



INVESTMENT FUND
CBL European Leaders Equity Fund

ANNUAL REPORT for 2023

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

Riga, 2024



**CBL ASSET
MANAGEMENT**



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INFORMATION ABOUT THE INVESTMENT FUND

Name of the Fund:	CBL European Leaders Equity Fund
Type of fund:	Investment fund
Date of registration of the Fund:	7 March 2013
Date of start of operations of the Fund:	20 November 2013
Number of the Fund:	FL127
Name of the investment management company:	CBL Asset Management IPAS
Registered office of the investment management company:	Republikas laukums 2a, Riga, LV-1010, Latvia
Registration number of the investment management company:	40003577500
Number of the license for investment management company operations:	06.03.07.098/367
Name of the Fund's Custodian:	SC Citadele bank
Registered office of the Fund's Custodian:	Republikas laukums 2a, Riga, LV-1010, Latvia
Registration number of the Fund's Custodian:	40103303559
Name, surname and position of members of the Supervisory Board and the Management Board of the investment management company:	<p>Supervisory Board of the investment management company: Vaidas Žagunis, Chairperson of the Supervisory Board, appointed on 03.08.2021 Vladimirs Ivanovs, Deputy Chairperson of the Supervisory Board, appointed on 03.08.2021 Ruta Ezerskiene, Member of the Supervisory Board, appointed on 03.11.2023 Magnus Blohmé, Member of the Supervisory Board, resigned on 03.11.2023</p> <p>Management Board of the investment management company: Kārlis Purgailis, Chairperson of the Management Board Zigurds Vaikulis, Member of the Management Board Lolita Sičeva, Member of the Management Board Andris Kotāns, Member of the Management Board, resigned on 15.09.2023</p>
Rights and responsibilities related to the investment fund management:	The members of the Supervisory Board and the Management Board shall perform all duties of the members of the Supervisory Board and the Management Board provided for in the laws and regulations of the Republic of Latvia and the Articles of Association of the investment management company.
Fund Managers:	Andrejs Piļka Edgars Lao Igoris Lahtadirs, resigned on 07.04.2023 Andris Kotāns, resigned on 15.09.2023
Rights and responsibilities related to the Fund management:	The Fund Managers shall perform all duties of the Fund Manager provided for in the laws and regulations of the Republic of Latvia, Articles of Association of the investment management company and the Fund Prospectus
Auditors:	Rainers Vilāns Certified Auditor Certificate No. 200
	KPMG Baltics SIA Roberta Hirša iela 1, Riga Latvia, LV-1045 Licence No. 55

INVESTMENT MANAGEMENT COMPANY REPORT

The asset manager of the investment fund CBL European Leaders Equity Fund (hereinafter – the Fund) is CBL Asset Management, an investment management company with registered office at Republikas laukums 2a, Riga, LV-1010, and registration number 40003577500 (hereinafter – the Company). The investment company's operating licence number is 06.03.07.098/367, which was last re-registered on 19 January 2015.

The Fund's investment objective is to achieve long-term capital growth by primarily investing in shares of companies incorporated or operating mainly in Europe. The Fund generates income through share price appreciation and dividend income. Regarding the investments underlying this financial product the EU criteria for environmentally sustainable economic activities were not considered.

At year-end, the cash position represented 2.12% of the Fund's net assets. The Fund's net assets increased by EUR 2,043,151 in 2023 and amounted to EUR 8,370,468 at year-end. As at 31.12.2023, the gross asset value was EUR 8,386,494. The value of the Fund's share increased by EUR 9.22 to EUR 51.01 in 2023. The total return on the Fund in 2023 was positive 22.06% in the Fund's base currency (euro) at the foreign exchange rates quoted in the financial markets at the end of the day.

The year 2023 was rather turbulent on the equity markets, with volatile investor sentiment and security prices, but overall, the year continued the financial market stabilisation and recovery that started in autumn 2022. Economic trends in Western countries followed the best-case scenario: recessionary concerns were not allayed, unemployment remained low, while inflation rates on both sides of the Atlantic continued to slow significantly during 2023. This allowed central banks to conclude their rate hiking marathon in the second half of the year.

Against this encouraging backdrop, investors actively bought shares, additionally motivated by the relatively low-price levels that were a consequence of the financial market correction of the previous year. In Europe, natural gas prices, which slid sharply downwards thanks to a warm winter and a reduction in energy consumption, provided an additional dose of optimism. It became clear that European households and producers would not face energy shortages for the coming season, which significantly reduced the risks to the European economy.

In the spring, financial markets were shaken for a relatively short period by developments in the banking sector. First, Silicon Valley Bank defaulted, the second largest bank failure in US history. The collapse was triggered by a combination of massive bond portfolio losses caused by rising interest rates and a rapid outflow of customer deposits. In Europe, Credit Suisse, one of Switzerland's largest banks, was in trouble and was promptly taken over by its competitor UBS. Both US and European central banks reacted very quickly. The Fed provided the banking system with emergency liquidity and guarantees to depositors. The ECB announced that it was ready to provide liquidity if needed and reassured market participants by stating that it did not see any systemic risks in the banking sector. Realising that the difficulties in the banking sector did not pose a significant threat to the stability of the financial system, investors returned to buying shares and world stock indices continued their upward march.

Monetary policy was again a source of some concern in the second half of the year. The pace of inflation moderation slowed and both US and European central banks became more pessimistic about the likelihood of lowering interest rates soon. This pushed share prices down, but it should be noted that part of the summer and autumn correction was also due to technical factors - investors simply wanted to lock in the large gains made on equity markets in the first half of the year. A very important factor in world stock markets last year, which was also the main upward driver for equities in the last quarter of the year, was corporate financial reporting. Companies in both the US and Europe surprised investors with mostly pleasing earnings figures. The technology sector was particularly strong in its financial results and made one of the largest contributions to the overall market growth. It is worth noting that the technology sector is also the largest weighting in the Fund.

As a result, the S&P 500, the main index of US shares, climbed by 25.7% during 2023. The Stoxx Europe 600 broad market index rose by 15.8%. Emerging markets were relatively weaker, with equity indices rising by 9.8% on average.

Over 2023, the value of the Fund's holdings increased by 22.1%, outperforming the broad market. The largest positive contributors to the Fund's performance were the technology, industrials and consumer sectors. The largest negative contributor to the Fund's performance was the commodities sector, which, however, had a relatively low weighting in the Fund throughout the period.

Total management expenses for the period under review amounted to EUR 129,447, which is within the 4.00% ceiling set out in the Fund's prospectus. The assets of the Fund during the reporting period covered the remuneration of the investment management company for the management of the Fund's assets of EUR 99,985, the remuneration of the custodian bank of EUR 12,855 and other expenses of EUR 16,607. The Fund's ongoing charges ratio for the period under review was 1.79% of the Fund's average net asset value. The prospectuses of the investment funds managed by the Company do not provide for performance fees.

There have been no significant events since the end of the reporting period and up to the date of its approval that would have a material impact on the financial position of the Fund.

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

Kārlis Purgailis
Chairperson of the Management Board

Andrejs Pilka
Fund Manager

Edgars Lao
Fund Manager

Riga, 26 April 2024

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

REPORT ON THE IMPLEMENTATION OF THE ENGAGEMENT POLICY

The Asset Manager shall participate in the management of the companies in which the assets of the Fund are invested by exercising its voting rights, where the voting rights held by the Fund amount to at least 5% of the total number of votes. During the reporting period, the Asset Manager did not implement any engagement activities through voting rights at general meetings of shareholders and/or bondholders and did not use the services of proxy advisors.

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

Kārlis Purgailis
Chairperson of the Management Board

Andrejs Pilka
Fund Manager

Edgars Lao
Fund Manager

Riga, 26 April 2024

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

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

The financial statements set out on pages 7 to 21 have been prepared based on the supporting documents and give a true and fair view of the financial position of the Fund as at 31 December 2023 and of its performance for the year then ended.

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

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

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

Kārlis Purgailis

Chairperson of the Management Board

Riga, 26 April 2024

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STATEMENT OF ASSETS AND LIABILITIES

	Notes	<u>31.12.2023</u>	<u>31.12.2022</u>
Assets			
Due on demand from credit institutions	3	177,622	76,597
Financial assets at fair value through profit or loss			
Capital instruments	4	8,208,872	6,264,098
Total assets		8,386,494	6,340,695
Liabilities			
Accrued expenses	5	(16,026)	(13,378)
Total liabilities		(16,026)	(13,378)
Net assets		8,370,468	6,327,317

The accompanying notes on pages 11 to 21 are an integral part of these financial statements.

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

Kārlis Purgailis
Chairperson of the Management Board

Riga, 26 April 2024

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STATEMENT OF INCOME AND EXPENSES

	Notes	2023	2022
Income for the reporting period			
Interest income		617	-
Dividend income		99,260	133,208
Other income		6,545	1,723
Total income		106,422	134,931
Expenses for the reporting period			
Remuneration to the investment management company		(99,985)	(128,214)
Remuneration to the custodian bank		(12,855)	(16,485)
Other Fund management expenses	6	(16,607)	(7,229)
Total expenses		(129,447)	(151,928)
Increase/(decrease) in investment value			
Realised increase/decrease in investment value	7	76,528	(4,883,866)
Unrealised increase/(decrease) in investment value	8	1,239,500	(227,747)
Total increase/(decrease) in investment value		1,316,028	(5,111,613)
Result on revaluation of foreign currencies		114,996	(110,436)
Increase/(decrease) in net assets from investments		1,407,999	(5,239,046)

The accompanying notes on pages 11 to 21 are an integral part of these financial statements.

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

Kārlis Purgailis
Chairperson of the Management Board

Riga, 26 April 2024

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STATEMENT OF CHANGES IN NET ASSETS

	2023	2022
Net assets at the beginning of the reporting period	6,327,317	14,278,209
Increase/(decrease) in net assets from investment	1,407,999	(5,239,046)
Transactions in share certificates and units		
Inflow from sale of share certificates and units	1,572,112	2,585,676
Outflow on redemption of share certificates and units	(936,960)	(5,297,522)
Increase/(decrease) in net assets from transactions in share certificates and units	635,152	(2,711,846)
Increase/(decrease) in net assets during the reporting period	2,043,151	(7,950,892)
Net assets at the end of the reporting period	8,370,468	6,327,317
Number of issued share certificates and units at the beginning of the reporting year	151,419	219,389
Number of issued share certificates and units at the end of the reporting year	164,080	151,419
Net assets per share certificate and unit at the beginning of the reporting year	41.79	65.08
Net assets per share certificate and unit at the end of the reporting year	51.01	41.79

The accompanying notes on pages 11 to 21 are an integral part of these financial statements.

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

Kārlis Purgailis
Chairperson of the Management Board

Riga, 26 April 2024

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CASH FLOW STATEMENT

	Notes	<u>2023</u>	<u>2022</u>
Interest income		617	-
Dividend income		100,662	133,208
Other income		6,642	1,723
Investment management expenses		(126,822)	(158,367)
Acquisition of investments	9	(5,203,836)	(11,457,355)
Inflow from sale of investments	9	4,691,44	14,165,123
Foreign currency conversion result		(3,010)	(12,777)
(Decrease)/increase in cash and cash equivalents from operating activities		<u>(534,301)</u>	<u>2,671,555</u>
Cash flow from financing activities			
Inflow from sale of share certificates and units		1,572,112	2,585,676
Outflow on redemption of share certificates and units		(936,960)	(5,297,522)
Increase/(decrease) in cash and cash equivalents from financing activities		<u>635,152</u>	<u>(2,711,846)</u>
Net increase/(decrease) in cash and cash equivalents during the reporting period		<u>100,851</u>	<u>(40,291)</u>
Cash and cash equivalents at the beginning of the reporting year		<u>76,597</u>	<u>119,000</u>
Effects of changes in foreign exchange rates on cash and cash equivalents		174	(2,112)
Cash and cash equivalents at the end of the reporting year	3	<u><u>177,622</u></u>	<u><u>76,597</u></u>

The accompanying notes on pages 11 to 21 are an integral part of these financial statements.

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

Kārlis Purgailis
Chairperson of the Management Board

Rīga, 26 April 2024

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NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 GENERAL INFORMATION

Name of the Fund:	"CBL European Leaders Equity Fund"
Type of fund:	Investment fund
Scope of the Fund:	The investment fund aims to achieve long-term capital growth by investing primarily in shares of issuers that are established or have their principal activities in Europe, without sectoral restrictions. The income of the Fund is generated by share price appreciation and dividend income.
Name of the investment management company:	"CBL Asset Management" IPAS (the "Company") Republikas laukums 2a, Riga, LV-1010, Latvia

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES

Principles for the preparation of financial statements

The financial statements of the CBL European Leaders Equity Fund have been prepared in accordance with the IFRS Accounting Standards as adopted by the European Union, as required by the Financial and Capital Markets Commission (hereinafter referred to as "FCMC") regulations on "Preparation of the annual report, consolidated annual report and half-yearly report of an investment fund and open-ended alternative investment fund".

The financial statements are prepared under the historical cost convention and modified to reflect the fair value of financial instruments held for trading.

The monetary unit used in the financial statements is the euro (EUR), the monetary unit of the Republic of Latvia. The financial statements cover the period from 1 January 2023 to 31 December 2023. The opening balances of the Statement of Assets and Liabilities on 1 January 2023 are the same as the closing balances of the published financial statements for 2022.

Functional and reporting currency

Financial accounting of the Fund is carried out in the euros, which is the reporting currency of the Fund, and accordingly the presentation currency of these financial statements is euro.

Significant estimates and assumptions

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

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

Income and expense recognition

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

Interest income and expense are recognised in the income statement using the effective interest method. The effective interest rate is the rate that exactly discounts the future cash flows of a financial instrument over the expected life of the financial asset or liability. Dividend income is recognised when received; in certain cases, dividend income may be recognised as the share price decreases following the issuer's declaration of a dividend.

The remuneration for managing the Fund and Custodian fee is calculated as a fixed proportion of the value of the Fund's assets and accrues daily but is paid monthly (except for the variable remuneration for the performance of the Fund, which is paid annually).

Revaluation of foreign currencies

Transactions in foreign currencies are revalued in euro at the foreign exchange rate quoted by the European Central Bank on the trade date. Monetary assets and liabilities denominated in foreign currencies are revalued in euro at the foreign exchange rate quoted by the European Central Bank at the end of the last day of the reporting period. Non-monetary assets and liabilities denominated in foreign currencies and measured at fair value in a foreign currency are converted into the functional currency using the exchange rate of the day on which the fair value was determined. Gains or losses arising from changes in foreign exchange rates are included in the statement of income and expenses as gains or losses on revaluation of foreign currency positions. The exchange rates published by the European Central Bank for the currencies most used in the preparation of the Fund's statement of assets and liabilities (foreign currency units to EUR) were as follows:

<u>Currency</u>	<u>31.12.2023</u>	<u>31.12.2022</u>
DKK	7.4529	7.4365
NOK	4.3395	10.5138
PLN	4.3395	4.6808
CHF	0.9260	0.9847
GBP	0.86905	0.88693
SEK	11.0960	11.1218
USD	1.1050	1.0666

Cash and cash equivalents

Cash and cash equivalents the Fund are all claims of the Fund on credit institutions.

Financial instruments

Financial assets are recognised in the balance sheet when, and only when, the Company becomes a party to the contractual provisions of the financial instrument. Financial assets are classified as at amortised cost or at fair value through profit or loss. The basis for classification is both the business model within which the financial assets are managed and the contractual cash flow characteristics of the financial asset. The asset classification category is determined at the time of acquisition based on

guidelines established by management. To decide whether a financial asset is classified in a particular category, the Company determines at the time of acquisition whether the asset meets the criteria for a particular business model and contractual cash flows. The business model is revealed through the activities of the Fund. It results from the way in which the Company typically manages the Fund's financial assets to generate cash flows. Therefore, this assessment is not made on the basis of scenarios that the Company does not consider sufficiently realistic. In the event of a stress scenario, if cash flows were recovered in a manner different from that expected by the Company under a typical business model, this would not be a reason to consider that a prior period error has occurred, nor would a reclassification of the remaining financial assets relating to a particular business model be required. However, historical cash flows would need to be evaluated in classifying future acquisitions and could be the basis for a change in the business model.

Financial assets are initially recognised at fair value plus directly attributable transaction costs, except for financial assets at fair value through profit or loss. Regular way purchases or sales of assets are recognised using settlement date accounting. The settlement date is the date on which the asset is transferred to the Fund, or the Fund transfers the asset to a third party. The settlement date refers to the recognition of an asset on the date the asset is transferred to the Plan and the derecognition of the asset on the date the Company transfers it to a third party.

Financial assets and liabilities measured at amortised cost

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

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

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

Income or expense from a financial asset measured at amortised cost is recognised in profit or loss when the financial asset is derecognised, reclassified, or amortised, or to recognise or reverse an impairment loss. Financial assets measured at amortised cost are recognised at the date of issue. From the date of signature of the relevant contract until the actual date of issue, they are accounted for as a lending liability in off-balance sheet items. If the financial assets cannot be recovered, they are written off and recorded as a reduction in the allowance for credit losses. The decision to write off loans is made by the Company's management. Proceeds from the recovery of loans previously written off are recognised in the income statement.

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

Financial instruments at fair value through profit or loss

Financial assets are measured at fair value through profit or loss if they are not measured at amortised cost or at fair value through other comprehensive income. Due to the nature of the Fund's business, most financial assets are classified in this category as the Fund's business model is designed to generate an increase in the Fund's net assets as a result of holding and trading financial assets. Financial assets or liabilities may be designated as at fair value through profit or loss on initial recognition if doing so would avoid or significantly reduce accounting mismatches, that would otherwise arise from accounting for assets or liabilities or recognising income or expense from them differently, or a group with financial liabilities or financial assets and financial liabilities is measured and its performance is evaluated on a fair value basis in accordance with a documented risk management or investment strategy and information about that group is reported internally to management on a fair value basis.

Except for interest on interest rate swaps, interest on financial assets at fair value through profit or loss is included in net interest income. Revaluation and trading gains or losses arising from changes in the fair value of the financial assets concerned, as well as interest on interest rate swaps, are included directly in the 'Net finance income' line in the profit or loss. Such financial assets and liabilities are remeasured after initial recognition at fair value based on quoted market prices or prices quoted by brokers. This category includes) certain assets and liabilities that are managed and whose yield is measured on a fair value basis in accordance with a documented risk management or investment strategy. Financial assets and liabilities held for trading are measured at fair value through profit or loss. Financial assets and liabilities are held for trading purposes if they are acquired to profit from short-term price movements or dealer margin, or if they are included in a portfolio characterised by short-term profit-taking. The Fund also has demand claims on credit institutions, but given the short-term structure and credit ratings, the allowance for credit losses is not material.

Recognition and derecognition from assets

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

Provisions for impairment of financial assets

The Company estimates expected credit losses. The impairment allowance requirements apply to financial assets measured at amortised cost but not to financial assets measured at fair value through profit or loss. Impairment provisions are recognised based on future information even if no loss event has occurred. A wide range of information is considered in the assessment, but as most of these exposures are credit rated, the calculation relies heavily on external credit ratings and estimated default probabilities derived from multi-period rating migration matrices calculated by rating agencies. If an external rating agency credit

rating is not available for assessment, it may be replaced by an internally calculated credit quality level. Credit risk indicators (default, delinquency, restructuring) and individual issuer credit risk assessment are also considered. The Company considers exposures with investment grade credit ratings to be low risk assets and therefore it is assumed that they have not significantly increased in credit risk since acquisition. For exposures rated below investment grade by more than 3 notches, a decline in credit rating since the original acquisition is indicative of a significant increase in credit risk. Estimated credit losses are recognised based on the stage of the provision to which the exposure is allocated at the reporting date. A 12-month expected credit loss is recognised for Stage 1 exposures where there has been no material increase in credit risk since initial recognition. Life-cycle expected credit losses are recognised for Stage 2 exposures where the credit risk has increased significantly since initial recognition and for Stage 3 exposures that are in default. Stage 3 exposures, if identified, would be subject to additional comprehensive assessment, including comparison with market valuations for similar exposures, market depth of the underlying security, past trading performance and other available information.

Fair value of financial assets and liabilities

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

When possible, the Company measures the fair value of a financial instrument using quoted prices in an active market. A market is considered active if transactions in the asset or liability occur frequently enough and in sufficient volume to permit regular price information to be obtained. Securities are revalued using financial information available on Bloomberg and NASDAQ OMX Riga on the bid prices of those securities. Purchases and sales of securities are recognised on the settlement date. The acquisition value of securities sold is determined using the FIFO (first in, first out) method. Where a quoted price in an active market is not available, the Company uses valuation techniques that use observable market data to the extent possible and unobservable inputs to the extent possible. The valuation method chosen includes all factors that market participants would consider in determining the transaction price. At initial recognition, the best evidence of the fair value of a financial instrument is the transaction price, ie the fair value of the consideration paid or received. If the Company determines that the fair value at initial recognition differs from the transaction price and the fair value is not evidenced either by a quoted price in an active market for an identical asset or liability or by the results of a valuation technique that uses only observable inputs, the financial instrument is initially measured at fair value, adjusted to reflect the difference between the fair value at initial recognition and the transaction price. This difference is subsequently recognised in profit or loss, as appropriate, considering the expected life of the instrument, but no later than the point at which the value can be fully corroborated by observable market data, or the transaction is completed.

The portfolios of financial assets and financial liabilities exposed to market risk and credit risk managed by the Company based on net exposure to either market risk or credit risk are valued by reference to the price that would be paid to sell a net long position (or paid to transfer a net short position) in the individual risks. These portfolio level adjustments are allocated to individual assets and liabilities based on relative risk adjustments for each individual portfolio of instruments. A description of the methods used to determine fair value by the 3 levels, based on the degree of observability of the information used in the valuation techniques, is presented below.

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

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

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

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

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

Taxes

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

Standards published but not valid yet

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

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

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

NOTE 3 DUE ON DEMAND FROM CREDIT INSTITUTIONS

	% of the Fund's net assets		% of the Fund's net assets	
	31.12.2023	31.12.2023	31.12.2022	31.12.2022
Due on demand from credit institutions, SC				
Citadele bank	177,622	2.12%	76,597	1.21%

NOTE 4 EQUITY INSTRUMENTS

	% of the Fund's net assets		% of the Fund's net assets	
	31.12.2023	31.12.2023	31.12.2022	31.12.2022
Corporate equity instruments				
Equity instruments for companies in the OECD region	8,208,872	98.07%	6,264,098	99.00%
Total equity instruments	8,208,872	98.07%	6,264,098	99.00%

All equity instruments are financial assets at fair value through profit or loss.

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

Financial instrument	ISIN code	Currency	Quantity	Acquisition value (EUR)	Carrying amount 31.12.2023	% of the Fund's net assets 31.12.2023
Financial instruments traded on regulated markets:				6,785,405	8,208,872	98.07%
Equity instruments of German issuers:				1,679,190	1,973,030	23.57%
Beiersdorf AG	DE0005200000	EUR	1,815	195,249	245,570	2.93%
AIXTRON SE	DE000A0WMPJ6	EUR	6,350	151,330	245,110	2.93%
Infineon Technologies AG	DE0006231004	EUR	6,138	191,257	231,525	2.77%
SAP AG	DE0007164600	EUR	1,629	196,016	227,343	2.72%
Nemetschek SE	DE0006452907	EUR	2,870	154,261	225,065	2.69%
Scout24 SE	DE000A12DM80	EUR	3,212	205,469	206,018	2.46%
Muenchener Rueckversicherungs	DE0008430026	EUR	470	156,629	176,814	2.11%
CTS Eventim AG & Co. KGaA	DE0005470306	EUR	2,500	144,797	156,875	1.87%
Hannover Rueck SE	DE0008402215	EUR	700	145,867	150,710	1.80%
Dr Ing hc F Porsche AG	DE000PAG9113	EUR	1,350	138,315	108,000	1.29%
Equity instruments of Swiss issuers:				1,597,931	1,913,391	22.86%
VAT Group AG	CH0311864901	CHF	578	199,007	263,970	3.15%
Partners Group Holding AG	CH0024608827	CHF	191	202,787	250,365	2.99%
STMicroelectronics NV	NL0000226223	EUR	4,966	204,082	225,034	2.69%
ABB Ltd	CH0012221716	CHF	5,472	165,306	220,003	2.63%
Logitech International SA	CH0025751329	CHF	2,550	164,712	219,256	2.62%
Belimo Holding AG	CH1101098163	CHF	415	194,574	206,783	2.47%
Sika AG	CH0418792922	CHF	696	177,333	205,568	2.46%
Straumann Holding AG	CH1175448666	CHF	1,350	167,831	197,324	2.36%
Cie Financiere Richemont SA	CH0210483332	CHF	1,002	122,299	125,088	1.49%
Equity instruments of Dutch issuers:				838,256	1,170,493	13.99%
BE Semiconductor Industries NV	NL0012866412	EUR	1,970	162,348	269,595	3.22%
ASM International NV	NL0000334118	EUR	550	171,601	259,078	3.10%
ASML Holding NV	NL0010273215	EUR	376	118,312	256,582	3.06%
Wolters Kluwer NV	NL0000395903	EUR	1,900	200,224	244,910	2.93%
Adyen NV	NL0012969182	EUR	120	185,771	140,328	1.68%
Equity instruments of French issuers:				432,528	556,678	6.64%
L'Oreal SA	FR0000120321	EUR	447	168,014	202,089	2.41%
LVMH Moet Hennessy Louis Vuitton SA	FR0000121014	EUR	244	157,911	179,560	2.14%
Hermes International	FR0000052292	EUR	91	106,603	175,029	2.09%
Equity instruments of Polish issuers:				358,101	444,489	5.31%
LPP SA	PLLPP0000011	PLN	60	189,169	222,606	2.66%
Dino Polska SA	PLDINPL00011	PLN	2,095	168,932	221,883	2.65%
Equity instruments of Swedish issuers:				296,150	364,762	4.36%
Atlas Copco AB	SE0017486889	SEK	12,000	147,010	187,689	2.24%
Evolution Gaming Group AB	SE0012673267	SEK	1,630	149,140	177,073	2.12%

Financial instrument	ISIN code	Currency	Quantity	Acquisition value (EUR)	Carrying amount 31.12.2023	% of the Fund's net assets 31.12.2023
Equity instruments of UK issuers:				309,051	350,450	4.19%
RELX PLC	GB00B2B0DG97	GBP	5,096	138,467	182,308	2.18%
Next PLC	GB0032089863	GBP	1,800	170,584	168,142	2.01%
Equity instruments of Italian issuers:				319,341	328,889	3.93%
Moncler SpA	IT0004965148	EUR	3,118	167,513	174,359	2.08%
Ferrari NV	NL0011585146	EUR	505	151,828	154,530	1.85%
Equity instruments of Danish issuers:				261,874	268,404	3.21%
Novo Nordisk A/S	DK0062498333	DKK	2,870	261,874	268,404	3.21%
Equity instruments of Spanish issuers:				164,253	259,934	3.10%
Industria de Diseno Textil SA	ES0148396007	EUR	6,564	164,253	259,934	3.10%
Debt instruments of issuers in Belgium:				213,401	247,500	2.96%
Lotus Bakeries NV	BE0003604155	EUR	30	213,401	247,500	2.96%
Equity instruments of Norwegian issuers:				158,995	171,876	2.05%
Kongsberg Gruppen ASA	NO0003043309	NOK	4,153	158,995	171,876	2.05%
Equity instruments of Portuguese issuers:				156,334	158,976	1.90%
Jeronimo Martins SGPS SA	PTJMT0AE0001	EUR	6,900	156,334	158,976	1.90%
Total equity instruments:				6,785,405	8,208,872	98.07%

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

Financial instrument	ISIN code	Currency	Quantity	Acquisition value (EUR)	Carrying amount 31.12.2022	% of the Fund's net assets 31.12.2022
Financial instruments traded on regulated markets:				6,160,051	6,264,098	99.00%
Equity instruments of French issuers:				1,382,452	1,371,636	21.67%
Hermes International	FR0000052292	EUR	144	155,985	209,592	3.31%
LOreal SA	FR0000120321	EUR	532	197,831	178,220	2.82%
Thales SA	FR0000121329	EUR	1,360	168,577	162,044	2.56%
Remy Cointreau SA	FR0000130395	EUR	1,014	159,164	160,922	2.54%
LVMH Moet Hennessy Louis Vuitton SA	FR0000121014	EUR	216	136,719	147,766	2.34%
Airbus SE	NL0000235190	EUR	1,271	133,658	141,894	2.24%
Ipsen SA	FR0010259150	EUR	1,300	137,869	131,170	2.07%
Dassault Systemes SE	FR0014003TT8	EUR	3,879	164,309	131,130	2.07%
Alten SA	FR0000071946	EUR	926	128,340	108,898	1.72%
Equity instruments of Swiss issuers:				1,397,718	1,294,005	20.45%
Belimo Holding AG	CH1101098163	CHF	415	194,574	187,379	2.96%
STMicroelectronics NV	NL0000226223	EUR	5,576	226,741	184,593	2.92%
ABB Ltd	CH0012221716	CHF	5,901	178,266	169,132	2.67%
Roche Holding AG	CH0012032048	CHF	551	189,608	163,241	2.58%
Cie Financiere Richemont SA	CH0210483332	CHF	1,300	156,656	159,906	2.53%
Novartis AG	CH0012005267	CHF	1,816	151,832	155,364	2.46%
Glencore PLC	JE00B4T3BW64	GBP	22,182	136,908	138,154	2.18%
Geberit AG	CH0030170408	CHF	306	163,133	136,236	2.15%
Equity instruments of UK issuers:				915,614	875,094	13.82%
Ferguson PLC	JE00BJVNSS43	GBP	1,414	181,960	166,361	2.63%
Rentokil Initial PLC	GB00B082RF11	GBP	27,000	159,355	154,646	2.44%
Linde PLC	IE00BZ12WP82	EUR	500	154,732	152,575	2.41%
Compass Group PLC	GB00BD6K4575	GBP	6,539	142,832	141,370	2.23%
RELX PLC	GB00B2B0DG97	GBP	5,096	138,467	131,461	2.08%
Burberry Group PLC	GB0031743007	GBP	5,625	138,268	128,681	2.03%
Equity instruments of German issuers:				652,904	684,151	10.81%
AIXTRON SE	DE000A0WMPJ6	EUR	7,400	176,353	199,356	3.15%
DEUTSCHE BOERSE STK N	DE0005810055	EUR	1,130	175,299	182,325	2.88%
Infineon Technologies AG	DE0006231004	EUR	5,500	164,014	156,668	2.48%
Beiersdorf AG	DE0005200000	EUR	1,362	137,238	145,802	2.30%

Financial instrument	ISIN code	Currency	Quantity	Acquisition value (EUR)	Carrying amount 31.12.2022	% of the Fund's net assets 31.12.2022
Equity instruments of Danish issuers:				317,267	433,375	6.85%
Novo Nordisk A/S	DK0060534915	DKK	1,865	144,182	235,567	3.72%
Genmab A/S	DK0010272202	DKK	500	173,085	197,808	3.13%
Equity instruments of Finnish issuers:				317,967	335,534	5.31%
Orion Oyj	F10009014377	EUR	3,700	172,039	190,180	3.01%
Neste Oyj	F10009013296	EUR	3,360	145,928	145,354	2.30%
Equity instruments of Dutch issuers:				239,120	317,172	5.01%
ASML Holding NV	NL0010273215	EUR	316	78,053	160,212	2.53%
Wolters Kluwer NV	NL0000395903	EUR	1,600	161,067	156,960	2.48%
Equity instruments of Portuguese issuers:				162,832	173,991	2.76%
Jeronimo Martins SGPS SA	PTJMT0AE0001	EUR	8,571	162,832	173,991	2.76%
Equity instruments of Swedish issuers:				164,694	164,952	2.61%
Evolution Gaming Group AB	SE0012673267	SEC	1,800	164,694	164,952	2.61%
Equity instruments of Italian issuers:				183,679	163,812	2.59%
Moncler SpA	IT0004965148	EUR	3,302	183,679	163,812	2.59%
Equity instruments of Spanish issuers:				140,133	154,578	2.44%
Industria de Diseno Textil SA	ES0148396007	EUR	6,198	140,133	154,578	2.44%
Equity instruments of Polish issuers:				147,884	152,258	2.41%
Dino Polska SA	PLDINPL00011	PLN	1,900	147,884	152,258	2.41%
Equity instruments of Norwegian issuers:				137,787	143,540	2.27%
Kongsberg Gruppen ASA	NO0003043309	NOK	3,633	137,787	143,540	2.27%
Total equity instruments:				6,160,051	6,264,098	99.00%

NOTE 5 ACCRUED EXPENSES

	31.12.2023	31.12.2022
Accrued expenses for investment management company fees	9,551	7,727
Accrued expenses for custodian fees	1,228	994
Accrued expenses for professional services of auditors	1,513	2,819
Accrued expenses for the Bank of Latvia (FCMC until 31.12.2022)	2,155	1,838
Other expenses	1,579	-
Total accrued expenses	16,026	13,378

NOTE 6 OTHER FUND MANAGEMENT EXPENSES FOR THE REPORTING PERIOD

	31.12.2023	31.12.2022
Expenses for professional services of auditors	1,513	2,819
Expenses for the Bank of Latvia (FCMC until 31.12.2022)	8,177	1,839
Expenses for information sources and analytical studies	6,037	-
Other expenses	880	2,571
Total other fund management expenses	16,607	7,229

NOTE 7 REALISED INCREASE/(DECREASE) IN INVESTMENT VALUE

	31.12.2023	31.12.2022
Income for the period from sale of investments*	4,939,355	14,668,930
Acquisition value of investments sold during the reporting period	(4,840,358)	(16,661,019)
(Decrease) in sold investments recognised in previous reporting periods	(22,469)	(2,891,777)
Total realised increase/(decrease) in investment value	76,528	(4,883,866)

*For the reporting period, gains on the sale of investments are recorded at the exchange rate on the date of purchase of the security.

NOTE 8 UNREALISED INCREASE/(DECREASE) IN INVESTMENT VALUE

	31.12.2023	31.12.2022
From equity instruments	1,239,500	(227,747)
Total unrealised increase/(decrease) in investment value	1,239,500	(227,747)

NOTE 9 CHANGES IN INVESTMENTS DURING THE REPORTING PERIOD

The table below shows the changes in investments in 2023:

	31.12.2022	Increase during the reporting period	Decrease during the reporting period*	Fair value revaluation result	31.12.2023
Financial assets at fair value through profit or loss					
Equity instruments	6,264,098	5,203,836	(4,691,446)	1,432,384	8,208,872
Total investments	6,264,098	5,203,836	(4,691,446)	1,432,384	8,208,872

*Decrease during the reporting period are accounted for at the exchange rate on the date the investment is sold. This item includes the proceeds from the sale of investments.

The table below shows the changes in investments in 2022:

	31.12.2021	Increase during the reporting period	Decrease during the reporting period*	Fair value revaluation result	31.12.2022
Financial assets at fair value through profit or loss					
Equity instruments	14,179,028	11,457,355	(14,165,123)	(5,207,162)	6,264,098
Total investments	14,179,028	11,457,355	(14,165,123)	(5,207,162)	6,264,098

*Decrease during the reporting period are accounted for at the exchange rate on the date the investment is sold. This item includes the proceeds from the sale of investments.

NOTE 10 PLEDGED ASSETS

During the reporting period, the Fund did not issue any guarantees or sureties or pledge or otherwise encumber any assets.

NOTE 11 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

The management of the investment management company considers that the carrying amounts of financial assets and liabilities are consistent with their fair values. Fair values are determined using market quotes, based on information published by stock exchanges and brokers. All shares held by the Fund are traded on regulated markets and are classified within Level 1 of the fair value hierarchy. The fair value of the demand claims on credit institutions corresponds to their carrying amount.

NOTE 12 RISK MANAGEMENT

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

Risk management framework

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

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

Market risk

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

Price volatility risk

For equity securities (shares), price movements depend on two variables: the changes in the stock indices of the country concerned (for the Central Asian region, this is the change in the corporate stock index - RENCASIA), and the financial situation of the issuer concerned (its ability to make money in the future), which in turn affects the fluctuations between the demand and supply equilibrium. The former is also often referred to as systematic risk; the latter as specific risk.

Systematic risk is managed based on forecasts of the overall development of the economy in each geographical region and the potential development of the economy in each sector. Specific risk is managed by a detailed study of the issuer's financial position and profitability as well as other factors affecting the price of the security, mainly based on the issuer's public reports, media coverage, etc. This focuses on both the volatility (deviations) of security prices and their correlations. As a result, it is possible to calculate the total price risk of the securities in the portfolio, considering their historical yields.

The risk of market price volatility was calculated as at 31 December 2022. The standard deviation of the benchmark index values of the relevant investment fund category was used for the price volatility risk calculation.

2023	Standard deviation in the reference index	Carrying amount	Potential negative impact on the current year profit	Potential positive impact on the current year profit	% of the Fund's net assets 31.12.2023*
		EUR	EUR	EUR	
Classified as financial assets at fair value through profit or loss					
- Equity instruments	20.00%	8,208,872	(1,641,774)	1,641,774	19.61%
Total:		8,208,872	(1,641,774)	1,641,774	19.61%

*Net carrying amount of equity instrument assets is disclosed as a percentage of the Fund's net assets.

The risk of market price volatility was calculated as at 31 December 2022. The standard deviation of the benchmark index values of the relevant investment fund category was used for the price volatility risk calculation.

2022	Standard deviation in the reference index	Carrying amount	Potential negative impact on the current year profit	Potential positive impact on the current year profit	% of the Fund's net assets 31.12.2022*
		EUR	EUR	EUR	
Classified as financial assets at fair value through profit or loss					
- Equity instruments	25.00%	6,264,098	(1,566,025)	1,566,025	24.75%
Total:		6,264,098	(1,566,025)	1,566,025	24.75%

Exchange rate risk

Exchange rate risk arises when the nominal currency of securities or other financial instruments in the Fund differs from the currency of the Fund (EUR). Exchange rate fluctuations may result in gains or losses, depending on the direction of exchange rate fluctuations and the currency position of the Fund. Exchange rate risk can be limited by the diversification effect that arises when a Fund has several currencies and the movements in the exchange rates of these currencies are not closely correlated. The impact of exchange rate movements on the net asset value of the Fund is shown in the table below. The exchange rate movements are the one-year standard deviation of the respective exchange rate.

Impact of exchange rate changes (2023)				Impact of exchange rate changes (2022)			
Currency	Share in the fund (% of net assets)	Exchange rate change against EUR	Impact on the value of the fund	Currency	Share in the fund (% of net assets)	Exchange rate change against EUR	Impact on the value of the fund
EUR	60.44%	0.00%	0.00%	EUR	56.73%	0.00%	0.00%
CHF	20.17%	5.11%	1.03%	CHF	15.36%	7.55%	1.16%
PLN	5.31%	6.26%	0.33%	GBP	13.70%	7.71%	1.06%
SEC	4.36%	7.37%	0.32%	DKK	6.86%	0.63%	0.04%
GBP	4.19%	4.80%	0.20%	SEC	2.64%	7.43%	0.20%
DKK	3.48%	0.54%	0.02%	PLN	2.42%	8.84%	0.21%
NOK	2.05%	9.42%	0.19%	NOK	2.27%	10.10%	0.23%
Total	100.00%		2.09%	USD	0.02%	10.05%	0.00%
				Total	100.00%		2.90%

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

	EUR	CHF	PLN	SEK	GBP	DKK	NOK	Total
Assets								
Due on demand from credit institutions	154,345	-	-	-	-	23,277	-	177,622.00
Financial assets at fair value through profit or loss								
Equity instruments	4,920,534	1,688,357	444,489	364,762	350,450	268,404	171,876	8,208,872
Total assets	5,074,879	1,688,357	444,489	364,762	350,450	291,681	171,876	8,386,494
Liabilities								
Accrued expenses	(16,026)	-	-	-	-	-	-	(16,026)
Total liabilities	(16,026)	-	-	-	-	-	-	(16,026)
Net assets	5,058,853	1,688,357	444,489	364,762	350,450	291,681	171,876	8,370,468
% of net assets	60.44%	20.17%	5.31%	4.36%	4.19%	3.48%	2.05%	100.00%

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

	EUR	CHF	GBP	DKK	SEK	PLN	NOK	USD	Total
Assets									
Due on demand from credit institutions	64,777	522	6,395	778	2,344	592	-	1,189	76,597
Financial assets at fair value through profit or loss									
Equity instruments	3,538,042	971,258	860,673	433,375	164,952	152,258	143,540	-	6,264,098
Total assets	3,602,819	971,780	867,068	434,153	167,296	152,850	143,540	1,189	6,340,695
Liabilities									
Accrued expenses	(13,378)	-	-	-	-	-	-	-	(13,378)
Total liabilities	(13,378)	-	-	-	-	-	-	-	(13,378)
Net assets	3,589,441	971,780	867,068	434,153	167,296	152,850	143,540	1,189	6,327,317
% of net assets	56.73%	15.36%	13.70%	6.86%	2.64%	2.42%	2.27%	0.02%	100.00%

Concentration risk

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

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

	Latvia	OECD countries	Total
Assets			
Due on demand from credit institutions	177,622	-	177,622
Financial assets at fair value through profit or loss			
Equity instruments	-	8,208,872	8,208,872
Total assets	177,622	8,208,872	8,386,494
Liabilities			
Accrued expenses	(16,026)	-	(16,026)
Total liabilities	(16,026)	-	(16,026)
Net assets	161,596	8,208,872	8,370,468

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

	Latvia	OECD countries	Total
Assets			
Due on demand from credit institutions	76,597	-	76,597
Financial assets at fair value through profit or loss			
Equity instruments	-	6,264,098	6,264,098
Total assets	76,597	6,264,098	6,340,695
Liabilities			
Accrued expenses	(13,378)	-	(13,378)
Total liabilities	(13,378)	-	(13,378)
Net assets	63,219	6,264,098	6,327,317

The following table shows the breakdown of the Fund's net assets by country (based on the issuer's country of incorporation):

Country	Carrying amount 31.12.2023	% of the Fund's net assets 31.12.2023	Carrying amount 31.12.2022	% of the Fund's net assets 31.12.2022
Germany	1,973,030	23.57%	684,151	10.81%
Switzerland	1,913,391	22.86%	1,294,005	20.45%
Netherlands	1,170,493	13.99%	317,172	5.01%
France	556,678	6.64%	1,371,636	21.67%
Poland	444,489	5.31%	152,258	2.41%
Sweden	364,762	4.36%	164,952	2.61%
United Kingdom	350,450	4.19%	875,094	13.82%
Italy	328,889	3.93%	163,812	2.59%
Denmark	268,404	3.21%	433,375	6.85%
Spain	259,934	3.10%	154,578	2.44%
Belgium	247,500	2.96%	-	0.00%
Norway	171,876	2.05%	143,540	2.27%
Latvia	161,596	1.93%	63,219	1.00%
Portugal	158,976	1.90%	173,991	2.76%
Finland	-	0.00%	335,534	5.31%
Total	8,370,468	100.00%	6,327,317	100.00%

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

Sectors	Carrying amount 31.12.2023	% of the Fund's net assets 31.12.2023	Carrying amount 31.12.2022	% of the Fund's net assets 31.12.2022
IT services	2,298,916	27.48%	940,857	14.87%
Consumer services	1,744,321	20.83%	1,270,657	20.08%
Industry	1,477,539	17.65%	1,549,653	24.49%
Consumer goods	1,076,018	12.85%	811,193	12.83%
Financial services	577,889	6.90%	182,325	2.88%
Pharmacy	465,728	5.57%	1,073,330	16.96%
Communication services	362,893	4.33%	-	0.00%
Raw materials	205,568	2.46%	290,729	4.59%
Energy resources	-	0.00%	145,354	2.30%
Total	8,208,872	98.07%	6,264,098	99.00%

Liquidity risk

Liquidity risk may arise if the Fund begins to experience difficulties in meeting its financial obligations. The Fund Manager shall, to the extent possible, maintain an asset structure of the Fund that enables the Fund to sell securities in a timely manner and without material loss.

The following table shows the maturity structure of the Fund's assets and liabilities at 31 December 2023:

	Up to 1 month	1-6 months	Indefinite	Total
Assets				
Due on demand from credit institutions	177,622	-	-	177,622
Financial assets at fair value through profit or loss				
Equity instruments	-	-	8,208,872	8,208,872
Total assets	177,622	-	8,208,872	8,386,494
Liabilities				
Accrued expenses	(10,779)	(5,247)	-	(16,026)
Total liabilities	(10,779)	(5,247)	-	(16,026)
Net assets	166,843	(5,247)	8,208,872	8,370,468
Net position %	1.99%	(0.06%)	98.07%	100.00%

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

	Up to 1 month	1-6 months	Indefinite	Total
Assets				
Due on demand from credit institutions	76,597	-	-	76,597
Financial assets at fair value through profit or loss				
Capital instruments	-	-	6,264,098	6,264,098
Total assets	76,597	-	6,264,098	6,340,695
Liabilities				
Accrued expenses	(10,559)	(2,819)	-	(13,378)
Total liabilities	(10,559)	(2,819)	-	(13,378)
Net assets	66,038	(2,819)	6,264,098	6,327,317
Net position %	1.04%	(0.04%)	99.00%	100.00%

NOTE 13 INFORMATION ON HOLDERS OF SHARE CERTIFICATES OF THE FUND

The following table sets out the number of share certificates held by the Company's related parties and other persons in the total number of issued share certificates:

	31.12.2023	% of the total number 31.12.2023	31.12.2022	% of the total number 31.12.2022
Share certificates held by related parties	8,670	5.28%	8,484	5.60%
Share certificates held by other persons	155,410	94.72%	142,935	94.40%
Number of issued share certificates at the end of the reporting period	164,080	100.00%	151,419	100.00%

NOTE 14 RELATED PARTY TRANSACTIONS

Most of the Fund's investments are purchased through a custodian bank. The custodian bank receives remuneration as disclosed in the statement of income and expenses (see also Note 5) and SC Citadele bank holds the Fund's cash (see Note 3).

During the reporting period, the Fund earned interest income of EUR 617 on claims on credit institutions.

The remuneration paid to the investment management company during the year is disclosed in the statement of income and expenses (see Note 5). During the period under review, related parties carried out transactions in investment units (see Note 13). For the purposes of these financial statements, related parties are: officers of the Company, employees of the Company and other natural persons involved in the provision of management services by the Company and whose activities are controlled by the Company, or natural persons who are first-degree relatives; companies within the Group of SC Citadele bank; during 2023, related parties purchased 1,379 units and sold 1,157 units. As at the end of 2023, 36 units were not classified as held by related parties as during the reporting period a related party was dismissed from the position, which that related party held with the Company. During 2022, 1,734 units were purchased, and 3,766 units were sold by related parties. Transactions in the Fund's investment units are calculated taking into account only the investment units held by related parties that were classified as related parties of the Fund as at 31 December 2023 and 31 December 2022.

NOTE 15 PERFORMANCE DYNAMICS OF THE INVESTMENT FUND

	31.12.2023	31.12.2022	31.12.2021
Net assets of the Fund (EUR)*	8,370,468	6,327,317	14,278,209
Number of share certificates of the Fund	164,080	151,419	219,389
Value of the unit of the Fund	51.01	41.79	65.08
Fund return**	22.06%	(35.79%)	28.14%

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

** Return is calculated assuming there are 365 days in a year using end-of-day foreign exchange rates.

NOTE 16 EVENTS AFTER THE END OF THE REPORTING PERIOD

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

On 18.01.2024, the Bank of Latvia has registered the amendments to the prospectus of the investment fund "CBL European Leaders Equity Fund" (the Fund), which entered into force as of 29.01.2024. The main purpose of the amendments to the prospectus of the Fund is to ensure compliance of the Fund with the requirements of Article 8 of Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector. As a result, the Fund's investors will now be able to achieve capital growth by investing in debt securities of companies that promote environmental and social sustainability objectives.

Riga,

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

CUSTODIAN BANK REPORT

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

To the holders of "CBL European Leaders Equity Fund"
Investment Fund Share Certificates

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

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

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

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

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

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

Chairman of the Management Board

Johan Åkerblom

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



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Independent Auditors' Report

To the shareholders of investment fund "CBL European Leaders Equity Fund"

Report on the audit of financial statements

Our opinion on the financial statements

We have audited the financial statements of investment fund 'CBL European Leaders Equity Fund' ("the Fund") managed by IPAS 'CBL Asset Management' ("the Asset Manager") as set out on pages 7 to 21 of the accompanying Annual Report. The accompanying financial statements include:

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

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

Basis for Opinion

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

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

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

Reporting on Other Information

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

- Information about the investment fund, as set out on page 3 of the accompanying Annual Report,



- Investment Management Companies Report, as set out on page 4 of the accompanying Annual Report.
- Report on the implementation of the engagement policy, presented on page 5 of the accompanying Annual Report
- Statement of responsibility of the board of the Asset Manager, as set out on page 6 of the accompanying Annual Report.
- Custodian Bank Report, as set out on page 22 of the accompanying Annual Report.

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

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

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

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

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

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

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

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

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

In preparing the financial statements, the management of the Fund Manager is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless



Fund Manager management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so

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

Auditors' Responsibility for the Audit of the Financial Statements

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

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

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

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



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Sworn auditor

Certificate No. 200

Riga, Latvia

26 April 2024

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