



ABLV

BANKING / INVESTMENTS \ ADVISORY

Open-end investment fund  
ABLV Emerging Markets Bond Fund

Subfund  
ABLV Emerging Markets EUR Bond Fund

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

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## General information

Name of the fund:	ABLV Emerging Markets Bond Fund
Category of the fund:	Open-end investment fund with subfunds
Name of the subfund:	ABLV Emerging Markets EUR Bond Fund
Type of the fund:	Bond fund
Registration date of the subfund:	11.07.2007
Registration number of the fund:	06.03.05.263/32
Name of the investment management company:	ABLV Asset Management, IPAS
Registered office of the investment management company:	23 Elizabetes Street, Riga, LV-1010
Registration number of the investment management company:	40003814724
Licence number of the investment management company:	06.03.07.263/204
Date of the licence:	04.08.2006
Name of the custodian bank:	ABLV Bank, AS
Registered office of the custodian bank:	23 Elizabetes Street, Riga, LV-1010
Registration number of the custodian bank:	50003149401
Names and positions of council members, board members, and fund manager:	<p>Council of the investment management company:</p> <p>Chairman of the Council - Ernests Bernis Deputy Chairman of the Council - Māris Kannenieks Council Member - Vadims Reinfelds</p> <p>Board of the investment management company:</p> <p>Chairman of the Board - Leonīds Kijs Deputy Chairman of the Board - Jevgenijs Gžibovskis Board Member - Sergejs Gačenko</p> <p>Fund Manager - Jevgenijs Gžibovskis</p>
Duties of the fund manager:	The fund manager manages the fund's property according to the company's Articles of Association and the Fund Management Regulations. The fund manager may be employed only by one investment management company and manage several funds of one investment management company.

## Investment management company report

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

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

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

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

The year 2015 is the ninth year of operations of the subfund ABLV Emerging Markets EUR Bond Fund. As at 30 June 2015, the subfund's net assets amounted to EUR 16 256 227, semiannual return equalled 2.45%, whereas average term to maturity of the subfund's investments was 5.6 years, average weighted rating of the investment portfolio was BB+, and yield to maturity was equal to 3.80%.

In the first half of 2015, the market of emerging countries bonds denominated in EUR was mostly affected by launch of the European Central Bank (ECB) stimulation programme, which caused a record drop in yields of the government bonds of Germany and other developed countries. This situation led to increased market demand for virtually all bonds denominated in euro, and their prices demonstrated rapid growth in Q1. Whereas in Q2 the trends changed quickly, since technical correction was started in the market. Additional effect on bonds of European emerging countries was produced by sharpening situation regarding Greek debts. These factors added to substantial losses in the market of emerging countries bonds denominated in EUR that occurred at the end of Q2.

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

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

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

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

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

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

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

ABLV Asset Management, IPAS  
Board Member

  
**Sergejs Gačenko**

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

  
**Jevgenijs Gžibovskis**

Riga, 30 July 2015

## Statement of assets and liabilities

			EUR
<b>Assets</b>	Notes	30.06.2015	31.12.2014
Demand deposits with credit institutions	2	112,483	162,794
Financial assets at fair value through profit or loss	3	16,157,458	16,027,273
Debt securities and other fixed income securities	3	16,157,458	16,027,273
<b>Total assets</b>		<b>16,269,941</b>	<b>16,190,067</b>
<b>Liabilities</b>			
Accrued expense		(13,714)	(15,162)
<b>Total liabilities</b>		<b>(13,714)</b>	<b>(15,162)</b>
<b>Net assets</b>		<b>16,256,227</b>	<b>16,174,905</b>

ABLV Asset Management, IPAS  
Board Member

**Sergejs Gačenko**

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

**Jevgenijs Gžibovskis**

Riga, 30 July 2015

## Statement of income and expense

	EUR	
	01.01.2015- 30.06.2015	01.01.2014- 30.06.2014
<b>Income</b>		
Interest revenue	324,914	335,234
Other income	-	750
<b>Total</b>	<b>324,914</b>	<b>335,984</b>
<b>Expense</b>		
Remuneration to investment management company	(61,994)	(59,086)
Remuneration to custodian bank	(14,465)	(13,787)
Other fund management expense	(1,120)	(1,120)
Interest expense	(6)	(8)
<b>Total</b>	<b>(77,585)</b>	<b>(74,001)</b>
<b>Increase in investment value</b>		
Realised increase in investment value	191,649	20,517
Unrealised (decrease)/increase in investment value	(44,331)	477,469
<b>Increase in net assets from investment</b>	<b>394,647</b>	<b>759,969</b>

ABLV Asset Management, IPAS  
 Board Member

Sergejs Gačenko

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

Jevgenijs Gžibovskis

Riga, 30 July 2015

## Statement of changes in net assets

Item	EUR	
	01.01.2015- 30.06.2015	01.01.2014- 30.06.2014
<b>Net assets at the beginning of the reporting period</b>	<b>16,174,905</b>	<b>15,317,813</b>
Increase in net assets from investment	394,647	759,969
Transactions with investment certificates		
Inflow from sale of investment certificates	227,757	771,829
Outflow of redemption of investment certificates	(541,082)	(494,923)
<b>Total result of transactions with investment certificates</b>	<b>(313,325)</b>	<b>276,906</b>
<b>Increase in net assets for the reporting period</b>	<b>81,322</b>	<b>1,036,875</b>
<b>Net assets at the end of the reporting period</b>	<b>16,256,227</b>	<b>16,354,687</b>
Issued investment certificates at the beginning of the reporting period	1,212,017	1,168,806
Issued investment certificates at the end of the reporting period	1,188,946	1,189,006
Net assets per investment certificate at the beginning of the reporting period	13.35	13.11
Net assets per investment certificate at the end of the reporting period	13.67	13.75

ABLV Asset Management, IPAS  
 Board Member

**Sergejs Gačenko**

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

**Jevgenijs Gžibovskis**

Riga, 30 July 2015

## Note 1

### General information

The subfund ABLV Emerging Markets EUR Bond Fund of the open-end investment fund ABLV Emerging Markets Bond Fund is a bond fund registered on 11 July 2007. The registered office of the investment management company is at 23 Elizabetes Street, Riga, LV-1010, Latvia.

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

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

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

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

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

## Note 2

### Demand deposits with credit institutions

	30.06.2015		31.12.2014	
	Carrying amount	Carrying amount to subfund's assets	Carrying amount	Carrying amount to subfund's assets
<b>Demand deposits with credit institutions</b>	EUR	%	EUR	%
Demand deposits with ABLV Bank, AS	112,483	0.69	162,794	1.01
<b>Total demand deposits with credit institutions</b>	<b>112,483</b>	<b>0.69</b>	<b>162,794</b>	<b>1.01</b>



### Note 3

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

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

Debt securities and other fixed income securities by geographical area:

Geographical area	30.06.2015		31.12.2014	
	Carrying amount	Carrying amount to subfund's assets	Carrying amount	Carrying amount to subfund's assets
	EUR	%	EUR	%
Other countries	8,020,043	49.29	7,668,050	47.36
Other EU member states	4,669,115	28.7	4,901,220	30.27
OECD countries	1,831,610	11.26	1,793,015	11.08
Latvia	1,002,491	6.16	1,484,559	9.17
EMU countries	634,199	3.9	180,429	1.11
<b>Total</b>	<b>16,157,458</b>	<b>99.31</b>	<b>16,027,273</b>	<b>98.99</b>

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

Issuer	Amount	Acquisition value	Carrying amount	Carrying amount to fund's assets
	Total face value	EUR	EUR	(%)
<b>Brazil</b>		<b>1,432,109</b>	<b>1,356,331</b>	<b>8.33</b>
Federative Republic of Brazil	500,000	516,500	504,624	3.10
PETROLEO BRASILEIRO SA	850,000	915,609	851,707	5.23
<b>Bulgaria</b>		<b>1,365,968</b>	<b>1,362,307</b>	<b>8.37</b>
BULGARIAN ENERGY HOLDING EAD	700,000	695,750	706,412	4.34
REPUBLIC OF BULGARIA	650,000	670,218	655,895	4.03
<b>Greece</b>		<b>167,922</b>	<b>35,857</b>	<b>0.22</b>
HELLENIC REPUBLIC	184,200	167,922	35,857	0.22
<b>Croatia</b>		<b>1,157,058</b>	<b>1,178,568</b>	<b>7.24</b>
REPUBLIC OF CROATIA	1,150,000	1,157,058	1,178,568	7.24
<b>Indonesia</b>		<b>752,638</b>	<b>775,326</b>	<b>4.77</b>
REPUBLIC OF INDONESIA	750,000	752,638	775,326	4.77
<b>Kazakhstan</b>		<b>747,397</b>	<b>706,581</b>	<b>4.34</b>
KAZAGRO NATIONAL MANAGEMENT HOLDING JSC	750,000	747,397	706,581	4.34
<b>Russia</b>		<b>2,757,492</b>	<b>2,571,161</b>	<b>15.82</b>
CITY OF MOSCOW RUSSIA	650,000	692,435	689,513	4.24
GAZPROM OAO	625,000	700,293	672,614	4.14
RUSSIAN RAILWAYS	600,000	586,750	521,473	3.21
VNESHECONOMBANK	800,000	778,014	687,561	4.23
<b>Latvia</b>		<b>891,946</b>	<b>1,002,491</b>	<b>6.16</b>
ABLV BANK, AS	1,100,000	891,946	1,002,491	6.16
<b>Morocco</b>		<b>1,186,608</b>	<b>1,228,526</b>	<b>7.55</b>
Kingdom of Morocco	1,125,000	1,186,608	1,228,526	7.55

Table (cont'd)

Issuer	Amount Acquisition value		Carrying amount	
	Total face value	EUR	EUR	Carrying amount to fund's assets (%)
<b>Mexico</b>		<b>693,604</b>	<b>715,348</b>	<b>4.40</b>
PETROLEOS MEXICANOS	600,000	693,604	715,348	4.40
<b>Montenegro</b>		<b>721,590</b>	<b>712,627</b>	<b>4.38</b>
REPUBLIC OF MONTENEGRO	700,000	721,590	712,627	4.38
<b>Romania</b>		<b>1,106,350</b>	<b>1,058,885</b>	<b>6.51</b>
ROMANIA	1,000,000	1,106,350	1,058,885	6.51
<b>Slovakia</b>		<b>627,760</b>	<b>598,342</b>	<b>3.68</b>
EUSTREAM AS	650,000	627,760	598,342	3.68
<b>Tunisia</b>		<b>649,218</b>	<b>669,491</b>	<b>4.11</b>
Banque Centrale de Tunisie SA	650,000	649,218	669,491	4.11
<b>Turkey</b>		<b>1,091,391</b>	<b>1,116,261</b>	<b>6.86</b>
REPUBLIC OF TURKEY	1,000,000	1,091,391	1,116,261	6.86
<b>Hungary</b>		<b>1,004,724</b>	<b>1,069,356</b>	<b>6.57</b>
REPUBLIC OF HUNGARY	950,000	1,004,724	1,069,356	6.57
<b>Total</b>		<b>16,353,775</b>	<b>16,157,458</b>	<b>99.31</b>

#### Note 4

##### Dynamics of fund performance

Dynamics of investment fund's annual performance\*:

Item	30.06.2015	31.12.2014
Net assets (EUR)	16,256,227	16,174,905
Number of investment certificates	1,188,946	1,212,017
<b>Value of investment fund's investment certificates (EUR)</b>	<b>13.67</b>	<b>13.35</b>
	01.01.2015- 30.06.2015	01.01.2014- 30.06.2014
<b>Annual performance on investment subfund's investment certificates (EUR)</b>	<b>2.45%</b>	<b>4.96%</b>

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

#### Note 5

##### Events after reporting date

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