (USD)	10.24%	9.33%

* - Performance is calculated as the value of the subfund'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 subfund's performance for the year, except for the below.

Latvia joined the European Monetary Union on 1 January 2014 and the Latvian lat ceased to be a legal tender on 15 January 2014.



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INDEPENDENT AUDITORS' REPORT

To the shareholders of AIF ABLV Global USD Stock Index Fund

Report on the financial statements

We have audited the accompanying financial statements of AIF ABLV Global USD Stock Index Fund (the "Fund"), set out on pages 7 through 25 of the accompanying 2013 Annual Report, which comprise the statement of assets and liabilities as at 31 December 2013, 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 the International Financial Reporting Standards as adopted by the European Union and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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 Stock Index Fund as of 31 December 2013, and of its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standards as adopted by the European Union.

Report on other legal and regulatory requirements

Furthermore, we have read the investment management company report for the year ended 31 December 2013 (set out on page 4 of the accompanying 2013 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 2013.

SIA Ernst & Young Baltic
Licence No. 17

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

Rīga, 23 April 2014