



INVESTMENT FUND
CBL US 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 US Leaders Equity Fund
Type of the Fund:	Investment fund -R Acc USD ISIN: LV0000401032 -R Acc EUR (hedged) ISIN: LV0000400992
Classes:	
Date of registration of the Fund:	22.12.2020
Number of the Fund:	FL261
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:	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 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
Rights and responsibilities related to the investment fund management:	Members of the Supervisory Board and Management Board shall perform all duties 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 Pijka 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

CBL US Leaders Equity Fund (hereinafter – the Fund) is an equity investment fund offering share certificates of two classes: R Acc USD and R Acc EUR (hedged). Investors may invest both in the euros – in R Acc EUR (hedged) class share certificates, and in the US dollars – in R Acc USD class share certificates. The Fund is managed by CBL Asset Management, an investment management company with registered office at Republikas laukums 2a, Riga, LV-1010, and registration number 40003577500. The investment company's operating licence number is 06.03.07.098/367.

The investment objective of the Fund is to achieve long-term capital appreciation by investing primarily in shares of issuers that have their principal operations or headquarters in the United States and are registered in the OECD, without sectoral restrictions. The Fund's income is derived from share price appreciation and dividend income. Regarding the investments underlying this financial product the EU criteria for environmentally sustainable economic activities were not considered.

As at 31.12.2023, net assets amounted to EUR 17,395,802 and gross assets to EUR 17,430,235. The return and value of the Fund are calculated for each class individually. The value of the unit of the CBL US Leaders Equity Fund Class R Acc USD was EUR 11.13 as at 31.12.2023 and the value of the unit of the CBL US Leaders Equity Fund Class R Acc EUR (hedged) during the period was EUR 11.47. In 2023, the return on the CBL US Leaders Equity Fund Class R Acc USD was 22.31% (positive) (in EUR at the ECB rates) and the return on the units in the class currency (USD) was 26.67% (positive) at end-of-day foreign exchange rates quoted on the financial markets. The return on the CBL US Leaders Equity Fund Class R Acc EUR (hedged) was 23.47% (positive) during the reporting period.

2023 was a turbulent year for equity markets, with volatile investor sentiment and stock 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 hopeful backdrop, investors actively bought shares, additionally motivated by relatively low-price levels because of the previous year's financial market correction. 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.

For a relatively short period in the spring, financial markets were shaken by events in the banking sector. First, Silicon Valley Bank defaulted, the second largest bank failure in the 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 equities and global equity indices continued to move upwards.

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 US stock index, shot up by 25.7% during 2023. The Stoxx Europe 600, Europe's broad market index, rose by 15.8%. Emerging markets were relatively weaker, with equity indices rising by 9.8% on average. Over the period, the Fund (R Acc USD class) rose by 26.7%. The largest positive contributors to the Fund's performance were the technology, consumer, and healthcare sectors. The largest negative contributor to the Fund's performance was the financial sector, where investments were negatively impacted by the events described above. At the end of the period, the Fund had a cash weighting of 1.39%.

Total management expenses for the period under review amounted to EUR 281,051, which does not exceed the 4.00% ceiling set 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 216,483, the remuneration of the custodian bank of EUR 27,834 and other expenses of EUR 36,734. The Fund's ongoing charges ratio for the period under review was 1.53% of the Fund's average net asset value.

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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 approval that have materially affected 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 US Leaders Equity Fund (hereinafter – the Fund).

The financial statements set out on pages 8 to 25 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 US 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

Andrejs Pilka
Fund Manager

Edgars Lao
Fund Manager

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	242,152	164,275
Financial assets at fair value through profit or loss:			
Equity instruments	4	17,030,537	13,808,788
Derivative financial instruments	5	157,546	263,035
Total assets		<u>17,430,235</u>	<u>14,236,098</u>
Liabilities			
Financial assets at fair value through profit or loss:			
Derivative financial instruments	5	-	(38,015)
Accrued expenses	6	(34,433)	(27,588)
Total liabilities		<u>(34,433)</u>	<u>(65,603)</u>
Net assets		<u>17,395,802</u>	<u>14,170,495</u>

The accompanying notes on pages 12 to 25 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			
Dividend income		103,050	117,333
Interest income		477	-
Other income		191	-
Total income		103,718	117,333
Expenses for the reporting period			
Remuneration to the investment management company		(216,483)	(211,524)
Remuneration to the custodian bank		(27,834)	(27,196)
Other Fund management expenses	7	(36,734)	(12,939)
Total expenses		(281,051)	(251,659)
Increase/(decrease) in investment value			
Realised increase/(decrease) in investment value	8	155,839	(3,259,585)
Unrealised increase/(decrease) in investment value	9	3,352,943	(782,084)
Total increase/(decrease) in investment value		3,508,782	(4,041,669)
Foreign currency revaluation result		(157,546)	(225,020)
Increase/(decrease) in net assets from investments		3,173,903	(4,401,015)

The annexes on pages 12 to 25 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

CBL US Leaders Equity Fund	Notes	2023	2022
Net assets at the beginning of the reporting period		14,170,495	18,195,104
Increase/(decrease) in net assets from investment		3,173,903	(4,401,015)
Transactions in share certificates and units:			
Inflow from sale of share certificates and units		5,667,692	2,956,290
Outflow on redemption of share certificates and units		(5,616,288)	(2,579,884)
Increase in net assets from transactions in share certificates and units		51,404	376,406
Increase/(decrease) in net assets during the reporting period		3,225,307	(4,024,609)
Net assets at the end of the reporting period		17,395,802	14,170,495
		01.01.2023- 31.12.2023	06.01.2022- 31.12.2022
CBL US Leaders Equity Fund Class R Acc USD ISIN: LV0000401032			
Number of issued share certificates and units at the beginning of the reporting period		735,143	714,748
Number of issued share certificates and units at the end of the reporting period		907,190	735,143
Net assets per share certificate and unit at the beginning of the reporting period		9.10	11.30
Net assets per share certificate and unit at the end of the reporting period		11.13	9.10
		01.01.2023- 31.12.2023	06.01.2022- 31.12.2022
CBL US Leaders Equity Fund Class R Acc EUR (hedged) ISIN: LV0000400992			
Number of issued share certificates and units at the beginning of the reporting period		805,279	793,294
Number of issued share certificates and units at the end of the reporting period		636,049	805,279
Net assets per share certificate and unit at the beginning of the reporting period		9.29	12.76
Net assets per share certificate and unit at the end of the reporting period		11.47	9.29

The annexes on pages 12 to 25 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	2023	2022
Dividend income		103,050	117,333
Other income		668	-
Investment management expenses		(273,746)	(251,015)
Acquisition of investments	10	(9,114,387)	(10,427,583)
Inflow from sale of investments		9,181,679	11,226,069
Foreign currency conversion and settlement of foreign currency derivatives		127,900	(1,108,424)
Increase/(decrease) in cash and cash equivalents from operating activities		25,164	(443,620)
Cash flow from financing activities			
Inflow from sale of share certificates and units		5,667,692	2,956,290
Outflow on redemption of share certificates and units		(5,613,841)	(2,579,536)
Increase in cash and cash equivalents from financing activities		53,851	376,754
Net increase/(decrease) in cash and cash equivalents during the reporting period		79,015	(66,866)
Cash and cash equivalents at the beginning of the reporting year		164,275	224,483
Effects of changes in foreign exchange rates on cash and cash equivalents		(1,138)	6,658
Cash and cash equivalents at the end of the reporting year	3	242,152	164,275

The annexes on pages 12 to 25 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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NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 GENERAL INFORMATION

Name of the Fund:	CBL US Leaders Equity Fund
Type of fund:	Investment fund
Scope of the Fund:	Investing primarily in shares of issuers incorporated or principally active in the US
Name of the investment management company:	CBL Asset Management IPAS (the Company) Republikas laukums 2a, Riga, LV-1010, Latvia

NOTE 2 SIGNIFICANT ACCOUNTING PRINCIPLES

Principles for the preparation of financial statements

The financial statements of CBL US 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 (FCMC) regulations on "On Preparation of Annual Reports, Consolidated Annual Reports and Semi-Annual Reports of Investment Fund and Open 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.

Functional and reporting currency

The Fund's functional currency is the US dollar, but in accordance with the requirements of the FCMC, the Fund also maintains its accounts in euro 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 on assets or liabilities carried at amortised cost is 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. For financial instruments at fair value through profit or loss, interest income is recognised on an accrual basis but without applying the effective interest rate. Dividend income is recognised when received; in certain cases, dividend income may be recognised as the share price decreases after the issuer has declared the dividend. But there were no such cases in 2022.

Remuneration for managing the Fund and Custodian fee is calculated as a percentage of the value of the Fund's assets and accrues daily but is paid monthly.

Two types of transactions with derivative financial instruments (DFI) are concluded at the expense of the Fund. The first type relates to the Fund's total assets aiming to hedge foreign currency risks or earn profit. In this case, all income, or expenses from DFI are attributed to the Fund's total assets. The other type focuses on containing the volatility of the value of the unit of the R Acc EUR (hedged) class share certificates due to changing exchange rates between the currency of the share certificate class (EUR) and the Fund's base currency (USD). In this case, all income, and expenses from DFI are attributed only to the Fund's assets which are attributable to the R Acc EUR (hedged) class share certificates.

Derivatives listed on stock exchanges or other regulated markets are valued at the price at which the instrument can be sold (the last bid price at the close of the stock exchange on the date the Fund's value is calculated). Derivatives not quoted on exchanges or other regulated markets are valued at their redemption price, or at an offsetting transaction price confirmed in writing by the counterparty on the day of the calculation of the Fund's value, or at a price calculated through the market price of the underlying asset. An offsetting transaction is a transaction that will result in liquidation of a derivative financial instrument.

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 transaction 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>
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 based on 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 it require a reclassification of the remaining financial assets relating to a particular business model. However, historical cash flows would need to be assessed when 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. Normal (regular) 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 Fund 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. Most of the Fund's financial assets are classified in this category because the Fund's business model is designed to increase its net assets through holding and trading these assets. Financial assets or liabilities can be designated at fair value through profit or loss upon initial recognition if this helps to avoid or significantly reduce accounting mismatches. These mismatches could otherwise arise from different accounting treatments for assets, liabilities, income, or expenses. Additionally, a group of financial liabilities or both financial assets and liabilities can be measured and evaluated on a fair value basis according to a documented risk management or investment strategy, with performance reported internally to management on this 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 if they are purchased to profit from short-term price fluctuations 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.

Derivative financial instruments

The Fund may enter derivative financial instruments for the purpose of managing currency risk. For accounting purposes, all derivative financial instruments are classified as held-for-trading transactions. After initial recognition and valuation, the contracts are carried on the balance sheet at fair value. The fair value of these contracts is included in the statement of assets and liabilities as 'Derivative financial instruments' and their notional principal amount is disclosed in the notes to the financial statements.

Gains or losses arising from changes in claims and liabilities arising from these contracts are included in the statement of income and expenses as a result of the revaluation of foreign currencies. Considering changes in the market value of transactions in derivative financial instruments, a variable collateral amount (minimum transfer amount of EUR 500'000) is calculated as at each valuation date, which one party to DVI transactions is required to receive from the other party to DVI transactions. The variable collateral shall be accounted for at amortised cost. As at 31.12.2023 and 31.12.2022, the Fund did not have any variable collateral.

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, i.e., 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

	31.12.2023	% of the Fund's net assets 31.12.2023	31.12.2022	% of the Fund's net assets 31.12.2022
Due on demand from credit institutions, SC Citadele bank	242,152	1.39%	164,275	1.16%

NOTE 4 EQUITY INSTRUMENTS

	31.12.2023	% of the Fund's net assets 31.12.2023	31.12.2022	% of the Fund's net assets 31.12.2022
Equity instruments of companies in other OECD countries	17,030,537	97.90%	13,808,788	97.45%

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

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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 (EUR)	% of the Fund's net assets 31.12.2023
Financial instruments traded on regulated markets:				14,210,359	17,030,537	97.90%
Equity instruments of US issuers:				14,210,359	17,030,537	97.90%
Broadcom Inc	US11135F1012	USD	658	361,947	665,789	3.84%
NVIDIA Corp	US67066G1040	USD	1,470	323,114	663,362	3.81%
Arista Networks Inc	US0404131064	USD	2,843	325,012	606,164	3.48%
Microsoft Corp	US5949181045	USD	1,610	369,020	548,201	3.15%
Booking Holdings Inc	US09857L1089	USD	165	305,355	527,852	3.03%
Gartner Inc	US3666511072	USD	1,249	291,871	510,474	2.93%
KLA Corp	US4824801009	USD	962	272,084	505,202	2.90%
Lam Research Corp	US5128071082	USD	700	459,748	496,411	2.85%
Vertex Pharmaceuticals Inc	US92532F1003	USD	1,344	346,267	495,151	2.85%
Adobe Inc	US00724F1012	USD	881	433,085	476,386	2.74%
Eli Lilly & Co	US5324571083	USD	881	175,848	463,438	2.66%
QUALCOMM Inc	US7475251036	USD	3,500	412,730	459,118	2.64%
WW Grainger Inc	US3848021040	USD	604	399,895	452,371	2.60%
Ameriprise Financial Inc	US03076C1062	USD	1,300	410,668	447,271	2.57%
Alphabet Inc	US02079K1079	USD	3,468	443,063	441,864	2.54%
Copart Inc	US2172041061	USD	9,821	614,739	434,701	2.50%
Meta Platforms Inc	US30303M1027	USD	1,350	405,736	431,829	2.48%
Mastercard Inc	US57636Q1040	USD	1,115	355,271	430,390	2.47%
Apple Inc	US0378331005	USD	2,441	282,477	424,624	2.44%
Verisk Analytics Inc	US92345Y1064	USD	1,914	365,545	413,078	2.37%
Regeneron Pharmaceuticals Inc	US75886F1075	USD	515	364,372	408,821	2.35%
General Electric Co	US3696043013	USD	3,480	364,087	402,357	2.32%
Motorola Solutions Inc	US6200763075	USD	1,400	373,597	396,460	2.28%
Ross Stores Inc	US7782961038	USD	3,100	339,383	388,496	2.24%
Amgen Inc	US0311621009	USD	1,463	312,700	381,095	2.20%
Applied Materials Inc	US0382221051	USD	2,572	306,996	377,374	2.17%
Fortinet Inc	US34959E1091	USD	7,092	471,529	375,844	2.16%
Moody's Corp	US6153691059	USD	1,062	306,141	375,794	2.16%
Illinois Tool Works Inc	US4523081093	USD	1,556	329,843	368,878	2.12%
Expeditors International of Washington Inc	US3021301094	USD	3,200	349,669	367,262	2.11%
AbbVie Inc	US00287Y1091	USD	2,590	363,636	362,342	2.08%
Paychex Inc	US7043261079	USD	3,358	276,770	360,810	2.07%
Intuitive Surgical Inc	US46120E6023	USD	1,125	348,771	344,413	1.98%
Monster Beverage Corp	US61174X1090	USD	6,500	342,674	339,176	1.95%
Mettler-Toledo International Inc	US5926881054	USD	304	347,370	332,884	1.91%
Clorox Co/The	US1890541097	USD	2,550	377,389	327,900	1.88%
Marsh & McLennan Cos Inc	US5717481023	USD	1,900	326,570	324,960	1.87%
TJX Cos Inc/The	US8725401090	USD	3,800	326,327	322,226	1.85%
Automatic Data Processing Inc	US0530151036	USD	1,450	333,841	305,353	1.76%
Edwards Lifesciences Corp	US28176E1082	USD	3,970	295,219	274,416	1.59%
Shares of Kazakhstan issuers:				-	-	0.00%
Kazakhstan Kagazy PLC	US48667M4015	USD	14,000	-	-	0.00%
Total equity instruments:				14,210,359	17,030,537	97.90%

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 (EUR)	% of the Fund's net assets 31.12.2022
Financial instruments traded on regulated markets:				14,083,484	13,808,788	97.45%
Equity instruments of US issuers:				14,083,484	13,808,788	97.45%
Eli Lilly & Co	US5324571083	USD	1,250	244,360	425,968	3.01%
Mettler-Toledo International Inc	US5926881054	USD	304	347,370	406,546	2.87%
Colgate-Palmolive Co	US1941621039	USD	5,475	417,795	401,822	2.84%
Mastercard Inc	US57636Q1040	USD	1,240	395,525	400,808	2.83%
Vertex Pharmaceuticals Inc	US92532F1003	USD	1,477	380,838	395,990	2.79%
Charles Schwab Corp/The	US8085131055	USD	5,100	365,113	395,864	2.79%
Ulta Beauty Inc	US90384S3031	USD	902	323,842	393,883	2.78%
AbbVie Inc	US00287Y1091	USD	2,590	363,636	390,224	2.75%
Waters Corp	US9418481035	USD	1,227	344,019	389,601	2.75%
Gartner Inc	US3666511072	USD	1,249	291,871	389,525	2.75%
Amgen Inc	US0311621009	USD	1,578	336,817	384,913	2.72%
Kimberly-Clark Corp	US4943681035	USD	3,034	387,933	384,470	2.71%
Microsoft Corp	US5949181045	USD	1,707	386,380	380,130	2.68%
Marriott International Inc/MD	US5719032022	USD	2,695	415,295	372,388	2.63%
KLA Corp	US4824801009	USD	1,066	295,507	371,641	2.62%
Broadcom Inc	US11135F1012	USD	714	393,129	370,442	2.61%
Booking Holdings Inc	US09857L1089	USD	197	364,576	370,089	2.61%
Visa Inc	US92826C8394	USD	1,908	378,052	369,203	2.60%
Aon PLC	IE00BLP1HW54	USD	1,315	372,010	366,822	2.59%
Paychex Inc	US7043261079	USD	3,358	276,770	359,381	2.54%
Arista Networks Inc	US0404131064	USD	3,096	353,934	348,960	2.46%
Verisk Analytics Inc	US92345Y1064	USD	2,120	405,409	346,999	2.45%
Fortinet Inc	US34959E1091	USD	7,650	536,226	346,495	2.45%
Regeneron Pharmaceuticals Inc	US75886F1075	USD	515	364,372	344,899	2.43%
Etsy Inc	US29786A1060	USD	3,075	364,316	341,145	2.41%
Willis Towers Watson PLC	IE00BDB6Q211	USD	1,497	326,697	340,060	2.40%
Apple Inc	US0378331005	USD	2,717	312,182	326,672	2.31%
Cadence Design Systems Inc	US1273871087	USD	2,182	317,826	325,050	2.29%
Johnson & Johnson	US4781601046	USD	1,968	333,544	324,242	2.29%
Texas Instruments Inc	US8825081040	USD	2,002	295,346	307,020	2.17%
Copart Inc	US2172041061	USD	5,274	484,292	298,313	2.11%
Adobe Inc	US00724F1012	USD	939	462,671	292,907	2.07%
Sealed Air Corp	US81211K1007	USD	5,911	291,407	273,770	1.93%
Monolithic Power Systems Inc	US6098391054	USD	810	287,664	264,613	1.87%
ON Semiconductor Corp	US6821891057	USD	4,200	291,049	243,156	1.72%
O'Reilly Automotive Inc	US67103H1077	USD	306	250,935	241,294	1.70%
NVIDIA Corp	US67066G1040	USD	1,784	390,943	241,056	1.70%
AmerisourceBergen Corp	US03073E1055	USD	1,527	225,747	235,664	1.66%
NetApp Inc	US64110D1046	USD	4,100	265,346	227,987	1.61%
Illinois Tool Works Inc	US4523081093	USD	1,066	217,430	218,637	1.54%
IDEXX Laboratories Inc	US45168D1046	USD	530	225,310	200,139	1.41%
Shares of Kazakhstan issuers:				-	-	0.00%
Kazakhstan Kagazy PLC	US48667M4015	USD	14,000	-	-	0.00%
Total equity instruments:				14,083,484	13,808,788	97.45%

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NOTE 5 DERIVATIVE FINANCIAL INSTRUMENTS

The following tables show the notional principal amount and fair value of foreign exchange transactions (swaps and forwards) at 31 December 2023 and 31 December 2022. The notional amounts of foreign exchange swaps are determined in accordance with the requirements arising from these transactions.

	31.12.2023			% of the Fund's net assets 31.12.2023*
	Base value	Fair value		
		Assets	Liabilities	
Currency swaps	6,892,098	156,609	-	0.90%
Currency forwards	90,237	937	-	0.01%
Total derivatives	6,982,335	157,546	-	0.91%

* The net value of derivative assets and liabilities is reflected as a percentage of the Fund's net assets.

All derivative financial instruments are EUR-USD currency swaps and are entered into with SC Citadele bank.

	31.12.2022			% of the Fund's net assets 31.12.2022*
	Base value	Fair value		
		Assets	Liabilities	
Currency swaps	7,570,200	254,415	(38,015)	1.53%
Currency forwards	420,753	8,620	-	0.06%
Total derivatives	7,990,953	263,035	(38,015)	1.59%

* The net value of derivative assets and liabilities is reflected as a percentage of the Fund's net assets.

All derivative financial instruments are EUR-USD currency swaps and are entered into with SC Citadele bank.

NOTE 6 ACCRUED EXPENSES

	31.12.2023	31.12.2022
Accrued expenses for investment management company fees	20,164	17,614
Accrued expenses for custodian fees	2,592	2,264
Accrued expenses for professional services of auditors	3,509	3,630
Accrued expenses for the Bank of Latvia (FCMC until 31.12.2022)	4,675	4,080
Other expenses	3,493	-
Total accrued expenses	34,433	27,588

NOTE 7 OTHER FUND MANAGEMENT EXPENSES FOR THE REPORTING PERIOD

	31.12.2023	31.12.2022
Expenses for professional services of auditors	3,509	3,630
Expenses for the Bank of Latvia (FCMC until 31.12.2022)	18,044	4,262
Expenses for information sources and analytical studies	13,399	-
Other expenses	1,782	5,047
Total other fund management expenses	36,734	12,939

NOTE 8 REALISED INCREASE/DECREASE IN INVESTMENT VALUE

	31.12.2023	31.12.2022
Income from sale of investments in the reporting period*	9,193,826	10,530,899
Cost of investments sold during the reporting period	(9,207,698)	(12,207,146)
Increase/(decrease) in value of sold investments recognised in previous reporting periods	169,711	(1,583,338)
Total realised increase/(decrease) in investment value	155,839	(3,259,585)

* For the reporting period, gains on sale (redemption) of investments are recognised at the exchange rate on the date of purchase of the security.

NOTE 9 UNREALISED INCREASE/DECREASE IN INVESTMENT VALUE

	31.12.2023	31.12.2022
From equity instruments	3,195,397	(1,007,104)
From derivative financial instruments	157,546	225,020
Total unrealised increase/(decrease) in investment value	3,352,943	(782,084)

NOTE 10 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	13,808,788	9,114,387	(9,181,679)	3,289,041	17,030,537
Derivative financial instruments	225,020	-	(142,607)	75,133	157,546
Total investments	14,033,808	9,114,387	(9,324,286)	3,364,174	17,188,083

*Decrease during the reporting period is carried 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:

	31.12.2022	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	18,084,339	10,427,583	(11,231,647)	(3,471,487)	13,808,788
Derivative financial instruments	(87,251)	-	1,135,299	(823,028)	225,020
Total investments	17,997,088	10,427,583	(10,096,348)	(4,294,515)	14,033,808

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

NOTE 11 PLEDGED ASSETS

During the year under review, the Fund did not issue any guarantees or sureties or pledge or otherwise encumber any assets.

NOTE 12 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 equity instruments held by the Fund are traded on regulated markets and are classified within Level 1 of the fair value hierarchy.

The following table analyses financial instruments measured at fair value at the end of the reporting period by level within the fair value hierarchy, which categorises fair value measurements.

2023	Level 1:	Level 2:	Total
Financial assets			
Financial assets at fair value through profit or loss:			
Fixed-income equity instruments	17,030,537	-	17,030,537
Derivative financial instruments	-	157,546	157,546
Total financial assets	17,030,537	157,546	17,188,083
Financial liabilities			
Derivative financial instruments	-	-	-
Net fair value	17,030,537	157,546	17,188,083

During 2023 and 2022, there were no changes in the classification of equity securities from Level 1 to Level 2 and from Level 2 to Level 1 of the hierarchy.

2022	Level 1:	Level 2:	Total
Financial assets			
Financial assets at fair value through profit or loss:			
Fixed-income equity instruments	13,808,788	-	13,808,788
Derivative financial instruments	-	263,035	263,035
Total financial assets	13,808,788	263,035	14,071,823
Financial liabilities			
Derivative financial instruments	-	(38,015)	(38,015)
Net fair value	13,808,788	225,020	14,033,808

The table below shows the valuation techniques used to measure Level 2 fair value, as well as key unobservable inputs:

Type	Valuation method	Significant unobservable inputs	Relationship between significant unobservable inputs and fair value measurement
Financial assets at fair value through profit or loss:			
Derivative financial instruments	Financial market quotes	Not applicable	Not applicable

NOTE 13 RISK MANAGEMENT

Investment process risk can be defined as a probability of undesirable outcome that may materialise in a given 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 changes depend on two variables: the changes in the country's stock indices, and the financial situation of the issuer (its ability to make money in the long term), which in turn affects the fluctuations between the demand and supply balance. The former is also often referred to as systematic risk, the latter as specific risk. Systematic risk is managed on the grounds of forecasts of the overall development of the economy in a given geographical region and the potential development of the economy in a given 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.

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The risk of market price volatility was calculated as at 31 December 2023. The standard deviation of the benchmark index values of the relevant investment fund category was used for the price volatility risk calculation.

01.01.2023	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%	17,030,537	(3,406,107)	3,406,107	19.58%
Total:		17,030,537	(3,406,107)	3,406,107	19.58%

*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.

01.01.2022	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%	13,808,788	(3,452,197)	3,452,197	24.36%
Total:		13,808,788	(3,452,197)	3,452,197	24.36%

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

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 (US dollar). 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 the Fund has several currencies and the movements in the exchange rates of these currencies are not closely correlated.

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

	EUR	USD	Total
Assets			
Due on demand from credit institutions	20,229	221,923	242,152
Financial assets at fair value through profit or loss			
Equity instruments	-	17,030,537	17,030,537
Derivative financial instruments	7,139,882	(6,982,336)	157,546
Total assets	7,160,111	10,270,124	17,430,235
Liabilities			
Derivative financial instruments	-	-	-
Accrued expenses	(34,433)	-	(34,433)
Total liabilities	(34,433)	-	(34,433)
Net assets	7,125,678	10,270,124	17,395,802
% of net assets	40.96%	59.04%	100.00%

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

	EUR	USD	Total
Assets			
Due on demand from credit institutions	131,519	32,756	164,275
Financial assets at fair value through profit or loss			
Equity instruments	-	13,808,788	13,808,788
Derivative financial instruments	4,836,834	(4,573,798)	263,035
Total assets	4,968,353	9,267,746	14,236,098
Liabilities			
Derivative financial instruments	3,413,220	(3,451,235)	(38,015)
Accrued expenses	(27,588)	-	(27,588)
Total liabilities	3,385,632	(3,451,235)	(65,603)
Net assets	8,353,985	5,816,511	14,170,495
% of net assets	58.95%	41.05%	100.00%

The impact of exchange rate changes on the Fund's net asset value is shown in the tables below. Exchange rate movements are the one-year standard deviation (root-mean-square deviation) of the respective exchange rate.

Impact of exchange rate changes (2023)				Impact of exchange rate changes (2022)			
Currency	Share in the fund (% of assets)	Exchange rate against USD	Impact on the value of the fund	Currency	Share in the fund (% of assets)	Exchange rate against USD	Impact on the value of the fund
EUR	40.96%	7.54%	3.09%	EUR	58.95%	10.06%	5.93%
Total	40.96%		3.09%	Total	100.00%		5.93%

The impact of exchange rate changes on the value of the CBL US Leaders Equity Fund Class R Acc EUR (hedged) 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 assets)	Exchange rate against USD	Impact on the value of the fund	Currency	Share in the fund (% of assets)	Exchange rate against USD	Impact on the value of the fund
EUR	17.18%	7.54%	1.30%	EUR	31.11%	10.06%	3.13%
Total	17.18%		1.30%	Total	52.78%		3.13%

The impact of exchange rate changes on the USD value of the CBL US Leaders Equity Fund Class R Acc is shown in the table below. The exchange rate movements are the one-year standard deviation of the respective exchange rates.

Impact of exchange rate changes (2023)				Impact of exchange rate changes (2022)			
Currency	Share in the fund (% of assets)	Exchange rate against USD	Impact on the value of the fund	Currency	Share in the fund (% of assets)	Exchange rate against USD	Impact on the value of the fund
EUR	23.78%	7.54%	1.79%	EUR	27.84%	10.06%	2.80%
Total	23.78%		1.79%	Total	47.22%		2.80%

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	242,152	-	242,152
Financial assets at fair value through profit or loss			
Equity instruments	-	17,030,537	17,030,537
Derivative financial instruments	157,546	-	157,546
Total assets	399,698	17,030,537	17,430,235
Liabilities			
Derivative financial instruments	-	-	-
Accrued expenses	(34,433)	-	(34,433)
Total liabilities	(34,433)	-	(34,433)
Net assets	365,265	17,030,537	17,395,802

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	164,275	-	164,275
Financial assets at fair value through profit or loss			
Equity instruments	-	13,808,788	13,808,788
Derivative financial instruments	263,035	-	263,035
Total assets	427,310	13,808,788	14,236,098
Liabilities			
Derivative financial instruments	(38,015)	-	(38,015)
Accrued expenses	(27,588)	-	(27,588)
Total liabilities	(65,603)	-	(65,603)
Net assets	361,707	13,808,788	14,170,495

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	% of the Fund's net assets	Carrying amount	% of the Fund's net assets
	31.12.2023	31.12.2023	31.12.2022	31.12.2022
United States of America	17,030,537	97.90%	13,808,788	97.45%
Latvia	365,265	2.10%	361,707	2.55%
Kazakhstan	-	0.00%	-	0.00%
Total:	17,395,802	100.00%	14,170,495	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	% of the Fund's net assets		% of the Fund's net assets	
	31.12.2023	31.12.2023	31.12.2022	31.12.2022
IT services	7,601,962	43.70%	5,565,046	39.27%
Pharmacy	3,062,560	17.61%	3,498,186	24.69%
Industry	2,438,647	14.02%	863,949	6.10%
Consumer services	1,238,574	7.12%	1,718,799	12.13%
Financial services	1,148,025	6.60%	1,102,746	7.78%
Communication services	873,693	5.02%	-	0.00%
Consumer goods	667,076	3.83%	786,292	5.55%
Raw materials	-	0.00%	273,770	1.93%
Total:	17,030,537	97.90%	13,808,788	97.45%

**IF CBL US Leaders Equity Fund
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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	242,152	-	-	242,152
Financial assets at fair value through profit or loss				
Equity instruments	-	-	17,030,537	17,030,537
Derivative financial instruments	105,742	51,804	-	157,546
Total assets	347,894	51,804	17,030,537	17,430,235
Liabilities				
Derivative financial instruments	-	-	-	-
Accrued expenses	(22,756)	(11,677)	-	(34,433)
Total liabilities	(22,756)	(11,677)	-	(34,433)
Net assets	325,138	40,127	17,030,537	17,395,802
Net position, %	1.87%	0.23%	97.90%	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	164,275	-	-	164,275
Financial assets at fair value through profit or loss				
Equity instruments	-	-	13,808,788	13,808,788
Derivative financial instruments	218,323	44,712	-	263,035
Total assets	382,598	44,712	13,808,788	14,236,098
Liabilities				
Derivative financial instruments	(33,681)	(4,334)	-	(38,015)
Accrued expenses	(23,958)	(3,630)	-	(27,588)
Total liabilities	(57,639)	(7,964)	-	(65,603)
Net assets	324,959	36,748	13,808,788	14,170,495
Net position, %	2.29%	0.26%	97.45%	100.00%

NOTE 14 INFORMATION ON HOLDERS OF SHARE CERTIFICATES OF THE FUND

The following table sets out the number of share certificates held by the Company's Group and related parties, which have a significant interest in the Company, and the proportion of the total number of share certificates held by related parties of the Fund and other persons:

	% of the total number		% of the total number	
	31.12.2023	31.12.2023	31.12.2022	31.12.2022
IF CBL US Leaders Equity Fund Class R Acc EUR (hedged)				
Share certificates held by related parties	23,833	3.75%	23,465	2.91%
Share certificates held by other persons	612,216	96.25%	781,814	97.09%
Number of issued share certificates at the end of the reporting period	636,049	100.00%	805,279	100.00%
IF CBL US Leaders Equity Fund Class R Acc USD				
Share certificates held by related parties	40,818	4.50%	45,295	6.16%
Share certificates held by other persons	866,372	95.50%	689,848	93.84%
Number of issued share certificates at the end of the reporting period	907,190	100.00%	735,143	100.00%

NOTE 15 RELATED PARTY TRANSACTIONS

All investments of the Fund in 2023 are purchased through a custodian bank. SC Citadele bank receives a custodian fee, which is disclosed in the statement of income and expenses, and SC Citadele bank holds the cash of the Fund (see Note 3). Also, all derivative financial instruments are entered into with SC Citadele bank (see Note 5). The fund managers entered 16 foreign currency conversion transactions through the custodian bank, for a total negative result of EUR 1,693. In 2022, the fund managers entered 12 foreign currency conversion transactions through the custodian bank, for a total negative result of EUR 693.

Derivative financial instrument transactions showed a positive result of EUR 75,133 during the reporting period. In 2022, the result of derivative financial instrument transactions during the reporting period was negative by EUR 823,028. During the reporting period the Fund earned interest income on claims on credit institutions of EUR 477. No interest income was received in 2022.

During the period under review, related parties executed transactions in the Fund's investment units (see Note 14). 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 and under the control of the Company, or natural persons who are first degree relatives; companies within the Group of SC Citadele bank; during 2023, related parties purchased 539 shares of CBL US Leaders Equity Fund Class R Acc and sold 4,793 shares. During 2023, related parties bought 7,026 shares of CBL US Leaders Equity Fund Class R Acc EUR (hedged) and sold 6,696 shares. As at the end of 2023, 211 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.

Purchases and reselling transactions of share certificates of the Fund are calculated based only on the share certificates held by related parties that were classified as related parties of the Fund as at 2023. During the reporting period, the Fund had no investments in debt securities issued by a custodian bank and in investment funds managed by an affiliated investment management company.

During 2022, related parties bought 385 shares of the CBL US Leaders Equity Fund Class R Acc USD and sold 3,009 shares and bought 9,309 shares of the CBL US Leaders Equity Fund Class R Acc EUR (hedged) and sold 2,289 shares.

Purchases and reselling transactions of share certificates of the Fund are calculated based only on the share certificates held by related parties that were classified as related parties of the Fund as at 2022. During the reporting period, the Fund had no investments in debt securities issued by the custodian bank and in investment funds managed by an affiliated investment management company.

NOTE 16 PERFORMANCE DYNAMICS OF THE INVESTMENT FUND

CBL US Leaders Equity Fund Class R Acc USD	31.12.2023	31.12.2022	31.12.2021***
Net assets (EUR)	10,097,999	6,691,410	8,076,094
Number of share certificates	907,190	735,143	714,748
Value of the unit of the Fund (EUR)	11.13	9.10	11.30
Fund return*	22.31%	(19.47%)	13.23%
Net assets (USD)**	11,158,286	7,137,062	9,146,983
Number of share certificates	907,190	735,143	714,748
Value of the unit of the Fund (USD)	12.30	9.71	12.80
Fund return*	26.67%	(24.14%)	28.53%
CBL US Leaders Equity Fund Class R Acc EUR (hedged)	31.12.2023	31.12.2022	31.12.2021***
Net assets (EUR)	7,297,803	7,479,085	10,119,010
Number of share certificates	636,049	805,279	793,294
Value of the unit of the Fund (EUR)	11.47	9.29	12.76
Fund return*	23.47%	(27.19%)	28.12%

The total assets of the CBL US Leaders Equity Fund are the sum of the net asset values of the two classes in the valuation currency of the fund, converted at the European Central Bank rate the total assets of the CBL US Leaders Equity Fund result in an exchange rate difference with the sum of the two classes which results in a difference from the net assets reported elsewhere in the accounts.

* Return is calculated assuming there are 365 days in a year.

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

*** Period from 06.01.2021 to 31.12.2021.

NOTE 17 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 effect on the assessment of the Annual Report for 2023 or on the financial position of the Fund.

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 US 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 US 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 US 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 US Leaders Equity Fund’ (“the Fund”) managed by IPAS ‘CBL Asset Management’ (“the Asset Manager”) as set out on pages 8 to 25 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 US 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 pages 4 and 5 of the accompanying Annual Report.
- Report on the implementation of the engagement policy, presented on page 6 of the accompanying Annual Report
- Statement of responsibility of the board of the Asset Manager, as set out on page 7 of the accompanying Annual Report.
- Custodian Bank Report, as set out on page 26 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.

KPMG Baltics SIA

Licence No. 55

Rainers Vilāns
KPMG Baltics SIA
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.