



CBL Asset Management IPAS

Republikas laukums 2A,
Rīga, LV-1010, Latvia

Investment Fund

CBL European Leaders Equity Fund

PROSPECTUS

The Fund is registered in the Republic of Latvia

Registered with the Financial and Capital Market Commission:

Registration date of the Fund: 07.03.2013

Registration number of the Fund: FL 127

Amendments to the Prospectus of the Fund:

Registered on 11.07.2013, in effect from 11.07.2013

Registered on 14.12.2013, in effect from 16.12.2013

Registered on 21.07.2014, in effect from 21.07.2014

Registered on 19.03.2015, in effect from 30.03.2015

Registered on 19.05.2015, in effect from 19.05.2015

Registered on 12.10.2015, in effect from 12.10.2015

Registered on 19.08.2016, in effect from 19.08.2016

Registered on 16.09.2016, in effect from 16.09.2016

Registered on 11.09.2017, in effect from 11.09.2017

Registered on 28.11.2019, in effect from 01.01.2020 (reworded)

Custodian: Citadele Banka AS

Auditor of the Fund: KPMG Baltics AS

The Prospectus and Rules of the Fund, Key Investor Information, annual and semi-annual reports of the Fund, information on the Fund Value as well as sales and redemption price of the Share Certificates and other information on the Fund and Company is available free of charge at the office of the CBL Asset Management IPAS at the following address:

Republikas laukums 2A,

Rīga, LV-1010, Latvia,

On business days from 08:30 to 17:30,

as well as on the homepage www.cblam.lv

Distributor of the Share Certificates:

In Latvia: Citadele banka AS

Republikas laukums 2A,

Rīga, LV-1010, Latvia,

www.citadele.lv

as well as branches and customer service centres of Citadele Banka

IMPORTANT INFORMATION

In accordance with the Law of the Republic of Latvia on Investment Management Companies, the CBL European Leaders Equity Fund is an investment fund and operates in line with Directive 2009/65/EC as well as other applicable European Union laws. The CBL Asset Management IPAS that manages assets of this Fund operates according to the laws and regulations of the Republic of Latvia.

The Share Certificates of the Fund are distributed in accordance with this Prospectus.

Prevention of Money Laundering and Terrorism and Proliferation Financing. According to the requirements of Directives 2015/849 and 2018/843 as well as the laws and regulations of the Republic of Latvia, the Company, Distributor, Intermediary and Custodian have the right to request Investors to provide information on the source of the funds to be invested, legal capacity of Investors and that of their representatives as well as documents confirming their identity or copies of such documents duly certified by a notary.

Where the Investor refuses to submit to the Company the required documents, the Company has the right to reject the application for the Share Certificates without explanation. Further information about such requirements is available at the Company.

Unfair Trade Practice. The Company does not allow unfair transactions and market manipulation with financial instruments, because of which the Investors' rights or legitimate interests are affected.

Market Timing. The Company deliberately prevents performance of transactions with the Share Certificates which constitute market-timing practice as such practice is detrimental to the interests of other Investors. Market-timing practice takes advantage of the potential time difference between changes in the value of the financial instrument portfolio of the Fund and the reflection of such changes in the value of the Unit of the Fund. The Company uses various methods to reduce the risk of market-timing, e.g.:

- Monitoring frequent purchase/sale transactions of the of the Share Certificates;
- Detailed investigation of sampled cases involving active trade with the Share Certificates of the Fund.

The Company strives to apply the above methods to reduce the risk caused by market timing, considering the interests of the Investors. The Company cannot ensure that it has enough information to identify the market-timing practice. Notwithstanding that the Company strives to detect market-timing practices, it cannot guarantee that such practice is eliminated.

Data Protection. The investor is aware of and agrees that the Company, Custodian or Distributor processes their data, including personal data, inter alia, requests, transfers and receives the Investor's personal data from any third party and/ or databases established in accordance with the procedure stipulated in the laws and regulations of the Republic of Latvia and/or a country where the Share Certificates are distributed or competent authorities, if the Company, Custodian or Distributor deems it necessary for ensuring compliance with the requirements stipulated by the laws and regulations of the Republic of Latvia, for establishing legal relationship between the Investor and the Company, Custodian or Distributor or for ensuring compliance fulfilment of obligations.

Distribution of the Share Certificates of Fund. The Share Certificates of the Fund will be publicly distributed in the Member States where the Fund is registered or where the relevant state authorities have been duly informed about the distribution. Thus, this Prospectus cannot be regarded as a public offer or an advertisement in the countries where the Fund is not registered or where the relevant state authorities have not been duly informed about the distribution.

The Investor's Account Holder ensures the Investor identification, investigation, compliance, data exchange and any other procedures as specified in the legislation as regards:

- Prevention of money laundering and terrorism and proliferation financing and the source verification of the funds to be invested;
- Investment services and non-core services, including assessment of suitability and/or appropriateness of the Fund for the interests of the Investor (European Parliament and Council Directive 2014/65/EU (MIFID II));
- FATCA (U.S. Foreign Account Tax Compliance Act); and
- CRS (OECD Standard for Automatic Exchange of Financial Account Information).

The Company complies with the above requirements and procedures only to the extent required by the directly applicable laws and regulations.

RISK NOTE

Notwithstanding the fact that the Company operates in accordance with the principle of diversification and other risk mitigation concepts, general risks related to the activities of investment companies and investments into financial instruments remain. The Investors should be aware that specific investment strategy aimed at investments in the Fund's investment region includes specific risks, especially significant liquidity risk, currency risk, foreign investment risk as well as counterparty and market concentration risks. The investors should carefully study the information on risks presented in this Prospectus and take it into account when purchasing the Share Certificates of the Fund. Prior to making investments, Investors without relevant experience should consult with an independent financial adviser to make an informed decision on the Fund's offered investment strategy and ensure that the Fund's strategy, including potential risk, is appropriate for the Investor's financial standing. The investments in the Fund are subject both to the risk of not earning any profit and of partial loss of the value of the initial investment. The Company does not guarantee any profit from the investments in the Fund. The historical performance does not guarantee the same performance in the future.

NOTIFICATION TO THE INVESTORS

The value of the Unit of the Fund is highly volatile

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ABBREVIATIONS AND TERMS USED IN THE PROSPECTUS

Account Holder

A financial institution which, according to the Financial Instrument Market Law and the LCD regulations, is entitled to open, hold and close financial instrument accounts; or a legal entity which can ensure custody of financial instruments in the LCD through interbank or central depository correspondent relationship.

AS Abbreviation for “akciju sabiedrība”, which is a term used to describe a “Joint-Stock Company” established under the laws of the Republic of Latvia.

Base currency

The currency in which the Fund’s value and the value of the Unit of the Fund is expressed. The euro is the base currency of the investment fund CBL European Leaders Equity Fund.

Base currency of the Fund EUR

Company

CBL Asset Management IPAS.

Custodian

AS “Citadele banka” is responsible for custody of, accounting for and executing transactions with the Fund’s assets as well as for other obligations stipulated by the laws and regulations of the Republic of Latvia and the Custody Agreement signed with the Company.

Debt Securities

Securities representing the issuer’s liabilities to the security holder (e.g. bonds, promissory notes, etc.).

Derivative financial instruments (derivatives)

Financial instruments whose value changes depending on the stated interest rate, security price, currency exchange rate, price or interest rate index, credit rating or other variable; and by which one or several financial risks inherent to a derivative primarily underlying the financial instrument are transferred among individuals participating in the transaction. No or minor initial investment is required to purchase a derivative compared to other contracts that also depend on the changing market conditions. Moreover, the settlement according to the contract takes place in the future.

Equity securities

Financial instruments representing ownership interest in the issuer’s capital (e.g. shares).

ETF Investment fund whose share certificates are traded on at least one regulated market or MTF with at least one market maker who ensures that the market price of the share certificates of that fund does not differ essentially from its net asset value and indicative net asset value.

EU European Union.

EUR Euro: the currency of the European Monetary Union.

Financial and Capital Market Commission of the Republic of Latvia / the Commission

An authorized autonomous public authority supervising the financial and capital market and activities of its participants. The Commission makes independent decisions within the limits of its authority, performs functions assigned to it by the laws and regulations of the Republic of Latvia and is responsible for their execution.

Financial instruments

An agreement which concurrently creates financial assets for one person but financial liabilities or equity securities for another person.

Foreign country – any country other than the Republic of Latvia.

Fund the Investment Fund “CBL European Leaders Equity Fund” established by CBL Asset Management IPAS.

Fund’s value

Within the meaning of this Prospectus and the Fund Rules, also referred to as the Fund’s net asset value, which is the value of the assets less the value of the liabilities.

Group of Ten

The group of countries which have agreed to participate in the General Arrangements to borrow with the International Monetary Fund.

Interested parties of the Company

The Members of the Council and officials of the Company, the Company’s shareholders who own 10 and more percent of the voting shares of the Company as well as spouses, parents or children of such persons.

Interested parties of the Custodian

The Members of the Management and Supervisory Boards of the Custodian, the shareholders who own 10 and more percent of the voting shares of the Custodian as well as persons closely related to all the persons specified herein (e.g., spouses, parents or children).

Intermediary

A legal entity such as a brokerage company, depository, bank or other person carrying out transactions with financial instruments and engaged by the Company to perform the management of the Fund or the Custodian holding the assets of the Fund and/or executing the Company's order to perform transactions with the Fund's assets. The issuer of financial instruments, their representative or agent shall not be considered an Intermediary.

Investment Fund

An investment fund aimed at aggregating of publicly acquired money resources to invest in transferable securities and other liquid financial instruments in compliance with the risk mitigation principle and investment limitations. The respective investment management company is obliged to redeem the Share Certificates at the request of the Investors.

Investment region

Within the meaning of this Prospectus, the region covers the following countries: the United Kingdom, Austria, Belgium, Bulgaria, the Czech Republic, Denmark, France, Greece, Croatia, Estonia, Ireland, Iceland, Italy, Cyprus, Latvia, Lithuania, Lichtenstein, Luxemburg, Malta, the Netherlands, Norway, Poland, Portugal, Rumania, Slovakia, Slovenia, Finland, Spain, Switzerland, Hungary, Germany, Sweden.

Investor

A private individual or a legal entity who/which owns the Share Certificate(s) of the Fund.

IPAS

The abbreviation for "ieguldījumu pārvaldes akciju sabiedrība", which is the term used to describe the "Investment Management Joint Stock Company" established under the laws of the Republic of Latvia.

Latvia

The Republic of Latvia.

Latvian Central Depository and/ or LCD

A company which is responsible for booking of and accounting for financial instruments that are in public circulation in the Republic of Latvia and provides for financial instrument and cash settlements in transactions with financial instruments as well as financial instrument settlements among financial instrument account holders. LCD operates in accordance with the requirements of Regulation (EU) No 909/2014 of the European Parliament and of the Council of 23 July 2014 on improving securities settlement in the European Union and on central securities depositories and amending Directives 98/26/EC and 2014/65/EU and Regulation (EU) No 236/2012.

Law

The Law on Investment Management Companies.

Main activity

The activity of the Company which generates the major part of the Company's revenue.

Member State

A member state of the European Union or the European Economic Area.

Money market instruments

Liquid short-term debt securities whose value can be determined at any time (e.g. promissory notes, certificates of deposit, commercial papers, etc.) and which are usually traded on the money market.

MTF

Multilateral Trading Facility.

Nominal account

A financial instruments account opened by the Company with a credit institution in order to account for the Share Certificates of the Fund held by the Company. In case such nominal account is opened, identification information of the account states that this is a nominal account and the financial instruments in this account are not owned by the Company.

OECD

Organization for Economic Cooperation and Development.

Ongoing charges

Payments made from the Fund's assets notwithstanding the fact whether they are the mandatory payments that are necessary to ensure the activities of the Fund or fees payable to third parties which are related to the activities of the Fund or render services to the Fund.

Ongoing charges figure

The Fund's ongoing charges figure is defined as a ratio between the Fund's total ongoing charges and the Fund's average annual net asset value. It is expressed in percentage terms.

Prospectus / Prospectus of the Fund

The Prospectus of the Fund, including the effective and applicable additions and amendments that provide information on the Fund required by the laws and regulations of the Republic of Latvia and that should not be considered marketing material.

Publicly available information

Detailed information on the Fund, Company and Custodian available to all the Investors according to the Law of the Republic of Latvia. Publicly available information includes the Prospectus and Key Investor Information Document, Fund Rules, annual and semi-annual reports of the Fund, time and places of distribution of the Share Certificates, the total value of the Fund and the Unit of the Fund, sales and redemption prices of the Share Certificates.

Regulated market

A set of organizational, legal and technical measures which makes entering into open and regular transactions with financial instruments possible.

Repurchase

Repurchase of the Share Certificates by the Company including compensation for damage in the cases and under the procedure laid down by the Law.

Rules / Fund Rules

Include the effective and applicable additions and amendments, which provide the information on the Fund required by the Law and which should not be considered marketing material.

Sales price of the Share Certificates

The Sales Price of the Share Certificates consists of the value of the Unit of the Fund's Share Certificates to be purchased by the Investor and the entry charge for the Share Certificate issuance.

Share Certificate

A transferable security that confirms the Investor's participation in the Fund and the rights arising from such participation.

Trading venue

Trading venue
A regulated market, MTF or an organised trading system.

Transferable securities

Securities whose alienation rights are not restricted, including debt securities, equity securities and share certificates.

Unit of the Fund

A unit of the Fund represents the right of claim attributed to one Share Certificate in proportion to the Fund's net asset value. The value of the Unit of the Fund is the Fund's value divided by the number of the Share Certificates of the Fund in circulation.

1. INVESTMENT POLICY AND INVESTMENT LIMITATIONS

1.1 The Fund's Activity and Investment Objective

The objective of the investments of the Investment Fund "CBL European Leaders Equity Fund" is long-term capital appreciation by primarily investing in equity securities of the issuers which are registered or whose main activity is carried out in the countries of the Fund's investment region without any industry limitations. Income of the Fund is composed of appreciation of equity securities and dividend income.

1.2 The investment policy of the Fund implies the following allocation of the investment portfolio

- up to 100% of the Fund's assets may be invested in equity securities issued by commercial companies. No less than two thirds of the Fund's assets will be invested in equity securities issued by commercial companies registered or carrying out their main activity in the Fund's investment region;
- up to 20% of the Fund's assets may be invested into deposits with credit institutions;
- up to 20% of the Fund's assets may be invested into debt securities and money market instruments issued or guaranteed by central banks, central or local governments of the countries of the Fund's investment region, Member States or the OECD member states belonging to the Group of Ten;
- up to 10% of the Fund's assets may be invested in Share Certificates of investment funds or similar or equivalent collective investment undertakings or in equivalent securities (hereinafter – IF Share Certificates), incl. ETFs, which mainly invest in financial instruments issued in the Fund's investment region.

1.3 Investment Targets and Types

The Fund's assets may be invested into the following financial instruments:

- 1) equity securities issued by commercial companies registered in the Fund's investment region or in an OECD member state;

- 2) debt securities and money market instruments issued or guaranteed by central banks, central or local governments of the countries of the Fund's investment region, Member States or OECD member states;
- 3) debt securities and money market instruments issued or guaranteed by credit institutions or issued by commercial companies of the Fund's investment region, Member State or the OECD member states;
- 4) deposits with credit institutions licenced in a Member State or in an OECD member states belonging to the Group of Ten;
- 5) share certificates (units) of investment funds or equivalent collective investment undertakings registered in the Member States or other countries;
- 6) for hedging against the risk of fluctuations in the market value of the Fund's assets and currency exchange rates, at the expense of the Fund the Company is entitled to invest in derivatives as well as to carry out derivative transactions with an aim to generate profit. For information on additional risks arising from transactions in derivatives, see Chapter 2 "RISK PROFILE OF THE FUND AND RISKS RELATED TO THE INVESTMENTS";
- 7) The Company has the right to hold part of the Fund's assets in liquid assets, including cash, if necessary for the operations of the Fund.

1.3.1 Investments in Transferable Debt Securities and Money Market Instruments

1. Investments of the Fund may be made in freely transferable securities and money market instruments that meet at least one of the following conditions:
 - 1) they are traded on a regulated market of a Member State or on another Trading venue of a Member State;
 - 2) They are admitted to official stock-exchange listing of the countries of the Fund's investment region or the OECD member states or are traded on the trading venue of these countries;
 - 3) They are neither admitted to official stock-exchange listing nor traded on the regulated markets; however, the rules governing the issue of such securities and money market instruments provide that they will be admitted to official stock-exchange listing or traded on regulated markets referred to in Paragraph 1.3.1, Sub-paragraph 1, Clauses 1) and 2) hereof and that these securities or money market instruments will be admitted or traded there within one year from the start of the subscription to these securities or money market instruments.
2. The Fund's assets may be invested in money market instruments that are not traded on Regulated markets, if these are freely transferable (there are no conditions restricting such transactions) and one of the following conditions is met:
 - 1) they are issued or guaranteed by a Member State or a local authority of a Member State, another country (in a federal country – one of the regional authorities of such federation) or an international financial institution if one or several Member States are its members;
 - 2) They are issued or guaranteed by the Central Bank of a Member State, the European Central Bank or the European Investment Bank;
 - 3) They are issued or guaranteed by a commercial company whose securities are traded in accordance with the procedure specified in Paragraph 1.3.1, Sub-paragraph 2, Clauses 1) and 2) hereof;
 - 4) They are issued or guaranteed by a credit institution that is registered in a Member State and whose operations are monitored by a competent financial supervisory authority in accordance with the EU requirements; or an issuer, whose operations are governed by the regulatory requirements that are at least as strict as those determined by the EU and which also meets at least one of the following requirements:
 - a) it is registered in an OECD member state belonging to the Group of Ten;
 - b) it has an investment-grade credit rating assigned by at least one rating agency (S&P, Fitch, Moody's or any on a par with them);
 - a) an in-depth analysis of the legal framework of the issuer's operations confirms that the regulative requirements governing its activity are at least as strict as those determined by the European Union.
 - 5) they are issued by a commercial company whose capital and reserves amount to or exceed EUR 10 million and which prepares and publishes an audited annual report in conformity with financial reporting requirements that are equal to the ones adopted in the EU. Such commercial company is in the same group with one or several commercial companies whose shares are traded on a Regulated market and which is established to attract funding to the group or such commercial company is a special purpose entity specialized in securitization operations, and which has signed an agreement on ensuring liquidity with such bank that meets the requirements for a credit institution specified in Paragraph 1.3.1, Sub-paragraph 2, Clause 4) hereof. The investments in such money market instruments are subject to the investor protection equivalent to the protection referred to Paragraph 1.3.1, Sub-paragraph 2, Clauses 1), 2), 3) and 4) hereof.

3. If the invested amount does not exceed 10% of the Fund's assets, the Fund's investments may be made in transferable securities and money market instruments other than those referred to in Paragraph 1.3.1.

1.3.2 Deposits with Credit Institutions

1. The Fund's assets may be deposited with a credit institution that has obtained a license for credit institution operations in a Member State or an OECD member state belonging to the Group of Ten.
2. The Fund's assets may be deposited with credit institutions if such deposits are repayable on demand or have the right to be withdrawn prior to the expiry of the respective term and maturing in no more than 12 months.

1.3.3 Investments in Share Certificates of Funds

1. The Fund's assets may be invested in the Share Certificates or units of an investment fund or equivalent collective investment undertaking registered in a Member State or in an OECD member state, or in another country whose operations are governed by regulatory requirements equivalent to the provisions of the Law.
2. The Fund's assets may be invested in the Share Certificates or units of an investment fund of a country other than the Member State if such investment fund meets the following requirements:
 - 1) it is registered in a country whose laws and regulations provide for the supervision of such undertakings which is equivalent to the supervision specified in the Law, and the supervisory body of the respective foreign country cooperates with the Commission;
 - 2) the regulatory requirements governing its operations, including investor protection, investment and transaction restrictions and limitations, are equivalent to the provisions of the Law regarding the operations of the investment funds;
 - 3) it prepares and publishes semi-annual and annual reports to allow the assessment of its assets, liabilities, income and operations over the reporting period.
3. The Fund's assets may be invested in the Share Certificates (units) of the investment fund or collective investment undertaking referred to in Paragraph 1.3.3, Sub-paragraphs 1 and 2 if the Prospectus, the Rules or equivalent documents of the respective investment fund or collective investment undertaking specify that investments in other investment funds or collective investment undertakings may not exceed 10% of the assets of the investment fund or collective investment undertaking.

1.3.4 Transactions with Derivatives

1. The Fund's assets, both to hedge against the risk of fluctuations in the market value of the Fund's assets and for profit generation purposes, may be invested in futures and forwards, plain vanilla options and swaps which are traded on the markets referred to in Paragraph 1.3.1, Sub-paragraph 1 hereof or are not traded on a regulated market and meet the following requirements:
 - 1) Their underlying asset is the financial instruments referred to in Paragraphs 1.3.1, 1.3.2 and 1.3.3 hereof, financial indices, interest rates, exchange rates or currencies in which it is intended to invest the Fund assets in accordance with the Prospectus or the Rules;
 - 2) The counterparty to the transaction with derivatives not traded on the regulated market is a credit institution that meets the requirements of Paragraph 1.3.2, Sub-paragraph 1 hereof or an investment brokerage company whose capital and reserves amount to or exceed EUR 10 million and which is registered in a Member State or an OECD member state belonging to the Group of Ten and whose operations are monitored by a competent financial supervisory authority;
 - 3) Reliable and verifiable valuation of the derivative not traded on the regulated market takes place on a daily basis; and the derivative can be sold or liquidated at its fair value at any time at the initiative of the Company or a transaction can be performed because of which the respective position (receivables or liabilities in respect to the financial instrument) is closed.

1.3.5 Investments in a Currency other than the Base currency of the Fund

In addition to the base currency of the Fund – the euro, investments may be made in currencies other than the base currency of the Fund, such as NOK, SEK, DKK, PLN, USD, CHF and GBP, and in some cases in other currencies observing the investment limitations stipulated in the Prospectus.

2. RISK PROFILE OF THE FUND AND RISKS RELATED TO INVESTMENTS

The Fund's net asset value is highly volatile.

2.1 Risk Profile of the Fund

The Fund was set up for professional and experienced Investors as well as for those Investors who are not familiar with the capital market opportunities whose aim is to generate profit on capital markets. This strategy comprises

risks that include but are not limited to general market risk, specific issuer, liquidity and foreign investment risks, which can adversely affect the value of the Units of the Fund or the value of the Share Certificate of the Fund.

According to the Fund's long-term strategy, the Fund is more suitable for the Investors who intend to make investments for at least 5 years.

Investments in the Fund are related to a risk or a possibility that the Investor can suffer a loss. The performance of the Fund can be either positive or negative. Appreciation or preservation of the Fund's value is not guaranteed. The historical performance of the Fund does not guarantee that the Investor will achieve similar performance in the future.

When investing in the Fund, the Investor should consider the risks involved in making the investment. The performance of the Fund can be affected by various risks. The Company advises that the risks listed in Paragraph 2.2 hereof cannot be considered as complete – only the most significant risks related to making the investment are described. The Investor assumes all the risks related to the investments in the Share Certificates of the Fund. Before taking any decision to invest in the Share Certificates of the Fund, the Investor should read this Prospectus and rely on the assessment of the investment and related risks carried out by himself/herself or by their external consultant.

2.2 Investment-related risks

Potential risks to which the investment in the Share Certificates of the Fund might be exposed can be grouped in several categories indicating potential sources of loss. The operations of the Fund involve risks that arise from various factors. Each type of risk can adversely affect the performance of the Fund and, thus, each of the Units of the Fund. In this context, the following risks must be considered and taken into account by the Investors when planning to invest in the Share Certificates of the Fund:

Equity market risk – a risk that the price of securities as well as income from them may change due to the factors related to extensive changes in the capital market, still not related to a particular issuer. Adverse changes in market conditions can reduce the value of the investments made by the Fund.

Issuer risk – a possibility to suffer loss if the price of a security changes due to the factors related to the issuer of securities or, in case of financial derivatives, to the issuer of the security underlying the respective derivative. The operations of the issuer of the securities or other financial instruments held in the Fund's portfolio can be affected by such factors as issuer's management expertise, economic situation and changes in the industry segment of the issuer, inter alia, the issuer can fail to fulfil its obligations specified in the terms and conditions of the respective issue. Such adverse events can have negative effect on the value of the Fund's investments.

Liquidity risk – a risk that it will not be possible to sell, alienate or deal with the financial instruments held in the Fund's investment portfolio within desired time and extent without substantial losses, as a result of which the respective position will be closed; and a risk that the fulfilment of the requirement of redemption of the Share Certificates of the Investment Fund by the Investment Fund will be suspended or otherwise restricted. It is possible that the Fund might not sell its assets for an acceptable and reasonable price.

Credit risk – a risk of suffering a loss because of deterioration in the financial indicators of the issuer of a financial instrument, default of the issuer or their insolvency.

Counterparty risk – a risk that the Investor can suffer loss if a counterparty defaults on its obligations before the payment of the transaction's final cash flow. In planning the investment policy of the Fund, the Company considers the safety of investments and holding thereof in each particular country and the safety of investing in specific financial instruments and/or term deposits, i.e. it analyses the credit ratings of each country, bank or commercial company. Materialization of counterparty risk may result in partial or full default on liabilities with respect to a particular financial instrument, cause full or partial loss and sustained unavailability of financial instruments, consequently making the execution of orders difficult or impossible and the impossibility of exercising the rights related to financial instruments (e.g. voting rights). The counterparty with whom an agreement on the transaction has been signed may default; the counterparty may also transfer the required funds or financial instruments in insufficient amounts or not transfer them at all notwithstanding the fact that the Fund has fulfilled all its contractual obligations towards the respective counterparty.

Market concentration risk - as up to 100% of the Fund's assets can be invested in a certain region (equity securities of the companies of the Fund's investment region), market concentration risk inherent to the Fund is higher than that of geographically more diversified funds.

Financial risk - financial risk is primarily related to situations when, due to external factors (factors beyond the Company's control), the Investors simultaneously request redemption of their Share Certificates which results in decreased efficiency of the Fund's operations.

IPO (initial public offering) risk – a risk related to potential investments of the Fund in initial public offerings (IPOs). A risk that the IPO stock market value may be volatile due to such factors as lack of historical market, novel trading, limited number of shares available for sale and limited information on the issuer.

Derivative risk – Investors should be aware that investments in derivatives are subject to high risk. Liabilities or claims arising from such transactions may decrease or cease to exist. The risk of loss in certain situations can be undetermined and may exceed the value of the collateral. If the liabilities arising from transactions with derivative

financial instruments are covered from loans or if liabilities or claims from such transactions are denominated in foreign currency, the risk of loss may increase.

Derivative transactions may result in insolvency and encumber the Fund's assets without a possibility to determine the amount of possible loss in advance.

Other risks – *Force Majeure*, incl. natural disasters, strikes, riots, criminal activities, disruptions in communication media and information systems, as well as other risks that cannot be predicted or controlled by the Company.

Key foreign investment risks:

- **Political risk** – a risk related to the involvement of a country/countries of investment in military conflicts and warfare, as well as to changes in the political environment, e.g. violent overthrow of the government, upheavals or other events affecting the economic or political stability - or further development of this country (region), including the changes in the government's course or its priorities of the respective country (warfare, nationalization, confiscation, introduction of restrictions, sanctions and embargo). This risk is especially typical of the countries which still lack a stable regulatory and legal system, business traditions and culture, among them being certain countries of the Fund's Investment Region. Such factors usually have a major impact on the economic and political stability and financial markets of the respective country and, thus, may have a negative effect on the performance of the Fund.
- **Economic risk** - a risk related to changes in the economic situation of investment regions, such as economic recession, excessive inflation, banking crisis, etc.
- **Currency risk** - a risk that Investors may suffer loss from unfavourable fluctuations in the exchange rates. The base currency of the Fund is the euro; however, the Fund's assets may also be placed in financial instruments denominated in other currencies because of which there arise foreign currency fluctuation risks in relation to the Fund's base currency.
- **Information availability risk** – a risk that there is a lack of true securities market information on the issuer's actual situation or it is inaccessible.

Given that not all the countries of the Fund's Investment Region have common standard for disclosure, there is an increased risk that despite prudent management, the Company may obtain incomplete information and, as a result, making a favourable investment decision is impossible.

- **System risk** – a risk to suffer a loss due to the impossibility to make settlements or transfers caused by the dysfunction of settlement institutions or systems.
- **Legal or regulatory risk** - a risk that may inflict additional expenses and/or loss related to amendments to foreign laws, in case of execution of any decisions/acts by the executive bodies, legislator or judicial power. This may result in imposition of seizure or other restrictions on the financial instruments and/or cash forming the Fund's assets (including those held by the Intermediary whereby free alienation thereof is prohibited).
- **Accounting and double taxation risk** – a risk related to the use of different accounting principles in securities accounting and registration systems in different countries which may cause additional burdens on investments, such as higher tax rates set for non-resident investments; thus, the Fund's assets may be burdened more than if investments were made in the local market.
- **Foreign legislation application risk** – foreign legislation and market practice can be applied to the Fund's assets and financial instruments forming the Fund's assets, their holding and accounting (e.g. when an issuer of financial instruments, depository, holder or counterparty is based in a foreign country), which may envisage for Investor protection, financial instrument holding, transaction execution, etc. conditions that are different from those laid down in Latvia (including, less favourable) where they can be ambiguous, open to divergent interpretations, subject to frequent amendments or restrictions.

2.3 Key Risks Related to Holding of Financial Instruments and Intermediary-related risks

- **Custodian risk** – the Custodian's inability to operate, erroneous activities or malpractice may adversely affect the Fund and reduce the value of the Fund's assets. The Custodian's inability to operate effectively may result from its insolvency, bankruptcy, negligence or deliberate illegal activity as well as other activities without legal basis.
- **Intermediary risk** - a risk of loss that may result from an act or omission by the Intermediary, including fraud, negligence and improper performance on the part of the Intermediary or improper execution of orders by the Intermediary or improper accounting for financial instruments and/or funds held by the Intermediary, etc. and because the Intermediary or their involved party uses the Fund's assets, including in transactions with third parties, pledge the said assets, exercises the right of offset or otherwise encumbers with third party rights and liabilities resulting in a full loss of the Fund's assets (or part thereof) or the ability of free disposing thereof can be seriously jeopardised.
- **Intermediary insolvency and other special administration procedure risk** – a full or partial loss of the Fund's assets, lasting unavailability, impossibility or hindered disposing of them, impossibility to exercise the rights related to financial instruments or inability to access information due to insolvency (bankruptcy) of the

Intermediary (or a sub-intermediary) holding the financial instruments or involved in the execution of orders settlements, or another procedure which restricts or suspends their operations.

The Intermediary's insolvency or other similar process as well as holding of financial instruments may be subject to foreign laws and market practice which may essentially differ from those existing in the Republic of Latvia. The rights to financial instruments may be affected by unpredictable decisions made by the legislator, executive bodies or courts of the respective country. The financial instruments included in the Fund's assets may not be recovered; however, under the Intermediary's insolvency proceedings their value may be compensated (or partially compensated) in the cash value of the financial instruments which is determined according to the laws and regulations of the respective country. In that case, the Custodian only distributes proportionately the funds actually received from the Intermediary to the customers concerned, unless otherwise provided by Latvian laws and regulations. In case of the Intermediary's insolvency and other similar processes, there is a risk that neither the financial instruments nor their monetary value is recovered.

- **Risk related to the holding of financial instruments registered in non-Member States** – in some countries, other than the Member States, there may be different or incomplete regulation (legal framework) as regards holding of financial instruments on behalf of other persons and there can be no requirements for segregation of financial instruments owned by customers, including those owned by the Fund, or such a regulation may essentially differ from that of the Republic of Latvia. The Custodian, the Intermediary or a third party engaged by the Intermediary (sub-intermediary) can be regarded as the owner of the financial instruments rather than the Fund and the financial instruments owned by the Fund can be encumbered or alienated as they are considered to be a property of the person in whose name they are registered in non-Member States, notwithstanding that the Custodian has informed the Intermediary of latter holding the financial instruments forming the Fund's assets. Due to the deficiencies in the financial instrument holding system of such third countries or because of the conduct of the Intermediary, the Fund's income from events and transactions related to financial instruments can be subject to inadequate tax rates. In case of the UK's withdrawal from the EU, the holding of financial instruments in the UK can also be subject to the risk referred above.
- **Issuer's registrar risk** – the issuer can assign a registrar for keeping records of its shareholders, incl. ownership. The registrar shall not be considered an agent or an intermediary engaged by the Custodian or its Intermediary; and neither the Custodian nor its Intermediary is liable for acts/ omissions of the registrar or the latter not fulfilling its obligations. Such conduct of the registrar, inter alia, negligence, fraud, improper performance or poor keeping of register or account of the title to financial instruments, insolvency or liquidation can cause losses to the Fund, including, loss or impairment of the Fund's investments.

2.4 Possible Risk Mitigation Measures

The Company manages the Fund in the interests of the Fund's Investors and will make every effort, to the extent possible, to avoid potential risks or mitigate them; however, the Company does not guarantee that it will be possible to completely avoid such risks. To decrease investment risks, the Fund is managed in compliance with the principles of diversification and risk reduction.

When making investments on the Fund's account, the Company obtains enough information on potential or existing investment targets, as well as monitors the financial and economic situation of the persons issuing the financial instruments in which the Fund's assets are or will be invested.

When developing the Fund's investment strategy and determining investment limitations within the Fund's investment policy framework as specified in this Prospectus, the Company analyses the Fund's investments by maturity, geographical spread, industries, currencies, etc. assessing the risk level of each of these factors. The Company strictly observes the standards and restrictions specified in the Prospectus, the Rules and the laws and regulations of the Republic of Latvia.

For risk mitigation purposes the Company carries out the following:

- Country assessment according to the ratings assigned by international credit rating agencies;
- Overview of the current political situation of the country;
- Analysis of the current economic situation of the country.

In case of losses that might be incurred due to the Intermediary's negligence or deliberate failure to perform its obligations, the Company shall protect its rights by bringing action against the issuer directly and/or against the Intermediary. The Company and Custodian, within the framework of their competence and in accordance with the effective laws and regulations of the Republic of Latvia, will apply all the necessary skills and prudence in selecting, appointing and monitoring their local Intermediaries. Notwithstanding the measures taken by the Company and Custodian, it is not possible to fully avoid the risk related to action, omission or default by the Intermediary.

The investment strategy of the Fund is developed to minimize, as far as possible, the risks referred to in Paragraphs 2.2 and 2.3 hereof; however, the Company does not guarantee that it will be possible to fully avoid these risks in the future

3. INVESTMENT LIMITATIONS AND DESCRIPTION OF THE INVESTING PRACTICE OR METHOD USED IN THE FUND MANAGEMENT

3.1 General Investment Limitations

1. The Fund's investments, excluding the Fund's investments referred to in Paragraph 3.1, sub-paragraph 2 hereof, in transferable securities or money market instruments of a single issuer may not exceed 5% of the Fund's assets. The above limit may be raised to 10% of the Fund's assets; however, in such case, the total value of the investments exceeding 5% may not exceed 40% of the Fund's assets.
2. The Fund's investments in transferable securities of a single issuer can be increased up to 25% of the Fund's assets if they are debt securities issued or guaranteed by a credit institution registered in a Member State and if the terms of such debt securities provide that the acquired funds will be invested in assets that during the entire duration of the debt security fully secure the liabilities arising out of such a debt security, and such liabilities must be settled on a priority basis if the issuer becomes insolvent.
3. If the value of the debt securities of a single issuer owned by the Fund as referred to in Paragraph 3.1, Sub-paragraph 2 hereof exceeds 5% of the Fund's assets, the total value of the Fund's investments that exceeds five percent may not exceed 80% of the Fund's assets.
4. The Fund's assets placed with a single credit institution may not exceed 20% of the assets of the Fund. Such limitation does not apply to demand deposits with the Custodian.
5. Investments of the Fund's assets in Share Certificates of a single investment fund may not exceed 10 percent of the Fund's assets. Total investments of the Fund in share certificates (units) of collective investment undertakings referred to in Paragraph 1.3.3, Sub-paragraph 2 hereof may not exceed 10 percent of the Fund's assets.
6. The total risk arising from transactions in derivatives, inter alia, in the derivatives included in transferable securities or money market instruments may not exceed the Fund's net asset value. In calculating the total risk, the value of the underlying assets of the derivative, counterparty risk, future changes in the market and the time required for closing the relevant position must be considered. In assessing the total risk of the Fund, the Company applies the commitment approach.
7. Risk position in transactions with over-the-counter derivatives with each counterparty may not exceed:
 - 1) 10% of the Fund's assets if the counterparty is a credit institution that has obtained a licence for credit institution operations in a Member State or OECD member state that is included in the Group of Ten;
 - 2) 5% of the Fund's assets if the counterparty is an investment brokerage company whose capital and reserves amount to at least EUR 10 million or to equivalent amount in another currency according to the exchange rate published by the European Central Bank and which is registered in a Member State or OECD member state that is included in the Group of Ten and whose operation is monitored by a competent financial supervisory authority.
8. Considering that derivative transactions with the aim to generate profit may be carried out at the expense of the Fund, the limitations set forth in Paragraph 1.3.1 hereof apply to the underlying asset of the derivative financial instrument.
9. Disregarding the investment limitations separately specified in Sub-paragraphs 1, 4, 6 and 7 of Paragraph 3.1, the total Fund's investments in transferable securities and money market instruments, the Fund's deposits and transactions with derivatives, the issuer or guarantor whose investment attractor or transaction counterparty is one and the same person may not exceed 20% of the Fund's assets. In applying the investment limits specified in this Paragraph, commercial companies belonging to one group must be considered as a single person.
10. The investment limitations separately specified in Sub-paragraphs 1, 2, 3, 4, 6 and 7 of this Paragraph may not be combined and thus the total investments of the Fund in transferable securities and money market instruments, the Investment Fund's deposits and transactions with derivative financial instruments the issuer or guarantor whose investment attractor or transaction counterparty is one and the same person may not exceed 35% of the Fund's assets.

3.2 Investment Limitations as regards a Single Issuer

1. The investments of the Fund in separate assets may not exceed the following criteria:
 - 1) 10% of the par value of the shares (without voting rights) of a single issuer;
 - 2) 10% of the total amount of debt securities issued by one issuer;
 - 3) 10% of the total value of the money market instruments issued by a single issuer;
 - 4) 25% of the value of a single investment fund or collective investment undertaking.
2. Neither the total investments of all the funds managed by the Company nor investments of one single fund may directly or indirectly exceed 10% of any of the following indicators:
 - 1) share capital of one issuer;

- 2) total voting rights of one issuer.
3. The Fund's assets may not be disbursed in loans or invested in real estate, precious metals and derivatives whose underlying asset are precious metals or commodities.

3.3 Loans at the Expense of the Fund

To ensure that the liabilities of the Fund are fulfilled, covering such expenses of the Fund that, if not paid on time, may cause losses to the Fund, the Company may borrow on the Fund's account in total up to 10% of the Fund's net asset value, but only for a short-term up to three months

The Company is entitled to make a decision regarding the borrowing on the Fund's account in accordance with the Prospectus and Fund Rules.

3.4 General Provisions for Transactions

The Company carries out transactions with the Fund's assets in accordance with the Law, this Prospectus, the Fund Rules, and other applicable laws and regulations of the Republic of Latvia.

The Company has no right to assume liabilities at the expense of the Fund's assets, if these liabilities are not directly attributable to the Fund. The Company may not carry out transactions with the Fund's assets without consideration. The balances due from the Company may not be offset by the receivables of the Fund.

The Fund's assets may not be pledged or otherwise encumbered except in the cases specified in the Law and herein.

The Company is not allowed to sell securities or assume commitments regarding the sale of the securities on the Fund's account if, at the time of the transaction, these securities do not constitute the Fund's assets.

In assessing the compliance of the Fund's investment portfolio with the investment limitations, the investment value determined under the procedure described in Chapter 12 "PRINCIPLES AND RULES FOR THE FUND VALUATION" is used.

3.5 Selection of Investment Targets

1. Investment targets are chosen in accordance with the principles of the investment policy of the Fund and investment limitations stipulated herein as well as in accordance with the procedure stipulated by the Fund Rules and in compliance with the principles of diversification and risk reduction.
2. In making investments on the Fund's account, the Company is obliged to invest only in the investment targets specified herein, comply with the investment limitations stipulated herein, obtain enough information on potential or existing investment targets as well as constantly monitor and analyse the financial and economic standing of the entities in whose securities or money market instruments the Fund's assets have been or will be invested.
3. In managing the Fund and receiving collateral according to the signed financial collateral agreements, receiving guarantees, carrying out repo transactions as well as borrowing or lending securities or performing other transactions with transferable securities and money market instruments of the Fund, the Company ascertains that the above transactions ensure efficient management of the Fund's investment portfolio.
4. In carrying out the transactions referred to in Paragraph 3.5, Sub-paragraph 3 of this Chapter, the Company ensures efficient management of the Fund's portfolio satisfying the following transaction criteria:
 - 1) their use is economically reasonable and cost-effective;
 - 2) their use is intended for at least one of the following purposes:
 - risk mitigation;
 - cost reduction;
 - increase in the Fund's net value or income in accordance with the investment risk profile of the Fund and the investment limitations set;
 - 3) The related risks are duly included in the risk management process of the Fund.
5. The decisions on dealing with the Fund's assets are made and the instructions to the Custodian are given by the Fund Managers appointed by the Management Board of the Company in compliance with the provisions of the Prospectus, the investment policy of the Fund and the procedure stipulated by the applicable laws and regulations of the Republic of Latvia. The procedure for decision-making and giving instructions is laid down in the Fund Rules.

3.6 Exceeding of Investment Limitations

Investment limits may be exceeded if it is due to exercising subscription rights pertinent to transferrable securities or money market instruments contained in the Fund's assets or other circumstances which the Company has not been able to foresee. To rectify exceeding the investment limits the Company must carry out sales transactions in line with the risk mitigation principle and in the best interest of Investors.

4. RIGHTS AND LIABILITIES OF INVESTORS

4.1 Rights of the Investors

1. To alienate their Share Certificates without any limitations;

2. To participate in the distribution of income derived from the transactions with the Fund's assets in proportion to the number of the Share Certificates;
3. To participate in the distribution of income derived from the liquidation of the Fund in proportion to the number of the Share Certificates;
4. To request the redemption of their Share Certificates by the Company;
5. To request the Company to repurchase the Share Certificates issued by the Company, if due to the Company's fault the information presented in the Prospectus, which is essential for the evaluation of the Share Certificates, is incorrect;
6. To request and receive free of charge annual and semi-annual reports of the Fund, to have access to all publicly available information about the parties related to the activities of CBL Asset Management IPAS and the Fund. The scope of this information and the procedure for obtaining it are provided in the Fund Rules;
7. The Investor is not entitled to request unbundling of the Fund. This also applies to the holder of the Investor's pledge, creditors or administrator in case of the Investor's insolvency.

Rights and obligations of the owners of the publicly issued Share Certificates are specified according to the Law, the Financial Instrument Market Law and other laws and regulations of the Republic of Latvia.

4.2 Limitations of the Investor's liabilities

1. The Investor is not responsible for the liabilities of the Company. The liability of the Investor regarding the claims in respect to the Fund's assets is limited only to the Share Certificates of the Fund owned.
2. Any arrangement which contravenes the provisions of the above paragraph is not valid as of the date of its signing.
3. Any claim against the Investor concerning their liabilities may be directed against their Share Certificates, but in no case against the Fund's assets.

Terms and conditions of this Prospectus become binding to the Investor as soon as the Investor acquires the Share Certificates under the procedure specified in this Prospectus and the Fund Rules.

5. TYPICAL INVESTOR'S PROFILE

The Fund was set up for professional and experienced Investors as well as for those Investors who are not familiar with the capital market opportunities whose aim is to generate profit on capital markets. This strategy comprises risks that include but are not limited to general market risk, issuer risk, liquidity and foreign investment risks, which can adversely affect the value of the Units of the Fund or the value of the Share Certificate of the Fund. According to the Fund's long-term strategy, the Fund is more suitable for the Investors who intend to invest for a period of at least 5 years.

The target market (the targeted end-investor groups of the respective investment fund identified and regularly reviewed by the Company) is published on the Company's website: <http://www.cblam.lv/lv/investment-funds/> alongside with the end-investor groups considered by the Company non-eligible for making investments in the Fund.

6. TAXES AND DUTIES APPLICABLE TO THE INVESTORS OF THE FUND

The Investor pays the applicable personal/corporate income tax or any other applicable taxes, duties or similar charges himself/herself. The Company does not assume any responsibility for the payment of taxes, duties and similar charges applicable to the particular Investor unless it is required by the laws and regulations of the Republic of Latvia or foreign law or international agreements applicable to it.

According to the applicable laws and regulations of the Republic of Latvia, the Investment Fund does not have to pay corporate income tax; therefore, the capital accumulated by the Fund and the Fund's assets are not subject to corporate income tax. If, according to the laws and regulations of the Republic of Latvia or a foreign country, investment targets and transactions with the Fund's assets are subject to taxation, the Company pays such taxes from the Fund's assets. The above does not constitute the Company's commitment to pay taxes, duties or similar charges in place of the Investor unless it is required by the laws and regulations of the Republic of Latvia or foreign law or international agreements applicable to it.

As prescribed by the Law on Personal Income Tax and the Law on Corporate Income Tax of the Republic of Latvia or any other laws and regulations that may in the future replace the above laws and related regulations, the Investors pay personal income tax or corporate income tax by themselves.

The information provided in this paragraph gives a general overview of current Latvian tax laws and regulations effective at the time of registering the latest amendments to this Prospectus. The Company bears no responsibility for tax treatment of each particular Investor. In case of uncertainties, the Investor must contact their tax advisor.

The Investor must take into account that taxes, duties or similar charges can significantly differ depending on the following:

- the place/country of residence of the Investor – namely, the fact that the income derived from the sale of the Share Certificates is not/is subject to taxation in the Republic of Latvia does not mean that

such an income would not/would be subject to taxation in the country of residence of the Investor who is not a resident of the Republic of Latvia according to the law of the relevant country;

- the legal status of the Investor – the application of taxes/duties to private individuals and legal entities may differ; it also depends on the type of activity (whether the Investor is a foundation, association, religious organization, trade union, political party, state/self-government authority or authority financed by the state/self-government, etc.);
- additions and amendments to the tax law of the particular country, namely, the provisions specified in the tax laws, regulations and international agreements can change from time to time.

7. SUMMARY OF TRANSACTIONS WITH SHARE CERTIFICATES AND FUND MANAGEMENT FEE

7.1 Charges for Transactions with Share Certificates

The maximum entry charge is calculated as a percentage of the value of the Unit of the Fund. The entry charge for the CBL European Leaders Equity Fund is determined up to 1.50% of the value of the Unit of the Fund.

Distributors and Intermediaries are entitled to reduce or cancel the entry charge on selling the Share Certificates for certain Investor groups or Investors.

There is no exit charge for the Share Certificates.

The Company does not set any rules or applicable commission charges for transactions with the Share Certificates on the secondary market.

7.2 Fees paid covered from the Fund's assets

The amount of the fees payable from the Fund's assets is determined as a percentage of the Fund's average net asset value per annum as follows:

Name	Fee amount
Company	1.40%
Custodian	0.18%*
Auditor of the Fund	0.10%
Maximum expense ratio	4.00%

* The total amount of the Custodian fee, including other charges, may not exceed 0.50% of the Fund's average net asset value per annum.

In the interests of the Investors, the Company is entitled to reduce the fees payable from the Fund's assets as well as to make payments to the Custodian, Certified Auditors and third parties.

7.3 Other Payments Covered from the Fund's Assets

Other expenses are covered from the Fund's assets if substantiated by source documents and if such payments are stipulated in the laws and regulations of the Republic of Latvia governing the activities of investment management companies and investment funds as well as the accounting procedure of such entities.

Other payments include such expenses as fees paid to a Certified Auditor, transaction fees, brokerage fees, interest on loans; the fee for registration of amendments to the Prospectus and/or Fund Rules, for the supervision of the Fund and similar payments, fee for holding financial instruments (including the fee for holding the Fund's assets by Intermediaries), tax certification, for admittance to official stock-exchange listing, for legal and other professional consultations; the costs related to distribution of the Share Certificates of the Fund, research costs, as well as other similar costs.

The transaction processing fee is determined according to Custodian's valid pricelist.

7.4 Other Payments Covered at the Investor's expense

According to the provisions laid down in Chapter 10 hereof, the Investor must cover all expenses related to the purchase of the Share Certificates (bank charges for operations with financial instruments/settlement accounts, transactions, holding of the Fund's Share Certificates, etc.); in case the Investor fails to pay for the Share Certificates in full according to the procedure and within the term stipulated in this Prospectus, the Investor must cover all Fund's expenses and losses related to non-execution of the submitted application for the purchase of the Share Certificates.

According to the provisions laid down in Chapter 11 hereof, the Investor must cover all expenses related to the redemption of the Share Certificates (bank charges for operations with financial instruments/settlement accounts, transactions, holding, etc.).

The charges specified in this chapter are incurred and paid by the Investor; the amount of the respective fee is determined by the credit institution or financial institution with which the Investor has opened a financial instrument account and holds the Share Certificates.

8. INFORMATION ON THE AUDITOR OF FUND

Name of the Auditor:	KPMG Baltics AS
Registration number:	40003235171
Legal address:	Vesetas iela 7, Riga, LV-1013, Latvia

The office of the KPMG Baltics AS executive body is at its legal address.

Licences: Licence No 55 for auditing services issued by the Latvian Association of Certified Auditors.

KPMG Baltics AS is one of the largest audit, management and tax consulting companies in Latvia.

Procedure for the Fee Calculation and Payment to the Auditor of the Fund

The expected annual fee payable to the Auditor of the Fund is gradually included in the valuation of the Fund's asset value on a daily basis – in equal parts every day. In calculating the fee payable to the Auditor of the Fund for the current day, the Company assumes that the reporting year of the Fund is 365 days.

The audit fee is accrued and paid to the Auditor of the Fund once a year.

9. GENERAL INFORMATION ON THE INVESTMENT FUND

The investment fund is an aggregate of assets formed by investments made in return for Share Certificates as well as assets obtained in transactions with the property of the investment fund.

The investment fund is not a legal entity.

The Fund does not have any sub-funds, nor does it have Share Certificates of different categories – all owners of the Share Certificates of the Fund have equal rights arising from the Share Certificate.

The **base currency** of the CBL European Leaders Equity Fund is the euro (hereinafter – EUR).

According to the Law, the CBL European Leaders Equity Fund is an investment fund and operates according to European Union law. The Company that manages the Fund is obliged to redeem the Share Certificates upon the request of the Investors.

The Fund's assets are a joint property of the Investors and must be held, booked and managed separately from the property of the Company and other Funds under its management and of the Custodian.

If the Custodian uses Intermediaries for holding the financial instruments, then taking into account the specifics of the law governing the accounting for the property rights and other circumstances in the particular foreign country, the ownership of the financial instruments may be registered in the name of the Custodian, the Intermediary, the Company or a third party, inter alia, in the name of a third party engaged by the Intermediary. For their part, the Custodian accounts for the ownership of these financial instruments belonging to the Fund according to the laws and regulations of the Republic of Latvia by disclosing the ownership rights of the Fund in the financial instrument account. With regard to the financial instruments held by foreign Intermediaries, the attached rights, and actions, omissions and liability of the Intermediaries, the laws and regulations as well as the market practice of the Intermediary's country of residence can be applied to them.

The Funds' assets may not be included in the property of the Company or the Custodian if the Company or the Custodian is declared insolvent or is liquidated.

10. SALE OF SHARE CERTIFICATES

The number of Share Certificates issued by the CBL European Leaders Equity Fund and the issuance period are not limited.

In certain countries and jurisdictions, the distribution of the Share Certificates is restricted by the law. Therefore, the person who has acquired the Share Certificates in accordance with the Prospect is responsible for the compliance with the requirements and/or prohibitions valid in the particular jurisdiction. The Prospectus should not be considered to be a proposal or proposition to purchase the Share Certificates.

On our part, before purchasing the Share Certificates we recommend the Investors to acquaint themselves with the legislative requirements effective in their country of residence and the potential consequences of purchasing the Share Certificates of this Fund (including prevention of money laundering and terrorism financing and proliferation, investment services and non-core services, including assessment of suitability and appropriateness of the Fund for the interests of the Investor) as well as with the requirements of the FATCA (U.S. Foreign Account Tax Compliance

Act) and the CRS (OECD Standard for Automatic Exchange of Financial Account Information), and also with all the effective currency exchange provisions and applicable taxation.

Share Certificates, representing a whole Unit of the Fund, can be divided up to a maximum of four decimal points. The rounding off of the Unit of the Share Certificates is carried out as follows:

- If the fifth decimal is 4 or less – the fourth decimal stays the same;
- If the fifth decimal is 5 or more – the fourth decimal is rounded up by one unit.

10.1 Application Procedure for Share Certificate Acquisition

Each Investor may apply for an unlimited number of the Share Certificates. The minimum purchase amount is the price of 1 (one) Share Certificate.

The Distributor of the Share Certificates of the Fund in Latvia is:

- AS Citadele banka address: Republikas laukums 2A, Riga, LV-1010,
Phone: (+371)67010000, Fax: (+371)67010001;

and

- the branches and customer service centres of AS Citadele Banka in Latvia. Addresses of the branches and customer service centres are available at the office of the Company or by calling AS Citadele Banka during its office hours or on the bank's website: www.citadele.lv.

Applications for the Share Certificate acquisition may be submitted to the Company, Distributors or the Account Holder with which a financial instrument account has been opened for the Investor on each business day during their stated working hours. Where the Investor's application is accepted by the Distributor or the Account Holder, the latter passes on the application to the Company for execution.

Investors classified as private customers can only submit the applications for the Share Certificate acquisition to the Distributor or the Account Holder,

Where the Investor is classified as a professional client or an eligible counterparty within the meaning of Directive 2014/65/EU of the European Parliament and the Council, the Investor can apply for the Share Certificate acquisition at the Company's office at Republikas laukums 2A, Riga, LV-1010, Phone: (+371) 67010810, Fax: (+371) 67778622.

When making investments in the Fund, in addition to the application for the Share Certificate acquisition, the Investor, at the request, must submit to the Company, Distributor or Account Holder all the necessary identification documents.

If the Company has received and accepted an application before 17:30 Latvian time (cut-off time), it is processed for the price of the Share Certificates of the Fund stated for the day of the receipt of the application and which is determined after the cut-off time.

If the Company has received and accepted the application after the cut-off time, such an application, at the Company's discretion, may be considered submitted on the next business day.

The Distributor is entitled to engage third parties to organize the distribution of the Share Certificates of the Fund, including, dealers, information agents and other persons authorised to provide this type of services. The Distributor organizes and ensures that the sale and redemption of the Share Certificates are carried out according to the provisions of the laws and regulations of the Republic of Latvia and/or the country in which the Share Certificates are sold and according to the Prospectus and Fund Rules.

To apply for the Share Certificates, the Investor must open a financial instrument account with an Account Holder who is a member of the LCD or with an account holder who can ensure, through an interbank or central depository correspondent relationship that the financial instruments are held with the LCD.

The Investor must fill in and submit to the Company, Distributor or Account Holder, with which a financial instrument account has been opened for the Investor, an application for the acquisition of the Share Certificates of the Fund. By signing the application, the Investor certifies that they have read the Prospectus, Fund Rules and Key Investor Information and agree to their provisions and acknowledge their binding nature.

The person receiving the application ensures that the application for the Share Certificate acquisition includes at least the information specified in Paragraph 11.1 of the Fund Rules.

In the application for the Share Certificate acquisition the Investor at their discretion indicates the preferred acquisition mode: a fixed number of the Share Certificates or a specific amount of money for acquiring the Share Certificates.

The applications for the acquisition of the Share Certificates of the Fund are accepted and registered according to the provisions of the Prospectus and Fund Rules.

The Company is obliged to execute only those applications which contain all the information that is requested. The investor is responsible for the truthfulness and completeness of the information provided in the application.

Where the Investor submits the application for the Share Certificate acquisition via an investment fund platform through the Account Holder, with which a financial instrument account has been opened for the Investor and who acts in its own name but on behalf of the Investor (but which is not a Distributor within the meaning of this

Prospectus), in line with the requirements of Directive 2015/849 and Directive 2018/843, the Account Holder must ensure and is responsible for the identification of the Investor, inter alia, the assessment of the legal capacity of the representative, examination of the sources of the funds to be invested, according to the procedure and requirements set for investment platforms. The Account Holder is also responsible for assessing the investments in the Fund as to the suitability and/or compliance with the interests of the Investor according to the regulatory requirements in the Investor's residence country or Latvia or the respective foreign country in which the Share Certificates of the Fund are sold. When accepting an acquisition order from the Account Holder, which is a licensed financial institution, the Company or Distributor can use the customer identification carried out by the Account Holder in the area of prevention of money laundering and terrorism financing and examination of the sources of the funds as well as rely on the results of the suitability, compliance and other procedures performed by the Account Holder.

10.2 Nominal Accounts

If the Investor qualifies as a professional customer or an eligible counterparty within the meaning of Directive 2014/65/EU of the European Parliament and the Council and if the Investor has explicitly referred to it in its application and if the Company has agreed to it, the Company opens a nominal account of the Investor for holding the Share Certificates and transactions with them. In this case, the Investor needs not to open a financial instrument account according to the provisions of Paragraph **Error! Reference source not found.** hereof. The nominal account servicing rules are published on the Company's website www.cblam.lv and the Investor shall acquaint themselves with these rules and agree to them when the respective application is submitted.

10.3. Methods and Frequency of Calculating the Sales Price of Share Certificates and Disclosure of Information

The sales price of Share Certificates consists of the value of the Unit of the Share Certificates of the Fund to be purchased and the entry charge for sale of the Share Certificates referred to Paragraph 7.1 hereof.

The sales price of the Share Certificates is based on the value of the Unit of the Fund which is determined on the day of receipt of the application for the Share Certificate acquisition and published on the next business day.

The sales price of the Share Certificates is variable and is determined on each business day together with the value of the Unit of the Fund.

The Fund's value and the value of the Share Certificates are determined on each business day after the Company receives from the Custodian the statement on the Fund's portfolio which is submitted to the Company on each business day after 17:30.

The information on the Fund's value and the value of the Share Certificates determined on the previous business day is available at the Company's office or may be obtained by calling the Company during its business hours. This information can also be obtained from the Distributor at the address stated in the Prospectus or calling the Distributor; Paragraph 10.1 hereof contains the respective phone numbers. This information is also published on the website of the Company.

10.4. Payment Procedure

The Share Certificates are issued only upon full payment of the price of the respective certificates in cash.

The Share Certificates of the Fund are sold at the price determined for the day when the Company received and accepted the application for the acquisition of the Share Certificates of the Fund.

According to Paragraph 10.1 of the Prospectus, the Company or the Distributor calculates, depending on the Share Certificate purchase mode chosen by the Investor, the number of the Share Certificates corresponding to the specified amount of money or the amount of money corresponding to the specified number of the Share Certificates.

Not later than within five business days after the submission of the application for the Share Certificate acquisition to the Company or Distributor, the Investor must transfer the price of the Share Certificates to the Fund's account opened with the Custodian. If, within the prescribed period, the relevant amount of money for purchase of the Share Certificates has not been credited to the Fund's account, the application is void.

If the Custodian holds the cash and financial instruments for the Investor, the submission to the Company or the Distributor of the application for the Share Certificate acquisition shall be deemed as an order to purchase the financial instruments. Based on the application for the Share Certificate acquisition, the Custodian carries out cash and securities settlements as well as makes respective entries in the Investor's accounts. The Custodian debits the amount of money necessary for the purchase of the Share Certificates from the Investor's account and credits it to the Fund's account with the Custodian. After the receipt of the money in the Fund's account opened with the Custodian, the Company issues new Share Certificates and immediately ensures their transfer to the Investor's financial instrument account opened with the Custodian.

If the Investor's cash and financial instrument accounts are held with another Account Holder, the Investor must credit in person the amount of money necessary for the purchase of the Share Certificates of the Fund to the Fund's account with the Custodian. The Investor can choose to receive the transaction confirmation on the exact amount of money which the Investor must credit to the Fund's account with the Custodian either at the office of

the Company, or by means of communication stated by the Investor, including, but not only, e-mail and the Internet bank.

The Company issues new Share Certificates only after the Investor has credited the amount of money required for the Share Certificate acquisition to the Fund's account with the Custodian.

The Share Certificates are credited to the Investor's financial instrument account not later than within three business days after the money is credited to the Fund's settlement account.

The payments for the Share Certificates are made in the base currency (EUR) of the Fund.

The payments for the Share Certificates may be made according to other procedures:

- Upon an agreement between the Investor and the Company;
- Upon an agreement between the Investor and the Distributor which does not contradict the Prospectus and the agreements signed between the Investor and the Distributor;
- At the request of the Company, if the amount of money to be invested in the Fund by the Investor exceeds 5% of the Fund's net asset value.

All expenses incurred by the Investor regarding the purchase of the Share Certificates (bank charges for the operations with financial instrument/settlement accounts, etc.) are borne by the Investor.

If the Investor fails to credit to the Fund's account with the Custodian the amount of money necessary for full payment of the Share Certificate value, the Investor must cover all costs as well as losses incurred by the Company and Fund due to failing to execute the application for the Share Certificate acquisition.

10.5. Payment Procedure by Using Nominal Accounts

When purchasing Share Certificates according to the procedure specified in Paragraph 10.2 hereof without opening the financial instrument account, the Investor must credit in person to the Fund's account with the Custodian. The Company sends the transaction confirmation to the Investor by electronic means of communication as previously agreed by them

The Company issues new Share Certificates only after the Investor has credited the amount of money necessary for purchasing the Share Certificates to the Fund's account with the Custodian or according to any other pre-agreed procedure between the Company and Investor.

The Share Certificates are transferred to the Investor's nominal account opened by the Company not later than within three business days after receiving the money in the Fund's account with the Custodian.

The Investor is entitled to demand at any time that the Share Certificates they own and hold in the nominal account of the Company are registered in the financial instrument account in the name of the Investor. In such case, the Investor must open a financial instrument account with the Custodian or another Account Holder and give an order to transfer to this account all the Share Certificates they own. The Company has the right to refuse the Investor such reregistration if the use of the nominal accounts is binding by some specific compulsory jurisdiction or required due to legal, regulatory or practically unavoidable reasons.

11. REDEMPTION AND REPURCHASE OF SHARE CERTIFICATES

11.1 Application Procedure for Redemption of Share Certificates

The Company redeems the Share Certificates at the Investor request.

The Company redeems the Share Certificates in the order in which the applications for redemption are submitted and registered.

To request redemption of the Share Certificates, the Investor must submit to the Company, Distributor or Account Holder, with which a financial instrument account has been opened for the Investor, the application for redemption of the Share Certificates of the Fund.

If the Investor holds the Share Certificates in the nominal account with the Company, the application for redemption of the Share Certificates of the investment fund must be submitted to the Company.

The Investor may submit the application for redemption of the Share Certificates to the Company or Distributors at the addresses referred to in Paragraph 10.1 hereof during their business hours.

If the Company has received and accepted the application until 17:30 Latvian time (cut-off time), it must be executed for the redemption price of the Share Certificates stated for the day of the receipt of the application which is determined after 17:30.

If the Company has received and accepted the application after the cut-off time, such an application, at the Company's discretion, may be considered as submitted on the next business day.

In the application for redemption of the Share Certificates, the Investor indicates at their discretion the preferred redemption mode: a fixed number of the Share Certificates to be redeemed or a specific amount of money for redemption of the Share Certificates.

The Company does not bear any responsibility for the Investor's losses caused by incorrect or incomplete application.

The Company is obliged to execute only those applications which provide all the information required. The Investor is responsible for the accuracy and completeness of the stated information.

If an Investor applies for redemption of their Share Certificates through an Account Holder who acts in their own name but on behalf of the Investor, but who is not a Distributor within the meaning of this Prospectus, the Account Holder must ensure and is responsible for identifying the Investor according to their client identification procedures.

11.2 Methods and Frequency of Calculating the Redemption Price of Share Certificates

The redemption price of the Share Certificate is equal to the value of the Unit of the Share Certificates of the Fund determined for the day when the Company has received and accepted the application for redemption of the Share Certificates.

No charge is withheld for redemption of the Share Certificates; however, the Investor must bear transaction-related charges and costs, including transaction costs.

The redemption price of the Share Certificates is variable and established on a daily basis together with the value of the Unit of the Fund.

The redemption price for Share Certificates is paid in the base currency of the Fund.

Information on the Fund's value and the value of the unit is disclosed as stated in Paragraph 10.3 hereof.

11.3 Payment procedure

The Share Certificates are redeemed at the price determined for the day when the Company has received and accepted the application for redemption of the Share Certificates.

According to Paragraph 11.1 hereof, the Company calculates, depending on the redemption mode chosen by the Investor, the amount of money corresponding to the number of the Share Certificates specified in the Investor's application or the number of the Share Certificates corresponding to the specified amount of money.

Not later than within five business days after the submission of the application for redemption of the Share Certificates to the Company or Distributor, the Investor transfers the redeemed Share Certificates to the Fund's issue account opened with the Custodian. If within the set period the number of the redeemed Share Certificates has not been transferred to the Fund's issue account, the application is void.

If the Custodian holds the cash and financial instrument accounts for the Investor, an application submitted for redemption of the Share Certificates to the Company or Distributor shall be deemed as an order to sell the financial instrument. Upon this order, the Custodian carries out cash and securities settlements as well as makes respective entries in the Investor's accounts. The Custodian transfers the redeemed Share Certificates from the Investor's financial instruments account to the Fund's account opened with the LCD. After receiving the Share Certificates in the Fund's issue account with the LCD, the Company immediately redeems them and within six business days the Company transfers to the Investor's cash account the relevant amount of money in the base currency of the Fund which corresponds to the number of the redeemed Share Certificates.

If the Investor's settlement and financial instrument accounts are held with another Account Holder, the Investor shall in person ensure transferring the number of the redeemed Share Certificates to the Sub Fund's issue account with the LCD. If the Investor has stated in the application the amount of money to be received for the redeemable Share Certificates, then the Investor can receive the transaction confirmation on the exact number of redeemable Share Certificates which the Investor must transfer to the Fund's issue account with the LCD and this can be received at their discretion either at the office of the Company or through means of communication stated by the Investor, including, but not only, e-mail and Internet bank. After receiving the Share Certificates in the Fund's issue account with the LCD, the Company immediately redeems them and not later than within six business days transfers to the Investor's cash account the relevant amount of money in the base currency of the Sub-account which corresponds to the number of the redeemed Share Certificates.

If the Share Certificates are held in the nominal account with the Company, then the Company immediately redeems the respective Share Certificates and not later than within six business days transfers to the Investor's settlement account the relevant amount of money in the base currency of the Fund which corresponds to the number of the Share Certificates redeemed.

All expenses incurred by the Investor with regard to the redemption of the Share Certificates (bank charges for operations with the financial instrument/cash settlement accounts, transaction fees, etc.) are borne by the Investor.

If the Investor or several Investors within 3 business days submit applications for redemption of the Share Certificates which taken together exceed 10% of the Fund's net asset value and which execution may substantially affect the interests of other Investors, the redemption settlement period may be extended to ten business days.

After redemption of the Share Certificates the Investor loses all their rights derived from owning the Share Certificates, except claims to the extent of the redemption price until they are settled in full.

11.4 Secondary Market of Share Certificates

The Share Certificates of the Fund are transferable securities, and Investors can alienate them without limitations according to the applicable laws and regulations. The Company has no right to determine the price of the Share Certificates on the secondary market, and the Company is not responsible for the price fluctuations of the Share Certificates on the secondary market.

11.5 Rules and Procedure for Repurchase of Share Certificates

If significantly important information for determining the value of the Share Certificates presented in the Prospectus and accompanying documents is incorrect or incomplete due to the Company's fault, the Investor is entitled to demand that the Company repurchases their Share Certificates and reimburses them for all losses incurred.

Such a claim must be filed within 6 months from the date when the Investor finds out that such information is incorrect or incomplete, but in any case, not later than three years from the date of purchase of the Share Certificate.

Repurchase of the Share Certificates is not to be considered as redemption of the Share Certificates.

The Investor can submit the application for repurchase of the Share Certificates to the Company in writing together with documents certifying the fact that the Investor has suffered loss due to the Company's fault as in the Prospectus and the accompanying documents the Company has presented incorrect or incomplete data of significant importance for determining the value of the Share Certificates.

The Company may temporarily suspend repurchase of the Share Certificates of the Fund in exceptional cases if the repurchase is impossible due to force majeure circumstances which are beyond the control of the Company and the Fund. Repurchase of the Share Certificates can be suspended if the Commission exercises its rights to restrict the Company's rights to alienate the Fund's assets. The Share Certificates of the Fund may not be repurchased in case the Fund is under liquidation; in the event of liquidation, the claims of the creditors and Investors are satisfied according to the procedure laid down in the laws and regulations of the Republic of Latvia.

11.6 Conditions for Suspension of Redemption and Repurchase of the Share Certificates

In case of extraordinary financial market conditions (temporary shutdown of stock exchanges, banks, brokerages or any other reason preventing transactions in financial instruments) or other *force majeure* events or upon the merger or reorganisation of the Fund, the Company may temporarily suspend trading of the Share Certificates of the Fund. The Company will immediately inform every Investor directly or publish a respective announcement on the website of the Distributor at www.cblam.lv.

Redemption and repurchase of the Share Certificates may be suspended if the Commission exercises its right to restrict the rights of the Company to manage the Fund's bank accounts, and in the event of liquidation of the Fund.

Redemption and repurchase of the Share Certificates is prohibited after the start of liquidation of the Fund.

If the Fund is liquidated, the claims of the Fund's creditors and Investors are satisfied according to the procedure laid down in the laws and regulations.

12. PRINCIPLES AND RULES FOR THE FUND VALUATION

The Fund's value (also referred to as the Fund's net asset value) is the value of the assets less the value of the liabilities.

12.1 Valuation of the Fund's assets

The accounting records of the Fund are kept according to the Law, the Regulations issued by the Commission as well as other laws and regulations of the Republic of Latvia.

For valuation of the items of financial statements, International Accounting Standards issued by the International Accounting Standards Board are applied.

The Company ensures that accounting records of the Fund are maintained in the base currency of the Fund (EUR). Transactions in foreign currencies are translated in the base currency of the Fund at the currency exchange rate published by the European Central Bank or according to the information provided by the Custodian, which is based on the exchange rate of the respective currency published by the news and information agencies such as *Bloomberg*, *Reuters* or similar information sources.

The Fund's assets are valued according to the following accounting principles:

- 1) Going concern principle;
- 2) The same asset valuation principles as used in the previous reporting year;
- 3) Prudence principle:
 - The financial statements of the Fund comprise only the profit generated to the date of the balance sheet,
 - All possible costs are considered regardless of the time of their occurrence (i.e. those related to the reporting period and to the previous reporting periods);

- 4) Income and expense incurred during the reporting year are taken into consideration irrespective of the payment date or the invoice issuance date;
- 5) All items having a material impact on the evaluation or decision making by the users of the Fund's financial statements are disclosed;
- 6) Assets and liabilities items have been valued separately;
- 7) All transactions are recorded and disclosed according to their economic content and nature rather than their legal form.

In exceptional cases deviations from the above accounting principles are allowed. Any such case shall be explained in the notes to the financial statements, stating its impact on the assets and liabilities, financial position and financial results of the Fund.

According to the requirements specified in the Prospectus and the laws and regulations of the Republic of Latvia, the assets of the CBL European Leaders Equity Fund may only consist of financial assets.

The Company categorises all the financial assets included in the Fund as follows:

- financial assets at fair value through profit or loss. These are financial assets purchased or acquired mainly with the objective of generating a profit from short-term price fluctuations;
- financial assets at fair value through other comprehensive income. These are financial assets with fixed or determinable payments and fixed maturity that an entity has positive intent and ability to hold to maturity.

The Company classifies the financial assets at the time of their acquisition and reviews the asset classification on a regular basis (at the end of each month).

The valuation of the Fund's assets is carried out on a prudent basis.

Financial assets are initially recognized in financial statements at cost which is the fair value of consideration given to acquire the asset. The cost includes the transaction costs directly related to the acquired financial asset.

The Company recognises or derecognises the purchase or sale of financial assets using the settlement date accounting.

12.1.1 Valuation of Debt Securities

Debt securities at fair value through profit or loss

The fair value of debt securities held for trading purposes that are listed on stock exchanges or traded on other regulated markets is based on the last published market prices known to the Custodian.

If the security income is paid out in the form of coupon payment and the stock exchange price does not include the accrued coupon portion, it is added to the amount that corresponds to the period from the starting date of coupon calculation to the date of calculation of the Fund's value.

Debt securities at fair value through other comprehensive income

Debt securities with fixed or determinable payments and a fixed maturity which are intended to and can be held until maturity as well as debt securities not publicly traded on stock exchanges or on other regulated markets are valued at amortized cost, which is calculated using the effective interest rate method, i.e. the securities are stated at cost plus amortized discount or premium (*Agio, Disagio*). Income is recognized and the carrying amount is reduced by using the rate that precisely discounts the future cash flow (until the financial asset maturity or the repricing date) to the financial asset present value.

If the security is paid out in the form of coupon, the accrued interest or the coupon portion is added to the extent corresponding to the period from the starting date of such coupon calculation until the date of calculation of the Fund's value.

12.1.2 Valuation of Equity Securities

The value of equity securities listed on the stock exchanges or traded on other regulated markets is based on the last published market prices known to the Custodian.

Equity securities not listed on stock exchanges or traded on other regulated markets are valued at acquisition cost. Following the prudence principle, such assets are valued at the lowest price if such is known to the Custodian through the transactions carried out on the market. Information on market transactions can be obtained from official and public information sources (e.g. newspapers, news agencies).

12.1.3 Valuation of Share Certificates of Investment Funds

The value of the Share Certificates of investment funds or similar or equivalent collective investment undertakings is based on the last available redemption price of the Share Certificates on the day of calculation of the Fund's value.

12.1.4 12.1.5 Valuation of term deposits

All term deposits are classified as financial assets held to maturity and designated at fair value through other comprehensive income by adding the accrued interest (which is calculated over the period from the last date of interest payment to the date of calculation of the Fund's value) to the principal amount of such term deposit.

12.1.5 Valuation of derivatives

Derivatives listed on stock exchanges or traded on other regulated markets are valued at a price for which the instrument can be sold (the last purchase price at the market close on the day of calculation of the Fund's value).

Derivatives not publicly traded on stock exchanges or on other regulated markets are valued at their redemption price or at compensatory transaction price confirmed in writing by the transaction partner on the day of calculation of the Fund's value or at a price that is calculated on the basis of the market price of the underlying asset. A compensatory transaction is a transaction that liquidates a derivative.

Futures are valued at the market bid price on the respective exchange or regulated market where they have been concluded as of the moment of the stock exchange closing on the date of calculation of the Fund's value.

Currency forwards are valued at fair value applying the position-closing cost method. The fair value of a currency forward is the difference between the value of the currency purchased and the value of the currency sold, revaluated at the compensatory forward rate at the date of calculation of the Fund's value. If the rate confirmed by counterparty is not available, a transaction shall be valued at a price that is calculated on the basis of the market price of the underlying asset, i.e. applying the current exchange rate and market interest rates.

A currency SWAP is an instrument that consists of two parts – a spot and a currency forward transaction. Therefore, each part of the transaction is valued separately by applying the methods used for the valuation of the respective instrument.

12.1.6 Translation of Assets in Foreign Currencies

Assets and liabilities in currencies other than the base currency of the Fund are translated into the latter at the exchange rate published by the European Central Bank or according to the information published by the news and information agencies such as *Bloomberg*, *Reuters* or similar information sources at the calculation date of the Fund's value.

12.2 Valuation of Liabilities

The value of liabilities equals the sum of all payments charged to and attributable to the Fund, including fees payable from the Fund's assets to the Company, Custodian, Auditor of the Fund and third parties, and the liabilities arising from loans and other liabilities of the Fund.

Liabilities in foreign currencies are translated into the base currency of the Fund according to the information provided by the Custodian, which is based on the exchange rate of the respective currency published by the news and information agencies such as *Bloomberg*, *Reuters* or similar information sources for the calculation date of the Fund's value.

12.3 Income and expense accounting

Income and expenses attributable to the reporting period are disclosed in the Fund's statement of profit or loss of the regardless of the date of receipt or payment thereof. The accrued income is only included in the Fund's statement of profit or loss if there is **no doubt regarding its receipt**.

13. DISTRIBUTION OF THE FUND'S INCOME

Income received from the Fund's assets is reinvested in the Fund.

The Investor participates in the distribution of the income derived from transactions with the Fund's assets in proportion to the value of the Share Certificates owned.

The income or loss of the Investor are reflected in the increase or decrease in the value of the Share Certificates.

The Investor can only receive their income from the investments in the Fund in cash by requesting the Company to redeem the Share Certificates owned or by selling them on the secondary market.

14. BEGINNING AND END OF A REPORTING YEAR OF THE FUND

The reporting period of the Fund is 12 months, and it corresponds to the reporting year of the Company. The reporting year of the Fund corresponds to a calendar year.

15. INVESTMENT MANAGEMENT COMPANY

Name of the Company:

CBL Asset Management IPAS

Legal address:

Republikas laukums 2A,
Rīga, LV-1010, Latvia

Phone: (+371)67010810, Fax: (+371)67778622

The office of the Company's executive body is at the legal address of the company.

Founded on: 11 January 2002

Unified registration number: 40003577500

Registered and Paid Capital of the Company: EUR 5,904,918

Shareholders of the Company:

Citadele banka AS

Unified registration number: 40103303559

Number of shares 5,904,918 with voting rights

Equity interest 100.00%

Licences and Special Permits:

Licence for Investment Management Services No 06.03.07.098/367.

Licence for Management of State Funded Pension Scheme Assets issued on 20 September 2002.

Alternative Investment Fund Manager Licence No 06.13.08.098/369.

15.1 Rights and Obligations of the Fund Management Company

The Company deals with the Fund's assets and related rights in its own name and at the expense of the Investors by investing the Fund's assets in the investment targets specified in the Law and the Prospectus and according to the risk reduction principle.

In managing the Fund, the Company is obliged to act as an attentive and diligent owner to ensure that the respective services are provided in the interests of the Fund and Investors and with appropriate professionalism and care.

In carrying out the Fund management activities, the Company does not need to have Investors' consent.

The Company is entitled to remuneration for the Fund management, including charges and compensation of expenses.

The Company is obliged to bring legal action on behalf of the Investors against the Custodian or third parties in its own name, if applicable and does not result in duplication of claims or unequal treatment of the Investors. This, however, is without prejudice to the rights of the Investors to bring legal actions in their own name.

15.2 Council of the Company

Juris Jākobsons Chairman of the Council

Vladimirs Ivanovs Deputy Chairman of the Council, Head of Private Capital Management Sector of AS Citadele banka

Peter Meier Council Member; Council Member of financial institutions in Switzerland, incl. LLB Fund Services AG, Migros Bank, SV Stiftung (Pension plans of SV Group), Independent Capital Group, etc.

15.3 Management Board of the Company

Kārlis Purgailis Chairman of the Management Board

Zigurds Vaikulis Member of the Management Board

Andris Kotāns Member of the Management Board

Lolita Sičeva Member of the Management Board

15.4 Fund Managers

The Management Board of the Company appoints at least two Fund Managers. Each Fund Manager is empowered to issue orders concerning the Fund's assets in accordance with the Prospectus, Fund Rules and decisions of the Management Board of the Company. The procedures for making decisions are governed by the Fund Rules.

The Fund Managers are allowed to work only at one investment management company.

Fund Managers appointed by the Company:

Igors Lahtadirs, officer at the Fund Management Department.

Andrejs Piļka, officer at the Fund Management Department.

15.5 Other Funds Managed by the Company

CBL Russian Equity Fund

CBL Global Emerging Markets Bond Fund

CBL Opportunities Funds
 CBL Eastern European Bond Fund
 Closed-end Alternative Investment Fund "Baltic Pearl Real Estate Fund"

15.6 Company Fee: Calculation and Payment Procedure

The Company fee for the Fund management is calculated on a daily basis and accrued throughout the month.

In calculating the fee payable to the Company for the Fund management on the current day of the calculation of the Fund's net asset value, the Company assumes that the reporting year of the Fund consists of 365 days.

The Company fee for the Fund management, attributable to the Fund, is calculated at the established rate on the calculation day as follows.

$$SA_t = FNAV_i * \frac{L_1}{365} * N$$

SA_t – the fee payable to the Company for the Fund management on the calculation day;
 $FNAV_i$ – the Fund's net asset value on the previous day of the calculation of the Fund's value;
 N – the number of calendar days from the last day of the calculation of the Fund's value;
 L_1 – the fee rate payable to the Company according to Paragraph 7.2;

The fee for the Fund's management is covered from the Fund's assets on a monthly basis. The Company calculates and the Custodian reviews, approves and transfers the fee to the Company.

16. CUSTODIAN

Name of the Custodian:	Citadele Banka AS
Founded on:	30 June 2010
Unified registration number:	40103303559
Licences:	Licence for Credit Institution Activities No 06.01.05.405/280
Legal address of the Custodian:	Republikas laukums 2A, Riga LV-1010, Latvia

The office of the Custodian's executive body is at the legal address of the company.

16.1 Obligations of the Custodian and Related Potential Conflicts of Interest

Rights

AS Citadele banka is appointed the Fund Custodian in accordance with the Custody Agreement signed with the Company for an indefinite duration which can be terminated according to the circumstances and procedure specified in the Agreement.

The Custodian holds the Fund's assets, monitors the Fund's asset transactions carried out by the Company as well as performs other duties specified in the Law and Custody Agreement.

The Custodian ensures that: (a) the emission, sale, redemption, repurchasing and cancellation of the Share Certificates are carried out in accordance with the Law, Prospectus and Fund Rules; (b) the value of the Share Certificates is calculated in accordance with the Law, the Commission's regulations, Prospectus and Fund Rules; (c) the Fund's income is used in accordance with the Law, the Commission's regulations, Prospectus and Fund Rules; (d) the fee for the Fund's asset transactions is paid on a timely basis.

The Custodian executes the orders of the Company, unless they are contrary to the Law, the Commission's Regulations, Prospectus, Fund Rules and Custody Agreement and their performance is possible.

The Custodian in its own name instigates legal actions for the Investors against the Company, if the circumstances require it. This, however, is without prejudice to the rights of the Investors to bring legal actions in their own name. The Custodian is entitled to bring a counterclaim if recovery proceedings are commenced against the Fund's assets in connection with the Custodian's obligations.

In fulfilling the obligations stipulated in the Law, the Custodian operates honestly and fairly in a professional manner and in the interests of the Investors.

The Custodian has the right to enter into agreements with the Intermediaries to secure the holding of the Fund's assets and settling of transactions with the Fund's assets as well as assigning the performance of other obligations. The Custodian selects such Intermediaries and continues to monitor their activities over the period of receiving the services in accordance with the provisions of the laws and regulations of the Republic of Latvia and Custody agreement.

As at 31 September, the Custodian held the Fund's assets with the following Intermediaries:

- Clearstream Banking S.A.
- State Street Fund Services Ireland
- Nasdaq CSD SE
- Raiffeisen Bank International AG
- Schroder Investment Management (Luxembourg) S.A.
- PKO Bank Polski SA

An updated list of the Custodian's Intermediaries holding the Fund's assets on behalf of the Custodian as well as other related information are available upon request at the Custodian's office.

In the circumstances specified in the Law when foreign legislation provides for holding particular financial instruments only with an Intermediary registered in the respective foreign country, the Custodian, following the procedure laid down in the Law, is permitted to hold the financial instruments included in the Fund's assets with such a foreign Intermediary to which regulatory requirements similar to the supervision requirements established in the Republic of Latvia and their monitoring are not applicable and which is not subject to annual statutory audits carried out by certified auditors which prescribe receipt of an opinion on the existence of the financial instruments. In this case, the information regarding the holding of financial instruments with an Intermediary registered in a foreign country, the justification for such a holding and the related risks is published on the website: <http://www.cblam.lv/lv/investment-funds/bond/global-emerging-markets/> and is also available at the request of the Investor at the Custodian's office. The Custodian is entitled to hold the financial instruments included in the Fund's assets with such a foreign Intermediary until the time when an Intermediary complying with the requirements laid down in the Law is registered in the respective foreign country. The holding of financial instruments with any foreign Intermediary is subject to a foreign legislation application risk and intermediary risk; moreover, where the Fund's financial instruments are held in a country other than a Member State, the holding of financial instruments is also exposed to a risk related to the holding of financial instruments registered in non-Member States as described in the chapter "RISK PROFILE OF THE FUND AND RISKS RELATED TO THE INVESTMENTS" of the Prospectus.

When ensuring the holding of the Fund's assets as well as when performing the other obligations of the Custodian, conflicts of interest may arise. The Custodian, based on the laws and regulations of the Republic of Latvia and the procedures for preventing conflicts of interests, analyses potential conflicts of interest, which may arise in providing the Custodian's services to the Fund.

The Custodian and Company are members of a single consolidated group; therefore, conflicts of interest between the Fund and Custody may occur. Recognising the business profile of the Custodian as Citadele banka, it can also provide other services to the Company and/or Fund. Accordingly, conflicts of interest may arise between the structural units of AS Citadele banka which provide various services. The Custodian also provides custody services to other customers; accordingly, conflicts of interests may arise between the Fund and other customers of the Custodian. Conflicts of interest may also arise in relation to assigning the Custodian's obligations to third parties, e.g., when obligations are transferred to another party belonging to the same group as the Custodian.

The Custodian, in accordance with the laws and regulations of the Republic of Latvia, has developed internal procedures for proper identification, management and monitoring of potential conflicts of interest and has functionally and hierarchically separated the obligations of the Custodian from other obligations which lead to potential conflicts of interest. Moreover, the management structures of the Custodian and Company have been designed to enable the Company and Custodian to operate independently and perform their obligations in the best interests of the Investors and Fund.

Updated information on potential conflicts of interest in relation to the performance of the Custodian's obligations is available at the request of the Investors at the Custodian's office.

Every Investor must constantly follow and carefully read the information published in this chapter "CUSTODIAN" on the specified website.

Liability

The Custodian is fully responsible and liable for any damage caused to the Investors, Company and third parties where the Custodian has breached the Law or the Custody Agreement intentionally or because of negligence.

Where the Custodian has approved a transaction that failed to comply with the Law and the provisions of the relevant laws and regulations of the Republic of Latvia or in the event of breaches of those provisions, the Custodian and Company are jointly liable for the damage caused to the Fund.

The Custodian is not liable for any loss caused to the Fund and/or the Company because of the insolvency of the Intermediary, inter alia, in connection with the application of insolvency law of the respective country as well as laws and regulations restricting circulation of financial instruments, payment operations, securities and funds transfer operations and currency conversion as well as the introduction of special arrangements or restrictions. Such losses are attributable to the Fund.

The transfer of the Custodian's obligations to third parties does not relieve the Custodian of the liability provided in the laws and regulations of the Republic of Latvia and the Custody Agreement.

16.2 Custodian fee

The fee payable to the Custodian is included in the Fund's asset value calculation on every business day. In calculating the fee payable to the Custodian for the Fund management on the current day, the Company assumes that the reporting year of the Fund consists of 365 days:

$$TA_t = FNAV_i * \frac{L_2}{365} * N$$

- TA_t – the fee payable to the Custodian on the calculation day;
 $FNAV_i$ – the Fund's net asset value on the previous day of the calculation of the Fund's value;
 N – the number of calendar days from the last day of the calculation of the Fund's value;
 L_2 – the fee rate payable to the Company according to Paragraph 7.2.

The fee to the Custodian is paid on a monthly basis in accordance with the procedure laid down in the Custody Agreement.

17. MODE AND PROCEDURE FOR RECEIVING THE ANNUAL AND SEMI-ANNUAL REPORTS OF THE FUND

The Investors can receive annual and semi-annual reports of the Fund at the office of CBL Asset Management IPAS (address: Republikas laukums 2A, Riga, LV-1010, Latvia) on business days from 08:30 till 17:30 or on the Company's website: www.cblam.lv.

Annual and semi-annual reports of the Fund in foreign countries are available according to the legislative requirements of the state where the Share Certificates of the Fund are publicly traded.

18. DESCRIPTION OF THE PREVIOUS PERFORMANCE OF THE FUND

The Investors can familiarize with the description of the previous performance of the Fund, including comparative tables of financial performance for at least last three years, at the office of IPAS "CBL Asset Management" (address: Republikas laukums 2A, Riga, LV-1010, Latvia) on business days from 08:30 till 17:30 or on the Company's website under the section "Performance": <https://www.cblam.lv/en/investment-funds/equity/cbl-european-leaders/>.

The Company draws the Investors' attention to the fact that the historical performance of the Fund does not determine (influence) and does not guarantee the future performance of the Fund. The Fund's value can either increase or decrease and the manager does not guarantee the preservation of the original investments.

19. REMUNERATION POLICY

The Company and AS Citadele banka are part of the Citadele Group (hereinafter in this chapter – the Group) where AS Citadele banka is the Group's parent company. The Company complies with the remuneration policy approved by the Group.

The remuneration in the Group companies, including the Company, consists of fixed and variable remuneration components, if such are applied.

The decision on the remuneration of the Company's staff is made as follows:

- For the Members of the Management Board of the Company – by the Council of the Company;
- For other employees of the Company – by the Chairman of the Management Board of the Company according to the remuneration established within the Group for employees of respective professional levels.

The fixed remuneration component is established as a time-based salary corresponding to the hours actually worked irrespective of the volume of work performed.

The variable remuneration component depends on performance results. Within the Group, the variable remuneration component can be paid only in cash (bonuses for achieving quantitative/ qualitative targets, sales commissions, etc.).

The Remuneration Committee of the Group, established by the Council of AS Citadele banka and consisting of the Members of the Council, deals with issues concerning the Group's remuneration policy. The Committee establishes the general principles of the remuneration policy at the Group level and submits the remuneration policy for approval at a AS Citadele banka Council meeting. The Group's Remuneration Committee consists of the following members:

- Elizabeth Critchley,
- Lawrence Lavine,
- Klāvs Vasks,
- Karina Saroukhanian,
- Sylvia Gansser-Potts.

The Investors can acquaint themselves with the Group's remuneration policy at the office of IPAS CBL Asset Management (address: Republikas laukums 2A, Riga, LV-1010, Latvia) on business days from 08:30 till 17:30 or on the Company's website:

<https://www.cblgroup.com/lv/par-mums/korporativa-parvaldiba/atalgojuma-politika/>

20. CERTIFICATION OF VERACITY OF THE INFORMATION IN THE PROSPECTUS BY THE BOARD OF THE COMPANY:

" We hereby certify that the information presented in this Prospectus is true and no facts that might undermine the interests of potential investors have been concealed."