



ABLV

BANKING / INVESTMENTS \ ADVISORY

Open-end investment fund ABLV Multi-Asset Total Return USD Fund

Annual report
for 2016

and the independent auditor's report

Contents

General information on the investment fund	3
Investment management company report	4
Statement of responsibility of the Board of the investment management company	6
Custodian bank's report	7
Financial Statements:	
Statement of assets and liabilities	8
Statement of income and expense	9
Statement of changes in net assets	10
Statement of cash flows	11
Notes to the financial statements	12
Independent Auditors' Report	27

General information on the investment fund

Name of the fund	ABLV Multi-Asset Total Return USD Fund
Category of the fund:	Open-end investment fund
Type of the fund:	Yield fund
Registration date:	9 January 2015
Registration number of the fund:	FL157-02.01.02.01.263/6
Name of the investment management company:	ABLV Asset Management, IPAS
Registered office:	23 Elizabetes street, Riga, LV-1010, Latvia
Registration number of the investment management company:	40003814724
License number of the investment management company:	06.03.07.263/315
Licence issued:	4 August 2006, re-registered on 3 June 2011.
Name of the custodian bank:	ABLV Bank, AS
Registered address of the custodian bank:	23 Elizabetes street, Riga, LV-1010, Latvia
Registration number of the custodian bank:	50003149401
Names and positions of council members, board members, and the fund manager:	<p>Council of the Joint Stock 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 Joint Stock 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 – Andrejs Piļka</p>
Duties of the fund manager:	The fund manager operates with the fund's assets 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 a single investment management company.

Investment management company report

The open-end investment ABLV Multi-Asset Total Return USD Fund (hereinafter - the fund) was registered on 9 January 2015 as a hybrid fund. The investment currency of the fund is USD.

ABLV Asset Management, IPAS (hereinafter - 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. 06.03.07.263/315, and it is located in Riga, at 23 Elizabetes Street.

The fund's investment objective is the achievement of the long-term capital growth. To achieve this objective, the assets are invested in different asset classes, depending on the economic cycle stage and situation in financial markets.

The fund's investment portfolio is diversified among different asset classes, sectors of economy, countries, and issuers, thus ensuring higher investment safety and protection against fluctuations of the fund's assets value and against the risk of default on obligations.

During the reporting period fund's net assets increased from USD 7,323,560 (EUR 6,726,885) to USD 8,194,475 (EUR 7,773,906), the fund's total assets increased from USD 7,336,693 (EUR 6,738,948) to USD 8,208,286 (EUR 7,787,009) mainly due to the increase in the value of fund's certificate. At the beginning of the reporting period seeing a sharp drop in prices on global stock markets, the share of monetary assets was increased, yet later by the end of the year it was lowered gradually.

During the reporting period, the following costs were covered from the fund's assets: management fee – EUR 104,049, custody fee – EUR 13,873, and other expenses – EUR 2,108. In the reporting period, the fund's total expense ratio equalled 1.72% of the fund's average net asset value.

In the reporting period the value of the fund's certificate increased from USD 9.29 (EUR 8.54) to USD 9.65 (EUR 9.15), demonstrating positive annual return equalled 3.80%.

2016 has been a rather tough year for the global financial markets. High volatility was prevailing on the global stock market throughout the year. Almost all major stock exchanges started the year with a massive downside caused by sharp drop of stock prices on Chinese equity market. Chinese macroeconomic data released on the first days of the year brought a negative surprise to the investors causing worries about worsening of economic situation in the country. Just within 2.5 weeks equity markets experienced a loss – from 11% in the USA to 15% in Japan. Along with the drop on stock markets, correction continued on commodities market as well, and resulted in oil price reaching multi-year minimum in January. Negative dynamics were ruling over the markets of corporate and emerging markets bonds, given the low liquidity and frightening news background on stock market.

Promises of the central banks of leading countries to take additional actions for economy stimulations upon necessity managed to stop the market correction. These promises soon became actions. Japan's Central Bank decreased the base interest rate to the negative value and gave additional hope to the investors regarding further strengthening the stimulation measures of economy and financial markets. European Central Bank lowered the refinancing rate and deposit rate, announcing the extension of quantitative easing programme. While US Federal Reserve System having increased base interest rate in December 2015 was for a good while restraining from any further changes in its monetary policy (increasing the interest rate only in December 2016). The activity of the Central Banks made the markets feel their support and global stocks started recovering from the losses faced at the beginning of the year. The perspective of keeping low interest rates inspired bond markets to recover quickly and start growing.

Yet the peace was prevailing on the stock markets not too long. In June, the whole world held its breath waiting for one of the biggest events of the year – UK's referendum on leaving the European Union. Before the fateful day the probability that EU composition would change was not considered serious – bookmakers were predicting only 20–25% probability of that UK would leave the Union. Yet in contradiction with the predictions of experts, UK voted for its future development beyond the EU causing another panic on the financial markets. On the day after the referendum results were announced, British pound exchange rate against US dollar dropped by 8% (reaching 30-years minimum). Government bond prices experienced sharp growth, German 10-year bond yield dropped to negative. The drop of European stock indexes exceeded 10% in two days, prices on raw materials market shrunk, while gold price grew. The panic was not long. Just in a few weeks, the market started recovering from it. Buyers quickly returned to the market, and even though Brexit brought a lot of confusion to the political and economic field, yet it was clear soon that the procedure of leaving is going to be a long story and all governments are interested in diminishing the shock created by this event.

The record-low government bond yields maintained euphoria on the global bond market, fostering sharp increase of prices in all bond market segments – high yield bonds, emerging markets government and corporate bonds, and investment-grade bonds. A better performance was demonstrated by bonds with long maturity. Positive moods on the global bond market prevailed until the end of Q3, after which the majority of the market participants kept low profile due to the upcoming presidential elections in the USA.

By the end of the year, investors were surprised again. Contrary to all predictions, Donald Trump won US presidential elections despite that his chances were considered much lower than Hillary Clinton's. Once again, the investors panicked not even waiting for the outcome of the elections. Yet the panic was even shorter than the one experienced after Brexit. Investors shifted focus to the promises of the new president to revive the economy and rushed to buy stock, which got

cheaper for a short while. As a result, the US leading market index S&P 500 demonstrated 8.5% growth per annum. In the shadow of Brexit, European stock market was a little weaker, and the key European stock market indexes remained flat. Surprisingly, taking into consideration the turbulent climate that prevailed throughout the year, emerging markets seemed to be a safe haven. Within the year, MSCI EM grew by 9%.

Donald Trump's victory had a rather negative impact on bonds. Market participants were linking Trump's victory with the increase of interest rates and higher inflation in future, which prompted growth of government bond yield thus slightly erasing the positive annual performance.

It is anticipated that in 2017 value of the assets of the fund might increase taking into account that the investors of the fund – both existing and prospective ones – will appreciate the investment policy of the fund and will invest monetary assets into the fund (accordingly increasing the number of certificates of the fund). Additionally, the value growth of assets of the fund may be prompted by the expected increase in the value of fund's certificate.

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 current clients 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 fund manager and overview of the market situation, fund's performance, and actions taken by the fund manager, are published at ABLV Bank, AS website 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, 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.

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

Between the last day of the reporting period and the day of approving the report there were no significant events that would have substantial impact on the performance of the fund during the reporting period.

ABLV Asset Management, IPAS
Chairman of the Board

Leonīds Kiļs



ABLV Asset Management, IPAS
Fund Manager

Andrejs Piļka



Rīga, 20 April 2017

Statement of responsibility of the Board of the investment management company

The board of the investment management company is responsible for the preparation of the financial statements of the investment fund ABLV Multi-Asset Total Return USD Fund.

The financial statements set out on pages 8 to 26 are prepared in accordance with the source documents and present fairly the financial position of the fund as at 31 December 2016 and the 31 December 2015, and the results of its operations for the years ended 31 December 2016 and the period from 17 February 2015 to 31 December 2015.

The above financial statements were prepared according to the laws of the Republic of Latvia and '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, according to International Financial Reporting Standards as adopted by the European Union on a going concern basis. Appropriate accounting methods have been consistently applied in the reporting period. During the preparation of financial statements the Management has made prudent and reasonable judgements and estimates.

The Board of the investment management company is responsible for the maintenance of proper accounting records, the safeguarding of the fund's assets, and the prevention and detection of fraud and other irregularities in the fund. The Board is also responsible for operating in compliance with the Latvian Law on Investment Management Companies, regulations of the Financial and Capital Market Commission (FCMC) and other laws and regulations of the Republic of Latvia.

ABLV Asset Management, IPAS
Chairman of the Board

Leonīds Kijs



Rīga, 20 April 2017

Custodian bank's report

To the investors of the open-end investment fund ABLV Multi-Asset Total Return USD Fund.

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

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

The custodian bank is responsible for compliance with the requirements of the laws of the Republic of Latvia applicable to custodian banks and the execution of the Custodian Bank Agreement.

The key duties of the custodian bank are as follows:

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

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

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

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

The company's orders and transactions involving the property of the open-end investment fund ABLV Multi-Asset Total Return USD Fund comply with the requirements of the Law on Investment Management Companies, the fund's Prospectus, the Fund Management Regulations, and the Custodian Bank Agreement.

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

Custodian bank ABLV Bank, AS
Chairman of the Board

Ernests Bernis



Riga, 20 April 2017

Statement of assets and liabilities

EUR

Assets	Notes	31.12.2016.	31.12.2015.
Demand deposits with credit institutions	4	453,633	120,610
Financial assets at fair value through profit or loss	5	7,333,376	6,618,338
Debt securities and other fixed income securities		5,101,110	4,002,773
Shares and other non-fixed income securities		2,232,266	2,615,565
Total assets		7,787,009	6,738,948
Liabilities			
Accrued expenses	6	(13,103)	(12,063)
Total liabilities		(13,103)	(12,063)
Net assets		7,773,906	6,726,885

ABLV Asset Management, IPAS
Chairman of the Board

Leonīds Kijs

Rīga, 20 April 2017

ABLV Asset Management, IPAS
Fund Manager

Andrejs Piļka

Statement of income and expense

EUR

	Notes	01.01.2016.- 31.12.2016.	17.02.2015.- 31.12.2015.
Income			
Interest income from financial assets at fair value through profit or loss		212,861	170,865
Dividends		52,490	101,896
Other income		673	-
Total		266,024	272,761
Expenses			
Remuneration to investment management company		(104,049)	(86,631)
Remuneration to custodian bank		(13,873)	(11,551)
Other fund management expenses		(1,857)	(2,160)
Other expenses		(251)	(452)
Total		(120,030)	(100,794)
Increase/(decrease) in investment value			
Realised (decrease) in investment value	7	(341,014)	(16,106)
Unrealised increase/(decrease) in investment value	8	708,089	(358,394)
Total increase/(decrease) in investment value		367,075	(374,500)
Taxes and duties		(8,795)	(29,272)
Increase/(decrease) in net assets from investment		504,274	(231,805)

ABLV Asset Management, IPAS
Chairman of the Board

Leonīds Kiļs

Rīga, 20 April 2017

ABLV Asset Management, IPAS
Fund Manager

Andrejs Pijka

Statement of changes in net assets

Item	EUR	
	01.01.2016.- 31.12.2016.	17.02.2015.- 31.12.2015.
Net assets at the beginning of the period	6,726,885	-
Increase/(decrease) in net assets from investment	504,274	(231,805)
Transactions with investment certificates		
Inflow from sale of investment certificates	993,414	7,101,261
Outflow from redemption of investment certificates	(450,667)	(142,571)
Total result of transactions with investment certificates	542,747	6,958,690
Increase in net assets for the period	1,047,021	6,726,885
Net assets at the end of the period	7,773,906	6,726,885
Issued investment certificates at the beginning of the period	788,066	-
Issued investment certificates at the end of the period	849,520	788,066
Net assets per investment certificate at the beginning of the period	8.54	-
Net assets per investment certificate at the end of the period	9.15	8.54

ABLV Asset Management, IPAS
Chairman of the Board

Leonīds Kiļs

Rīga, 20 April 2017

ABLV Asset Management, IPAS
Fund Manager

Andrejs Piļka

Statement of cash flows

EUR

Item	Notes	01.01.2016.-	17.02.2015.-
		31.12.2016.	31.12.2015.
Interest received		191,522	171,044
Dividends received		52,490	101,896
Other income received		673	-
Investment management expense		(118,990)	(88,731)
Acquisition of investment certificates	9	(8,142,583)	(9,134,912)
Disposal of financial assets		7,773,115	2,091,381
Taxes and duties		(8,795)	(29,272)
Decrease in cash and cash equivalents from operating activities		(252,568)	(6,888,594)
Inflow from sale of investment certificates		993,414	7,101,261
Outflow from redemption of investment certificates		(450,667)	(142,571)
Increase in cash and cash equivalents from financing activities		542,747	6,958,690
Increase in cash and cash equivalents for the period		290,179	70,096
Cash and cash equivalents at the beginning of the period		120,610	-
Foreign currency revaluation result		42,844	50,514
Cash and cash equivalents at the end of the period		453,633	120,610

ABLV Asset Management, IPAS
Chairman of the Board

Leonīds Kijs

ABLV Asset Management, IPAS
Fund Manager

Andrejs Piļka

Rīga, 20 April 2017

Notes to the financial statements

1. Note

General information

The open-end investment fund ABLV Multi-Asset Total Return USD Fund (hereinafter - the fund) is a stock fund registered on 9 January 2015. The registered office of the investment management company is at 23 Elizabetes Street, Riga, LV-1010, Latvia.

The fund's business activity includes diversified investments in corporate, credit institution, government, municipality or central bank debt securities, as well as ETF securities, corporate and credit institution issued equity securities as well as depositary certificates.

The following abbreviations are used in the notes to these financial statements: International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), International Financial Reporting Interpretations Committee (IFRIC), Financial and Capital Market Commission of the Republic of Latvia (FCMC), European Monetary Union (EMU), European Union (EU), Organisation for Economic Cooperation and Development (OECD), the Republic of Latvia (LR), ABLV Asset Management, IPAS (the company), ETF (exchange traded funds).

2. Note

Information on principal accounting policies

Basis of preparation

These financial statements are based on accounting records kept according to law and are prepared in conformity with International Financial Reporting Standards as adopted by the European Union and their interpretations, as well as FCMC regulations that are in force at the end of the reporting period, on a going concern basis.

The financial statements were prepared on the historical cost basis, except for the financial assets carried at fair value.

The financial statements for the period from 1 January 2016 to 31 December 2016 were prepared on the basis of accounting policies consistent with those disclosed in the prior-year financial statements, except for the changes in IFRS that entered into effect during the reporting period.

The accounting and functional currency of the fund is USD. The presentation currency of the financial statements of the fund is EUR.

Information given herein in brackets represents comparative figures for the period from 17 February 2015 to 31 December 2015, unless stated differently.

Significant Estimates and Assumptions

The preparation of financial statements in accordance with IFRS as adopted by the EU requires the management to make estimates and assumptions that affect the reported amounts of assets, liabilities, income and expense, and disclosure of contingencies. Future events may impact assumptions that were used as the basis for estimates. Such estimates and assumptions are based on most reliable information available to the management in respect of specific events and actions. The effect of any changes in estimates is recorded in the financial statements when determinable.

The significant areas of estimation uncertainty and assumptions relate to determining the fair value of financial assets.

Recognition, subsequent measurement and derecognition of financial assets and liabilities

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

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

Financial assets or financial liabilities are recognised by the fund on the statement of assets and liabilities when, and only when, the fund becomes a party to the contractual provisions of the instrument.

Financial assets at fair value through profit or loss are debt securities with fixed income, shares and other non-fixed income securities held-for-trading, i.e. securities acquired for generating a profit from fluctuations in price in the short term.

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

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables comprise balances due from credit institutions. Those are carried at amortised cost using the effective interest method. The effective interest rate is a method of calculating the amortized cost of a financial asset or liability, which is based on the recognition of interest income and expenses over a specific period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument.

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

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

All purchases and sales of financial assets are recorded on the settlement date. The acquisition value of sold securities is determined on a weighted average cost basis.

Fair Value of Financial Assets and Liabilities

Fair value of the financial assets and liabilities represents the amount that would be received when the asset is sold or paid to for settlement of a liability in an orderly transaction between knowledgeable and willing market participants that are not financially related. The best evidence of fair value of financial assets and liabilities is quoted prices in an active market. If the market for a financial asset or liability is inactive, fair value is established by using several valuation models, including discounted cash flow analysis, recent transactions that are substantially the same, as well as management estimates and assumptions. The comparison of carrying amounts and fair values of the fund's financial assets and liabilities is presented in Note 15.

Revenue and Expense Recognition

All income and expense are recognised on an accrual basis.

Interest income are recognised in statement of income and expense, based on a time proportion and the nominal interest rate.

Dividend income is recognised when received.

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

Foreign Currency Translation

The fund's functional currency is USD but as required by the FCMC the fund ensures accounting also in EUR. These financial statements are prepared based on transaction accounting in EUR.

The assets and liabilities denominated in foreign currencies have been revaluated into EUR at the exchange rate set by the ECB on the last day of the financial year. Profit or loss resulting from changes in exchange rates has been disclosed in the statement of income and expense as an unrealised change in the value of the investment. Income and expenses in foreign currencies were revalued into EUR at the exchange rate set by the ECB at the date of recognition of the respective items.

Cash and Cash Equivalents

Cash and cash equivalents comprise fund's demand deposits with credit institutions and term deposits with credit institutions with a contractual original maturity of three months or less. Cash and cash equivalents are highly liquid assets that are readily convertible to known amounts of cash and that are subject to an insignificant risk of change in value.

Taxes

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

Subsequent Events

These financial statements reflect subsequent events that are likely to impact the financial position of the fund at the end of the reporting period (adjusting events). If the nature of the subsequent events is other than adjusting, they are disclosed in the notes to the financial statements only if they are significant.

Adoption of new and/ or changed IFRSs and IFRIC interpretations in the reporting year

The fund has adopted the following new standards and amendments to standards, including any consequential amendments to other standards, with the date of initial application of 1 January 2016.

The application of new standards and amendments did not have any impact on these financial statements:

- IFRS 11- Accounting for Acquisitions of Interests in Joint Operations
- IAS 1 – Presentation of Financial Statements
- IAS 16 – Property, Plant and Equipment and IAS 38 – Intangible Assets
- IAS 19 – Defined Benefit Plans: Employee Contributions
- IAS 27 – Separate Financial Statements
- Annual Improvements to IFRSs

Standards issued but not yet effective and not early adopted

Standards that are issued, but not yet effective or not endorsed by the EU, and which are not applied prior to their official date of validity.

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

- IFRS 9 – Financial Instruments (effective for annual periods beginning on or after 1 January 2018. Earlier application is permitted).

This Standard replaces IAS 39, Financial Instruments: Recognition and Measurement, except that it is still permitted to apply hedge accounting according to IAS 39 and entities have an accounting policy choice between IFRS 9 and IAS 39.

Although the permissible measurement bases for financial assets – amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit and loss (FVTPL) – are similar to IAS 39, the criteria for classification into the appropriate measurement category are significantly different.

A financial asset is measured at amortized cost if the following two conditions are met:

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and,
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding.

In addition, for a non-trading equity instrument, an entity may elect to present irrevocably subsequent changes in fair value (including foreign exchange gains and losses) in OCI. These are not reclassified to profit or loss under any circumstances.

For debt instruments measured at FVOCI, interest revenue, expected credit losses and foreign exchange gains and losses are recognised in profit or loss in the same manner as for amortised cost assets. Other gains and losses are recognised in OCI and are reclassified to profit or loss on derecognition.

The impairment model in IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' model, which means that a loss event will no longer need to occur before an impairment allowance is recognised.

IFRS 9 includes a new general hedge accounting model, which aligns hedge accounting more closely with risk management. The types of hedging relationships – fair value, cash flow and foreign operation net investment – remain unchanged, but additional judgment will be required.

The standard contains new requirements to achieve, continue and discontinue hedge accounting and allows additional exposures to be designated as hedged items.

Extensive additional disclosures regarding risk management and hedging activities will be required.

The fund does not expect IFRS 9 to have material impact on the financial statements. Due to the nature of the fund's operations and the types of financial instruments it holds, the classification and measurement of the fund's financial

assets is not expected to change significantly under IFRS 9. The fund believes that impairment losses could increase as losses are expected to become more volatile for assets that qualify for the ECL model. The fund has not yet completed the development of impairment methodology in accordance with IFRS 9.

- IFRS 15 – Revenue from Contracts with Customers (effective for annual periods beginning on or after 1 January 2018. Earlier application is permitted).
- IFRS 16 Leases – (Effective for annual periods beginning on or after 1 January 2019. Earlier application is permitted if the entity also applies IFRS 15).
- Amendments to IFRS 2: Classification and Measurement of Share-based Payment Transactions (Effective for annual periods beginning on or after 1 January 2018; to be applied prospectively. Earlier application is permitted).
- Amendments to IFRS 10 and IAS 28 Sale or contribution of assets between an investor and its associate or joint venture (The effective date has not yet been determined by the IASB, however earlier adoption is permitted).
- Amendments to IAS 7 (Effective for annual periods beginning on or after 1 January 2017, to be applied prospectively. Earlier application is permitted).
- Amendments to IAS 12: Recognition of Deferred Tax Assets for Unrealised Losses (Effective for annual periods beginning on or after 1 January 2018; to be applied prospectively. Earlier application is permitted).
- Amendments to IAS 40 Transfers of Investment Property (Effective for annual periods beginning on or after 1 January 2018; to be applied prospectively).
- IFRIC 22 Foreign Currency Transactions and Advance Consideration (Effective for annual periods beginning on or after 1 January 2018).

It is not expected that these IFRS and IFRIC amendments will affect fund's financial statements.

Annual improvements to IFRSs

Annual improvements to IFRSs 2014-2016 cycle were issued on 8 December 2016 and introduce two amendments to two standards and consequential amendments to other standards and interpretations that result in accounting changes for presentation, recognition or measurement purposes. The amendments on IFRS 12 Disclosure of Interest in Other Entities are effective for annual periods beginning on or after 1 January 2017 and amendments on IAS 28 Investments in Associates and Joint Ventures are effective for annual periods beginning on or after 1 January 2018; to be applied retrospectively. None of these amendments are expected to have a significant impact on the financial statements of the fund.

3. Note

Risk management

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

The key investment risks are market risk, price risk, interest rate risk, liquidity risk, currency risk, credit risk, legal risk, information risk, foreign investment risk, and other business-related risks. Given that the company makes investments predominantly in the fund's base currency (USD), the exposure to currency risk can be considered insignificant. Risk management stands for identification, assessment and control of potential risks.

The company acts in strict compliance with the provisions and restrictions of the fund prospectus, agreements, and legislation of the Republic of Latvia, as well as assesses the compliance of the investments made on an ongoing basis.

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

When investments are made abroad, particular attention is paid to risk that is related to changes in the economic conditions of these countries that could deteriorate the financial position of a foreign issuer and their ability to meet their financial liabilities (incl. foreign currency fluctuations against the fund's base currency). To reduce risks the Company conducts various assessments:

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

According to the limitations set in the Fund's prospectus, assets of the fund may be invested in financial Instruments denominated in currencies other than the base currency of the fund. Such investments of the fund may be exposed to currency risk. This risk is mitigated according to the investment diversification principle as well as using derivatives. The fund may invest in derivatives only for hedging purposes.

The fund's investment strategy seeks to reduce the above risks to the extent possible; however, the company cannot guarantee that these risks can be completely avoided in the future.

Credit risk and financial risks are further presented in Notes 10 and 11.

4. Note

Demand deposits with credit institutions

	31.12.2016.		31.12.2015.	
	Carrying amount EUR	Carrying amount to fund's assets %	Carrying amount EUR	Carrying amount to fund's assets %
Demand deposits with credit institutions				
Demand deposits with ABLV Bank, AS	453,633	5.83	120,610	1.79
Total demand deposits with credit institutions	453,633	5.83	120,610	1.79

As of 31 December 2016 and 31 December 2015, demand deposits with credit institutions were neither past due nor impaired.

5. Note

Financial assets at fair value through profit or loss

All shares, investment fund certificates and non-fixed income securities and debt securities and other fixed income securities are classified as financial assets at fair value through profit or loss. All securities are quoted and traded on a regulated market (on an exchange).

Financial assets at fair value by region:

Region	31.12.2016.		31.12.2015.	
	Carrying amount EUR	Carrying amount to fund's assets %	Carrying amount EUR	Carrying amount to fund's assets %
Other countries	3,306,897	42.46	1,618,052	24.01
OECD countries	2,222,113	28.54	2,670,620	39.63
EMU countries	983,171	12.63	1,603,452	23.79
Other EU countries	821,195	10.54	724,937	10.76
Latvia	-	-	1,277	0.02
Kopā	7,333,376	94.17	6,618,338	98.21

Financial assets at fair value by country profile and issuers as of 31 December 2016:

Issuer	ISIN code	Amount	Acquisition	Carrying	Carrying
			value	amount	amount to
			EUR	EUR	fund's assets
					(%)
United States of America		506,826	1,018,901	1,012,910	13.00
ADT CORP	US00101JAK25	100,000	101,603	104,495	1.34
CENTURYLINK INC	US156700AR77	100,000	104,354	100,024	1.28
CLEAN HARBORS INC	US184496AL16	100,000	95,437	97,383	1.25
EEM - ISHARES MSCI EMERGING MARKETSINDEX FUND	US4642872349	12	423	415	0.01
FXI - ISHARES FTSE/XINHUA CHINA 25INDEX FUND	US4642871846	2	69	52	0.00
GAP INC/THE	US364760AK48	100,000	101,603	100,908	1.30
GDX - MARKET VECTORS GOLD MINERS	US92189F1066	662	13,234	13,121	0.17
HEZU - ISHARES CURRENCY HEDGED MSCI	US46434V6395	6	142	151	0.00
MACY'S INC	US577778CB77	100,000	118,727	110,941	1.42
QQQ - POWERSHARES QQQ	US73935A1043	1,426	155,612	160,446	2.06
SPY - SPDR TRUST SERIES 1	US78462F1030	757	151,231	161,012	2.07
XLU - UTILITIES SELECT SECTOR SPDR	US81369Y8865	1,900	84,028	87,565	1.12
XPH - SPDR S&P PHARMACEUTICALS ETF	US78464A7220	2,061	92,438	76,397	0.98
United Arab Emirates		27	911	893	0.01
EEM - ISHARES MSCI EMERGING MARKETSINDEX FUND	US4642872349	27	911	893	0.01
Australia		473	9,440	9,359	0.12
GDX - MARKET VECTORS GOLD MINERS	US92189F1066	473	9,440	9,359	0.12
Austria		117	3,326	3,379	0.04
HEDJ - WISDOMTREE EUROPE HEDGED EQU	US97717X7012	16	957	844	0.01
HEZU - ISHARES CURRENCY HEDGED MSCI	US46434V6395	101	2,369	2,535	0.03
Belgium		876	31,562	30,441	0.39
HEDJ - WISDOMTREE EUROPE HEDGED EQU	US97717X7012	286	17,665	15,571	0.20
HEZU - ISHARES CURRENCY HEDGED MSCI	US46434V6395	590	13,897	14,870	0.19
Bermuda		0	78	83	0.00
SPY - SPDR TRUST SERIES 1	US78462F1030	0	78	83	0.00
Brasil		600,238	611,376	612,615	7.86
BRASKEM SA	USG1315RAB71	200,000	199,213	207,430	2.66
EEM - ISHARES MSCI EMERGING MARKETSINDEX FUND	US4642872349	238	8,103	7,939	0.10
Federative Republic of Brazil	US105756BX78	200,000	213,927	199,165	2.56
PETROLEO BRASILEIRO SA	US71647NAP42	100,000	97,478	102,834	1.32
VALE SA	US91911TAM53	100,000	92,655	95,247	1.22
Czech Republic		5	184	181	0.00
EEM - ISHARES MSCI EMERGING MARKETSINDEX FUND	US4642872349	5	184	181	0.00
Chile		40	1,345	1,318	0.02
EEM - ISHARES MSCI EMERGING MARKETSINDEX FUND	US4642872349	40	1,345	1,318	0.02
South Africa		400,457	423,980	413,092	5.30
EEM - ISHARES MSCI EMERGING MARKETSINDEX FUND	US4642872349	215	7,278	7,132	0.09
ESKOM HOLDINGS LIMITED	XS0958072240	200,000	195,333	195,260	2.51
GDX - MARKET VECTORS GOLD MINERS	US92189F1066	242	4,834	4,793	0.06
REPUBLIC OF SOUTH AFRICA	US836205AR58	200,000	216,535	205,907	2.64

Table (continued):

Issuer	ISIN code	Amount	Acquisition	Carrying	Carrying
			value	amount	amount to
			EUR	EUR	fund's assets
					(%)
Jersey		208	4,158	4,123	0.05
GDX - MARKET VECTORS GOLD MINERS	US92189F1066	208	4,158	4,123	0.05
Egypt		4	119	117	0.00
EEM - ISHARES MSCI EMERGING MARKETSINDEX FUND	US4642872349	4	119	117	0.00
Philippines		38	1,302	1,275	0.02
EEM - ISHARES MSCI EMERGING MARKETSINDEX FUND	US4642872349	38	1,302	1,275	0.02
France		6,205	197,793	195,937	2.51
HEDJ - WISDOMTREE EUROPE HEDGED EQU	US97717X7012	1,348	83,291	73,418	0.94
HEZU - ISHARES CURRENCY HEDGED MSCI	US46434V6395	4,857	114,502	122,519	1.57
Greece		12	412	404	0.01
EEM - ISHARES MSCI EMERGING MARKETSINDEX FUND	US4642872349	12	412	404	0.01
Hong Kong		900	38,526	29,688	0.38
EEM - ISHARES MSCI EMERGING MARKETSINDEX FUND	US4642872349	133	4,523	4,432	0.06
FXI - ISHARES FTSE/XINHUA CHINA 25INDEX FUND	US4642871846	767	34,003	25,256	0.32
Croatia		100,000	105,284	105,911	1.36
REPUBLIC OF CROATIA	XS0525827845	100,000	105,284	105,911	1.36
India		5,464	150,519	140,670	1.80
EEM - ISHARES MSCI EMERGING MARKETSINDEX FUND	US4642872349	264	8,939	8,758	0.11
INDA - ISHARES MSCI INDIA ETF	US46429B5984	5,200	141,580	131,912	1.69
Indonesia		200,083	191,759	193,547	2.49
EEM - ISHARES MSCI EMERGING MARKETSINDEX FUND	US4642872349	83	2,798	2,742	0.04
REPUBLIC OF INDONESIA	USY20721BQ18	200,000	188,961	190,805	2.45
Italy		965	25,690	26,592	0.34
HEDJ - WISDOMTREE EUROPE HEDGED EQU	US97717X7012	77	4,756	4,192	0.05
HEZU - ISHARES CURRENCY HEDGED MSCI	US46434V6395	888	20,934	22,400	0.29
Israel		4	409	422	0.01
QQQ - POWERSHARES QQQ	US73935A1043	4	409	422	0.01
Ireland		654	25,961	23,549	0.30
HEDJ - WISDOMTREE EUROPE HEDGED EQU	US97717X7012	64	3,922	3,457	0.04
HEZU - ISHARES CURRENCY HEDGED MSCI	US46434V6395	263	6,188	6,622	0.09
SPY - SPDR TRUST SERIES 1	US78462F1030	8	1,554	1,654	0.02
XPH - SPDR S&P PHARMACEUTICALS ETF	US78464A7220	319	14,297	11,816	0.15
Japan		2,500	121,587	117,494	1.51
DXJ - WISDOMTREE JAPAN HEDGED EQ	US97717W8516	2,500	121,587	117,494	1.51
Cayman Islands		19	872	721	0.01
XPH - SPDR S&P PHARMACEUTICALS ETF	US78464A7220	19	872	721	0.01
Canada		102,029	137,992	141,335	1.82
BOMBARDIER INC	USC10602AP29	100,000	97,477	101,167	1.30
GDX - MARKET VECTORS GOLD MINERS	US92189F1066	2,029	40,515	40,168	0.52
Qatar		27	911	893	0.01
EEM - ISHARES MSCI EMERGING MARKETSINDEX FUND	US4642872349	27	911	893	0.01
Kazakhstan		100,000	99,127	105,071	1.35
KAZMUNAYGAZ NATIONAL CO	XS0506527851	100,000	99,127	105,071	1.35

Table (continued):

Issuer	ISIN code	Amount	Acquisition	Carrying	Carrying amount to fund's assets (%)
			value EUR	amount EUR	
Colombia		300,013	295,800	301,781	3.88
ECOPETROL SA	US279158AC30	100,000	103,216	102,191	1.31
EEM - ISHARES MSCI EMERGING MARKETSINDEX FUND REPUBLIC OF COLOMBIA	US4642872349	13	477	468	0.01
	US195325CX13	200,000	192,107	199,122	2.56
Republic of Korea		1,865	85,608	86,129	1.11
EEM - ISHARES MSCI EMERGING MARKETSINDEX FUND	US4642872349	465	15,750	15,432	0.20
EWY - ISHARES MSCI SOUTH KOREAINDEX FUND	US4642867729	1,400	69,858	70,697	0.91
Russia		700,133	679,002	703,513	9.04
EEM - ISHARES MSCI EMERGING MARKETSINDEX FUND	US4642872349	133	4,501	4,411	0.06
GTLK OAO	XS1449458915	200,000	190,399	199,236	2.56
SBERBANK	XS1032750165	200,000	189,166	195,512	2.51
VNESHECONOMBANK	XS0800817073	200,000	194,668	204,054	2.62
VTB BANK PJSC	XS0365923977	100,000	100,268	100,300	1.29
China		605,249	813,699	773,492	9.96
CAR INC	XS1163232900	200,000	194,004	202,463	2.60
CNOOC LTD	US12591DAC56	200,000	197,515	195,875	2.54
EEM - ISHARES MSCI EMERGING MARKETSINDEX FUND	US4642872349	727	24,633	24,137	0.31
EHI CAR SERVICES LTD	USG2952LAA82	200,000	196,850	200,736	2.58
FXI - ISHARES FTSE/XINHUA CHINA 25INDEX FUND	US4642871846	4,428	196,318	145,818	1.87
GDX - MARKET VECTORS GOLD MINERS	US92189F1066	66	1,320	1,309	0.02
QQQ - POWERSHARES QQQ	US73935A1043	28	3,059	3,154	0.04
Great Britain		200,649	216,736	218,486	2.81
FIAT CHRYSLER AUTOMOBILES NV	US31562QAF46	200,000	192,961	195,234	2.51
HEDJ - WISDOMTREE EUROPE HEDGED EQU	US97717X7012	184	11,365	10,018	0.13
HEZU - ISHARES CURRENCY HEDGED MSCI	US46434V6395	452	10,679	11,427	0.15
QQQ - POWERSHARES QQQ	US73935A1043	10	1,063	1,096	0.01
SPY - SPDR TRUST SERIES 1	US78462F1030	3	668	711	0.01
Luxembourg		156	3,678	3,935	0.05
HEZU - ISHARES CURRENCY HEDGED MSCI	US46434V6395	156	3,678	3,935	0.05
Malaysia		80	2,723	2,668	0.03
EEM - ISHARES MSCI EMERGING MARKETSINDEX FUND	US4642872349	80	2,723	2,668	0.03
Malta		2	54	53	0.00
EEM - ISHARES MSCI EMERGING MARKETSINDEX FUND	US4642872349	2	54	53	0.00
Mexico		400,114	416,288	392,901	5.05
COMISION FEDERAL DE ELECTRICID	USP29595AB42	200,000	196,613	183,729	2.36
EEM - ISHARES MSCI EMERGING MARKETSINDEX FUND	US4642872349	114	3,851	3,773	0.05
PETROLEOS MEXICANOS	US71656MBK45	200,000	215,824	205,399	2.64
Monaco		38	766	760	0.01
GDX - MARKET VECTORS GOLD MINERS	US92189F1066	38	766	760	0.01
Netherlands		1,732	59,219	57,943	0.74
HEDJ - WISDOMTREE EUROPE HEDGED EQU	US97717X7012	463	28,566	25,181	0.32
HEZU - ISHARES CURRENCY HEDGED MSCI	US46434V6395	1,260	29,704	31,784	0.41
QQQ - POWERSHARES QQQ	US73935A1043	9	949	978	0.01
Peru		91	2,009	1,987	0.03
EEM - ISHARES MSCI EMERGING MARKETSINDEX FUND	US4642872349	12	423	415	0.01
GDX - MARKET VECTORS GOLD MINERS	US92189F1066	79	1,586	1,572	0.02

Table (continued):

Issuer	ISIN code	Amount	Acquisition	Carrying	Carrying amount to fund's assets (%)
			value EUR	amount EUR	
Poland		200,036	186,101	184,389	2.37
EEM - ISHARES MSCI EMERGING MARKETSINDEX FUND	US4642872349	36	1,204	1,180	0.02
REPUBLIC OF POLAND	US731011AU68	200,000	184,897	183,209	2.35
Portugal		105	3,704	3,585	0.04
HEDJ - WISDOMTREE EUROPE HEDGED EQU	US97717X7012	33	2,007	1,769	0.02
HEZU - ISHARES CURRENCY HEDGED MSCI	US46434V6395	72	1,697	1,816	0.02
Romania		100,002	101,336	102,429	1.31
EEM - ISHARES MSCI EMERGING MARKETSINDEX FUND	US4642872349	2	65	64	0.00
ROMANIA	US77586TAD81	100,000	101,271	102,365	1.31
Singapore		21	2,474	2,569	0.04
QQQ - POWERSHARES QQQ	US73935A1043	18	1,946	2,007	0.03
SPY - SPDR TRUST SERIES 1	US78462F1030	3	528	562	0.01
Finland		714	26,227	25,198	0.32
HEDJ - WISDOMTREE EUROPE HEDGED EQU	US97717X7012	246	15,194	13,393	0.17
HEZU - ISHARES CURRENCY HEDGED MSCI	US46434V6395	468	11,033	11,805	0.15
Spain		2,429	92,279	88,056	1.13
HEDJ - WISDOMTREE EUROPE HEDGED EQU	US97717X7012	918	56,670	49,953	0.64
HEZU - ISHARES CURRENCY HEDGED MSCI	US46434V6395	1,511	35,609	38,103	0.49
Switzerland		78	4,286	4,040	0.05
HEDJ - WISDOMTREE EUROPE HEDGED EQU	US97717X7012	47	2,872	2,532	0.03
HEZU - ISHARES CURRENCY HEDGED MSCI	US46434V6395	27	637	681	0.01
SPY - SPDR TRUST SERIES 1	US78462F1030	4	777	827	0.01
Taiwan		392	13,287	13,020	0.17
EEM - ISHARES MSCI EMERGING MARKETSINDEX FUND	US4642872349	392	13,287	13,020	0.17
Thailand		73	2,473	2,423	0.03
EEM - ISHARES MSCI EMERGING MARKETSINDEX FUND	US4642872349	73	2,473	2,423	0.03
Turkey		401,834	487,190	456,207	5.85
EEM - ISHARES MSCI EMERGING MARKETSINDEX FUND	US4642872349	34	1,139	1,116	0.01
REPUBLIC OF TURKEY	US900123AW05	200,000	226,735	213,378	2.74
TUR - ISHARES MSCI TURKEY INV STBLE	US4642867158	1,800	72,522	55,446	0.71
TURKCELL ILETISIM HIZMETLERI AS	XS1298711729	200,000	186,794	186,267	2.39
Hungary		200,009	208,550	209,799	2.69
EEM - ISHARES MSCI EMERGING MARKETSINDEX FUND	US4642872349	9	315	308	0.00
REPUBLIC OF HUNGARY	US445545AL04	200,000	208,235	209,491	2.69
Germany		18,364	497,521	524,096	6.73
DXGE - WISDOMTREE GERMANY HEDGED EQ	US97717W4481	12,700	313,749	342,771	4.40
HEDJ - WISDOMTREE EUROPE HEDGED EQU	US97717X7012	1,314	81,222	71,595	0.92
HEZU - ISHARES CURRENCY HEDGED MSCI	US46434V6395	4,350	102,550	109,730	1.41
Other countries		30	1,938	1,897	0.02
EEM - ISHARES MSCI EMERGING MARKETSINDEX FUND	US4642872349	10	325	319	0.00
FXI - ISHARES FTSE/XINHUA CHINA 25INDEX FUND	US4642871846	3	138	103	0.00
GDX - MARKET VECTORS GOLD MINERS	US92189F1066	2	30	30	0.00
HEDJ - WISDOMTREE EUROPE HEDGED EQU	US97717X7012	6	340	299	0.00
QQQ - POWERSHARES QQQ	US73935A1043	5	523	540	0.01
SPY - SPDR TRUST SERIES 1	US78462F1030	3	528	562	0.01
XPH - SPDR S&P PHARMACEUTICALS ETF	US78464A7220	1	54	44	0.00
Total			7,406,472	7,333,376	94.17

No payments for securities were past due in the reporting period.

6. Note

Accrued expenses

	EUR	
Item	31.12.2016.	31.12.2015.
Accrued commission fees payable to investment management company	9,922	8,738
Accrued expenses for professional services	1,573	1,960
Accrued expense to custodian bank for commission fees	1,323	1,165
Accrued expense to the stock exchange	285	200
Total accrued expenses	13,103	12,063

7. Note

Realised decrease in investment value

	EUR	
Item	01.01.2016.- 31.12.2016.	17.02.2015.- 31.12.2015.
Income from sale of investments	7,843,381	1,968,755
Acquisition value of investment sold	(8,184,395)	(1,984,861)
Total realised decrease in investment value	(341,014)	(16,106)

8. Note

Unrealised increase/ (decrease) of investment value

	EUR	
Item	01.01.2016.- 31.12.2016.	17.02.2015.- 31.12.2015.
Income from sale of investments	466,142	(622,338)
Acquisition value of investment sold	241,947	263,944
Total realised increase/(decrease) in investment value	708,089	(358,394)

9. Note

Change in investment portfolio during the reporting period

The increase in the investment portfolio during the reporting period is due to cost of acquisition of investments, while the decrease in the investment portfolio is due to income from disposal of investments and accrued coupon change.

	EUR	
	01.01.2016.- 31.12.2016.	17.02.2015.- 31.12.2015.
Investment portfolio at the beginning of the period	6,618,338	-
Increase in the period	8,142,583	9,134,912
Decrease in the period	(7,794,620)	(2,142,074)
Revaluation of fair value	125,128	(638,444)
Revaluation of foreign currency	241,947	263,944
Investment portfolio at the end of the period	7,333,376	6,618,338

10. Note

Credit risk

Credit risk is the risk that the fund's value will decrease as a result of the failure of counterparties or issuers of debt securities to meet their contractual liabilities towards the fund.

Credit risk associated with the fund's assets is managed based on the following classification of credit ratings assigned by international rating agencies:

High quality: AAA – BBB-;

Average quality: BB+ - BB-;

Low quality: B+ - B- and lower.

Assets by credit ratings as of 31 December 2016:

Assets					EUR
	High quality	Medium quality	Low quality	No rating	Total
Demand deposits with credit institutions	-	-	-	453,633	453,633
Financial assets at fair value through profit or loss	2,377,979	2,519,130	204,001	2,232,266	7,333,376
Total assets	2,377,979	2,519,130	204,001	2,685,899	7,787,009

Assets by credit ratings as of 31 December 2015:

Assets					EUR
	High quality	Medium quality	Low quality	No rating	Total
Demand deposits with credit institutions	-	-	-	120,610	120,610
Financial assets at fair value through profit or loss	2,574,729	1,351,070	76,974	2,615,565	6,618,338
Total assets	2,574,729	1,351,070	76,974	2,736,175	6,738,948

Credit risk concentration by geographical area as of 31 December 2016:

Assets						EUR
	Latvia	EMU countries	EU countries	OECD countries	Other countries	Total
Demand deposits with credit institutions	453,633	-	-	-	-	453,633
Financial assets at fair value through profit or loss	-	983,171	821,195	2,222,113	3,306,897	7,333,376
Total assets	453,633	983,171	821,195	2,222,113	3,306,897	7,787,009

Credit risk concentration by geographical area as of 31 December 2015:

Assets						EUR
	Latvia	EMU countries	EU countries	OECD countries	Other countries	Total
Demand deposits with credit institutions	120,610	-	-	-	-	120,610
Financial assets at fair value through profit or loss	1,277	1,603,452	724,937	2,670,620	1,618,052	6,618,338
Total assets	121,887	1,603,452	724,937	2,670,620	1,618,052	6,738,948

Credit risk concentration analysis by industry profile:

Industry	31.12.2016.		31.12.2015.	
	Carrying amount	Carrying amount to fund's assets	Carrying amounts	Carrying amount to fund's assets
	EUR	%	EUR	%
Central governments	1,610,000	20.67	484,478	7.19
Consumer goods manufacring	1,114,547	14.31	1,515,610	22.50
Finances	1,101,373	14.15	656,485	10
Energy	798,739	10.27	737,228	10.95
Manufacturing	644,615	8.27	1,549,424	22.96
Other services	605,077	7.77	-	-
Information and communication services	516,112	6.62	885,258	13.13
Utilities	502,289	6.46	234,915	3.48
Mining	222,330	2.87	335,302	4.98
Chemical industry	207,430	2.66	184,448	2.74
Logistics	-	-	28,194	0.43
Other industries	10,864	0.12	6,996	0.11
Total financial assets at fair value through profit or loss	7,333,376	94.17	6,618,338	98.21

The maximum exposure to credit risk is equal to the carrying amount.

11. Note

Financial risks

Interest rate risk

Interest rate risk represents the effect of changes in market rates on the fund's value, affecting the fund's interest income and the market value of financial assets.

The effect on net interest income is calculated as 1% of the nominal value of debt securities bearing interest at a floating rate (a 1% decrease in the interest rate will lead to the respective reduction of interest revenue). The effect on the value of financial assets at fair value through profit or loss is calculated as the duration of these assets (the effect of changes in interest rates on the price of securities and, accordingly, the fund's value).

The total fund's sensitivity to changes in interest rates is calculated as the total of net interest revenue sensitivity and that of the value of financial assets.

	01.01.2016.- 31.12.2016.		17.02.2015.-31.12.2015.	
	+100bps	-100bps	+100bps	-100bps
Effect on profit	(244,374)	244,374	(203,556)	203,556

Liquidity risk

Liquidity risk is the risk that the fund will sustain a loss if fund's assets cannot be realised at minimal transaction costs within a certain period.

Liquidity risk is minimised by holding a part of the fund's assets as cash and high-quality, highly liquid securities to maintain an adequate diversification of investments, a wide maturity spread of investments and by forecasting cash flows related to the fund's participants.

To maintain liquidity and to meet the requirements related to the operation of the fund, the fund may attract funding for a period not exceeding three months if the total amount of such funding does not exceed 10 percent of the value of the fund.

Maturity analysis of assets and liabilities as of 31 December 2016:

EUR

Assets	Up to 1 month	1 - 12 months	1 - 5 years	More than 5 years	Total
Demand deposits with credit institutions	453,633	-	-	-	453,633
Financial assets at fair value through profit or loss	2,232,266	-	1,727,957	3,373,153	7,333,376
Total assets	2,685,899	-	1,727,957	3,373,153	7,787,009
Liabilities					
Accrued expenses	(11,245)	(1,858)	-	-	(13,103)
Total liabilities	(11,245)	(1,858)	-	-	(13,103)
Net assets	2,674,654	(1,858)	1,727,957	3,373,153	7,773,906

Maturity analysis of assets and liabilities as of 31 December 2015:

EUR

Assets	Up to 1 month	1-12 months	1 - 5 year	More than 5 years	Total
Demand deposits with credit institutions	120,610	-	-	-	120,610
Financial assets at fair value through profit or loss	2,615,565	-	1,181,321	2,821,452	6,618,338
Total assets	2,736,175	-	1,181,321	2,821,452	6,738,948
Liabilities					
Accrued expenses	(9,903)	(2,160)	-	-	(12,063)
Total liabilities	(9,903)	(2,160)	-	-	(12,063)
Net assets	2,726,272	(2,160)	1,181,321	2,821,452	6,726,885

Price risk

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

Systematic risk represents changes in stock indexes of a respective country, while specific risk demonstrates potential changes in the individual issuer's financial position. As market risk is hedged by the fund by making investments in various index funds traded on US and European stock exchanges, specific risk is minimised, whereas the exposure to systematic risk remains. Systematic risk is managed by conducting a fundamental analysis of the countries and regions selected for investing, based on the forecasts regarding the global economic development. This risk is assessed by calculating the volatility of the fund's market prices. Although the historical performance does not always provide a sound basis for allowing to forecast future income, it nevertheless demonstrates the potential volatility of the fund's prices. As a rule, the higher price volatility, the higher investor risk. The lowest potential yield due to price volatility is calculated as a deviation from the 2016 yield subject to the 95% confidence level, i.e. that is the probability that the fund's yield cannot drop below the lowest level assuming a normal distribution of the market price volatility.

Analysis of volatility of the fund's market prices:

	31.12.2016.	31.12.2015.
	%	%
Annual volatility	6.22	5.90
Annual yield	3.80	(7.07)
Lowest potential yield subject to the 95% confidence level	(6.43)	(16.77)

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

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

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

12. Note

Information on holders of investment certificates

Proportion of investment certificates held by related parties of the company:

Item	31.12.2016.		31.12.2015.	
	Number of certificates	% of total certificates	Number of certificates	% of total certificates
Investment certificates held by shareholders of the company	600,000	70.63	600,000	76.14
Investment certificates held by related parties	49,945	5.88	42,193	5.35
Investment certificates held by other persons	199,575	23.49	145,873	18.51
Investment certificates issued as at the period end	849,520	100.00	788,066	100.00

13. Note

Related party disclosures

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

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

During the reporting period, related parties acquired 7,752 (642,193) investment certificates of the fund.

14. Note

Pledged assets

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

15. Note

Fair values

Fair value of financial instruments, such as financial assets at fair value through profit or loss, is predominantly defined based on quoted prices in an active market. In the absence of observable prices, the respective instruments are valued based on observable prices in less active markets. The fair value of the financial assets which are not quoted and for which no quoted prices of similar assets in active markets are available is estimated using valuation models which are based on assumptions and estimates regarding the potential future performance of the investee, risks inherent to the industry of the investee and the geographical region of operation of the investee. The fair value of other assets and liabilities carried at fair value, which have short maturities (less than three months) is assumed to approximate their carrying amount. This assumption also applies to demand deposits with credit institutions.

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

The fair value of assets and liabilities is determined using several sources of fair value distributed into three level according to the following hierarchy:

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

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

	EUR	
	31.12.2016.	31.12.2015.
	Level 1	Level 1
Assets at fair value		
Financial assets at fair value through profit or loss	7,333,376	6,618,338
Total assets at fair value	7,333,376	6,618,338

There has been no significant movement between the levels during the reporting year.

16. Note

Dynamics of performance indicators

Fund's annual performance*:

Item	31.12.2016.	31.12.2015.
Net assets (EUR)	7,773,906	6,726,885
Number of investment certificates	849,520	788,066
Value of investment fund's investment certificates (EUR)	9.15	8.54
Net assets (USD)	8,194,475	7,323,560
Number of investment certificates	849,520	788,066
Value of investment fund's investment certificates (USD)	9.65	9.29
	01.01.2016.-	17.02.2015.-
	31.12.2016.	31.12.2015.
Annual performance of investment fund's investment certificates (USD)	3.80%	(7.07%)

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

17. Note

Events after the reporting date

No significant subsequent events have occurred from the reporting date to the date of these financial statements that would materially impact the fund's financial position, performance and cash flows in the reporting period.



KPMG Baltics SIA
Vesetas iela 7
Rīga, LV-1013
Latvia

Telephone +371 67038000
Telefax +371 67038002
kpmg.com/lv

Independent Auditors' Report

To the investment certificate holders of Open-end investment fund ABLV Multi-Asset Total Return USD Fund

Our Opinion on the Financial Statements

We have audited the accompanying financial statements of Open-end investment fund ABLV Multi-Asset Total Return USD Fund ("the Fund"), which is managed by the investment management company ABLV Asset Management, IPAS, (further – the Company), set out on pages 8 to 26 of the accompanying Annual Report, which comprise:

- the statement of assets and liabilities as at 31 December 2016,
- the statement of income and expense for the year then ended,
- the statement of changes in net assets for the year then ended,
- the 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 Open-end investment fund ABLV Multi-Asset Total Return USD Fund as at 31 December 2016, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) 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 adopted in the Republic of Latvia (ISAs). 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 Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and 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 Company's management is responsible for the other information. The other information comprises:

- the Investment management company report, as set out on pages 4 to 5 of the accompanying Annual Report,
- the Statement of responsibility of the Board of the investment management company, as set out on page 6 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* 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 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

In addition, in accordance with the 'Law on Audit Services' of the Republic of Latvia with respect to the Investment management company report, our responsibility is to consider whether the Investment management company report is prepared in accordance with the requirements of the regulations No. 99 *Regulations on the preparation of the annual report, consolidated annual report and half-year report of an investment fund and an open-end investment fund* of the Financial and Capital Market Commission of the Republic of Latvia.

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

- the information given in the Investment management company report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Investment management company report has been prepared in accordance with the requirements of the regulations No. 99 *Regulations on the preparation of the annual report, consolidated annual report and half-year report of an investment fund and an open-end investment fund* of the Financial and Capital Market Commission of the Republic of Latvia.

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

Company's management is responsible for the preparation of the financial statements that give a true and fair view in accordance with IFRSs 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 Company's management 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 the Company's management either intends to liquidate the Fund or to cease its operations, or has no realistic alternative but to do so.

Those charged with governance of the Fund 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 Company's internal control related to the management of the Fund.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of 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 Company to cease the Fund's operations 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 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.

KPMG Baltics SIA
Licence No. 55

A handwritten signature in blue ink, appearing to read 'Rainers Vilāns', written in a cursive style.

Rainers Vilāns
Director pp KPMG Baltics SIA
Latvian Certified Auditor
Certificate No. 200
Riga, Latvia
20 April 2017