

December 2019

Investment Objective

BSEF investments are concentrated on equities with a long-term growth perspective. The Fund has a geographical focus on countries of the Baltic Sea region, namely Baltic States, Germany, Norway, Sweden, Finland, Denmark, Poland and Russia.

Investment Process

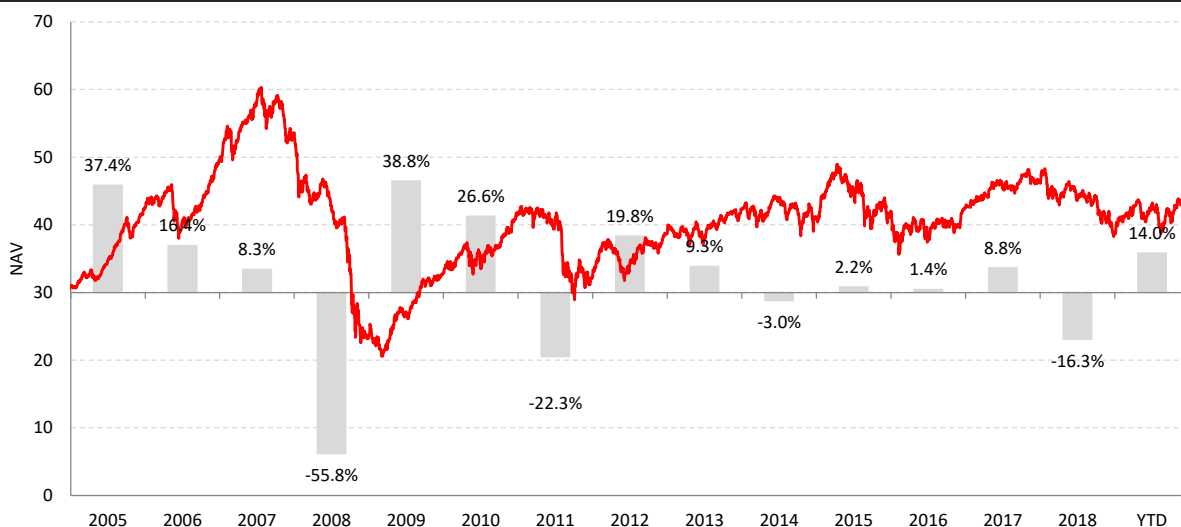
- Top-down asset allocation
- Bottom-up individual stock selection
- Daily market monitoring
- Monthly result evaluation
- Country and industry diversification

Fund Overview

| | |
|---------------------|-------------------------------------|
| Management Company | CBL Asset Management |
| Fund Managers | Igor Lahtadir, CFA Andrejs Pilka |
| Custodian bank | Citadele banka |
| Inception Date* | 24/08/2004 |
| Fund Size | EUR 2.9 mln |
| Management Fee | 2.0% p.a. |
| Front Load Fee | Up to 2.5% |
| Issue/redemption | Daily |
| Distribution Status | Accumulative |
| Legal Status | UCITS IV, Latvia |
| ISIN | LV0000400794 |
| Bloomberg Code | CITBSEF LR |

* The data before November 20, 2013 relates to „Citadele Baltic Sea Countries Equity Fund” (ISIN LT0000950008), which was fully transferred at par into newly established “CBL Baltic Sea Equity Fund” (ISIN LV0000400794) with the identical investment strategy.

Performance History



Total Return by Period

| | YTD | 1M | 3M | 6M | 1Y | 2Y | 3Y | 5Y | SI | 2018 | 2017 | 2016 |
|------|-------|------|------|------|-------|-------|------|------|------|--------|------|------|
| Fund | 14.0% | 1.4% | 5.6% | 4.3% | 14.0% | -2.3% | 1.2% | 1.5% | 2.8% | -16.3% | 8.8% | 1.4% |

Top 10 Holdings

| | Weight |
|-------------------------------|--------------|
| Investor AB | 5.0% |
| Equinor ASA | 4.6% |
| Tallink Group Ltd | 3.4% |
| DSV A/S | 2.9% |
| Olainfarm | 2.8% |
| Powszechny Zaklad Ubezpieczen | 2.6% |
| Atlas Copco AB | 2.5% |
| Allianz SE | 2.1% |
| CD Projekt SA | 2.1% |
| SAP AG | 2.1% |
| Total | 30.0% |

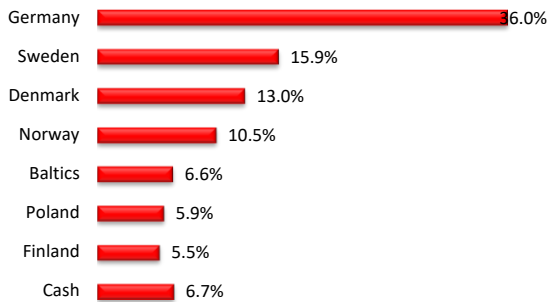
Portfolio Statistics

| | |
|---------------------------------|------|
| Number of Holdings | 47 |
| Average Security Weight | 2.0% |
| Median P/E | 26.7 |
| Median P/B | 2.5 |
| Weighted Average Dividend Yield | 2.8% |

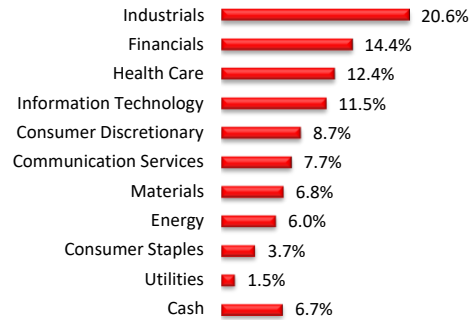
Performance Statistics (3Y)

| | |
|---------------------------|-------|
| Volatility (St. Dev., %) | 10.4% |
| Sharpe Ratio | 0.2 |
| Sortino Ratio | 0.3 |
| Value-at-Risk (30d / 95%) | 6.1% |

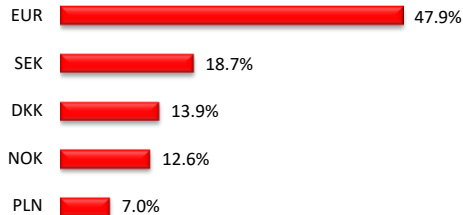
Country Breakdown



Sector Breakdown



Currency Breakdown



Events of the Month

- The final month of the year added even more optimism to market mood as Global equities continued to deliver robust performance. Broad European index STOXX 600 gained 2.15% in December, while overall 2019 has become the strongest year for European markets in a decade.
- News flow was mainly supportive for the markets. US and China were again in the center of investors' attention as countries announced an initial deal cancelling implementation of new tariffs. US promised it will decrease tariffs on part of Chinese exports in exchange for China increasing agricultural imports from US and granting wider access for US companies to China's market. Boris Johnson's victory in early general elections lead to government finally approving Brexit agreement, thus decreasing substantially the long lasting uncertainty.
- The Fund added 1.4% in December, largely in line with broad market performance.
- In geographical terms, Norway was the top performing market surging 5.5%. That was followed by Finland (+4%), Sweden (+3.3%) and Denmark (+2.5%). Against the backdrop of overall solid performance of European equities, the result of Germany (+0.1%) was rather disappointing.
- Macro indicators in Europe have remained weak. Although PMI indices are somewhat stabilizing and services PMI has even shown some minor improvement, the levels remain rather depressing. Industrial output declined again, fully erasing previous two months growth.

Contributors and Detractors

+ Sweden, Norway and Denmark delivered the largest positive contribution to the Fund's results. Among individual securities, the largest positive contributions came from Atlas Copco, Equinor, Danske Bank and Nordea Bank.
- Only German equities contributed negatively to the Fund's results.

Portfolio Positioning

- We made several transactions to reallocate portfolio into more high growth issuers to reflect our positive view on the market.

Outlook and Strategy

Although partially solved, further developments in US-China trade relations remain an important factor for global markets. We continue to believe that favorable monetary conditions make right setup for European equities to keep an uptrend in 2020. We also expect that some stabilization in economic conditions coupled with recovery of European companies' earnings growth will provide a support to the market.

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