

INVESTMENT FUND

“CBL Eastern European Fixed Income Funds”

(previously - “Citadele Eastern European Fixed Income Funds”)

Sub-fund

“CBL Eastern European Bond Fund - USD”

(previously - “Citadele Eastern European Bond Fund - USD”)

ANNUAL REPORT FOR 2014

(the 12th financial year)

**PREPARED IN ACCORDANCE WITH FCMC REGULATIONS ON “ANNUAL ACCOUNTS OF INVESTMENT FUNDS”
AND INTERNATIONAL FINANCIAL REPORTING STANDARDS
AS ADOPTED BY THE EUROPEAN UNION**

Riga, 2015

IF "CBL Eastern European Bond Fund - USD"
Annual Report for 2014
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IF "CBL Eastern European Bond Fund - USD"

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General information on the investment fund

Name of fund:	„CBL Eastern European Fixed Income Funds” (previously - “Citadele Eastern European Fixed Income Funds”)
Type of fund:	Investment fund with sub-funds
Registration date of fund:	20 July 2009 (date or re-registration 30 March 2015)
Registration number of fund:	FFL93-06.03.04.098/41
Name of sub-fund:	„CBL Eastern European Bond Fund – USD” (previously - “Citadele Eastern European Bond Fund - USD”)
Name of the investment management company:	“CBL Asset Management” IPAS
Registered office of the investment management company:	Republikas laukums 2a, Riga, LV-1010, Latvia
Registration number of the investment management company:	40003577500
License number of the investment management company:	06.03.07.098/285
Name of the custodian bank:	“Citadele banka” AS
Registered office of the custodian bank:	Republikas laukums 2a, Riga, LV-1010, Latvia
Registration number of the custodian bank:	40103303559
Investment management company's council members and their positions:	<i>Council of the investment management company:</i> Chairperson of the Council – Juris Jākobsons – appointed on 30.09.2010. Deputy Chairperson of the Council – Vladimirs Ivanovs – appointed on 01.11.2012. Member of the Council – Philip Nigel Allard – appointed on 01.11.2012 Member of the Council – Philip Nigel Allard – released on 25.06.2014 Member of the Council- Aldis Paegle – appointed on 04.07.2014. <i>Board of the investment management company:</i> Chairperson of the Board – Uldis Upenieks – appointed on 01.11.2012. Member of the Board – Zigurds Vaikulis – appointed on 30.03.2007.
The related rights and obligations of the management of the investment fund:	All the duties of the Council and Board members stated in the legislation of the Republic of Latvia and the Statutes of the investment management company
Names of Fund managers (members of the investment committee):	Andris Kotāns – appointed on 27.10.2008 Edgars Lao – appointed on 16.09.2011
The related rights and obligations of the management of the Fund:	All the duties of the Fund managers stated in the legislation of the Republic of Latvia, Statutes of the investment management company and Fund prospectus are performed by the Fund managers.
Auditor:	KPMG Baltics SIA Vesetas iela 7 Riga, LV-1013 Latvia Licence No. 55

IF "CBL Eastern European Bond Fund - USD"
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Investment management company's report

"CBL Eastern European Bond Fund - USD" (previously "Citadele Eastern European Bond Fund – USD") (hereinafter- the Fund) is a sub-fund of the investment fund "CBL Eastern European Fixed Income Funds" (previously - "Citadele Eastern European Fixed Income Funds"). It is the debt security investment fund having USD as base currency. The assets of the fund are managed by the asset management company "CBL Asset Management" having its registered office at Republikas laukums 2a, Rīga, LV- 1010 and registration number 40003577500. The Company holds a licence No. 06.03.07.098/285 for investment operations, last re-registered on 19 February 2014.

The Fund aims to achieve long-term capital growth by investing in debt securities and money market instruments issued or guaranteed by sovereigns, local governments, central banks, credit institutions and commercial companies of the Eastern European countries, as well as ETFs traded on the regulated markets of the European Union member states and OECD member states without industry limitations.. The investment portfolio of the Fund is diversified to include investments in different industries and countries, thereby achieving a higher protection against volatility of the Fund's asset value versus investments in single industry or country securities. During the reporting period the Fund's policy has not changed.

During the reporting period the net assets of the Fund increased by 27.23% and amounted to EUR 8,933,007 at the end of the year. During the year the value of the Fund's share increased by EUR 0.58 up to EUR 15.51 at the end of the year. Overall performance of the Fund in 2014 was 3.93% denominated in euros and -7.73% in Fund's base currency (USD).

2014 was the third calendar year in the history of the Fund with a negative return. During the reporting period the geopolitical conflict in the eastern part of Ukraine was in the spotlight of Eastern Europe, thus causing high tension between Russia and the West, including mutual sanctions. Moreover, at the end of the year raw material prices dropped rapidly, including oil price decrease by half. Due to the reasons mentioned above, the Russian economy, which has the largest debt market in the region, slowed down rapidly falling into recession and reducing growth forecasts for the whole Eastern European region. During the reporting period, the Fund saw the most adverse effect from investments in Russia and Ukraine, however the Fund was positively affected by bonds issued by Croatia, Hungary and Estonia.

Considering the new market circumstances, during the reporting period we significantly diminished the Fund's exposure to the Russian market - from 41.77% to 22.26%. However, new investments were made in Turkey's securities market, amounting to 7.64% of the Fund's net asset value at the end of the year. Turkey is a net importer of oil, therefore lower oil prices should have positive effect on the country's balance of payments and economy as a whole. During the reporting period we expanded the Fund's investment geography by investing in Romania up to 2.86% of the net asset value, and fully realized its investments in Slovenian and Czech Republic securities. As at the end of the reporting period the assets of the Fund were diversified among debt securities markets in 11 countries. The average yield of debt securities included in the Fund until the maturity date was 8.2%, the average duration - 2.6 years and the weighted average credit rating was Ba3.

During the reporting period management costs amounted to USD 236,898 or 1.71% of the average value of net assets during the reporting period, which does not exceed the maximum value of 3.00% provided in the Fund's prospectus.

During the period between the last day of the reporting year and the date of the approval of the annual report there have been no significant events that have a material effect on the Fund's financial position.

IPAS "CBL Asset Management" managers' team closely monitors the developments, both on the domestic and global scale, of such factors as sustainability of economic growth, monetary and fiscal policies of leading economies, as well as potential inflationary and political risks in light of their material impact on the economic and capital market dynamics of the Eastern European region. A critical selection of instruments will continue to play a decisive role in the process of the Fund's investments, irrespective of the industry or country.



Uldis Upenieks
Chairperson of the Board



Andris Kotāns
Member of the Investment Committee



Edgars Lao
Member of the Investment Committee

Rīga, 24 April 2015


IF "CBL Eastern European Bond Fund - USD"
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Statement of responsibility of the Board of the investment management company

The Board of the investment management company (hereinafter - the Company) is responsible for the preparation of the financial statements of the investment fund "CBL Eastern European Bond Fund - USD" (hereinafter - the Fund).

The financial statements on pages 7 to 27 are prepared based on source documents and present fairly the financial position of the Fund as at 31 December 2014 and the results of its operations for the respective periods then ended.

The financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the European Union, as set out in the Regulations of the Financial and Capital Market Commission (FCMC) on Annual Accounts of Investment Funds, on a going concern basis. Appropriate accounting methods have been consistently applied in the reporting period. Prudent and reasonable judgments and estimates have been made by the Management in the preparation of the financial statements.

The Board of the Company is responsible for the maintenance of proper accounting records, the safeguarding of the assets of "CBL Eastern European Bond Fund - USD" and the prevention and detection of fraud and other irregularities in the Fund. The Board is also responsible for operating the Fund in compliance with the Law of the Republic of Latvia on Investment Management Companies, regulations of the Financial and Capital Market Commission (FCMC), and other laws and regulations of the Republic of Latvia.



Uldis Upenieks
Chairperson of the Board

Riga
24 April 2015

CUSTODIAN BANK REPORT

For holders of IF "Citadele Eastern European Fixed Income Funds"
"Citadele Eastern European Bond fund - USD"
Investment fund applications

With this Citadele Bank JSC, which is registered in LR Enterprise register on June 30, 2010 with No. 40103303559 and located at 2a Republikas square, Riga, certifies, that:

According to the law "On investment companies" of Republic of Latvia, regulations of Financial and Capital Market Commission (FCMC), other requirements of LR legislation and contract with Custodian bank, which is concluded on the May 11, 2009, Citadele Bank JSC, (further in the text - Custodian) carries out functions of custodian bank for the IF "Citadele Eastern European Fixed Income Funds" (further in the text – Fund) founded by IPAS "CBL Asset Management";

Custodian is responsible for fulfilling of Custodian bank contract and requirements of LR legislation related to custodian banks. The main obligations of the Custodian are the following:

- to store assets of the Fund, as well as documents, which confirm title according to the requirements of LR legislation;
- to ensure maintenance of the Fund account, reception and execution of Company's orders, as well as performance of transactions according with requirements of LR legislation and current market practice;
- to ensure the Company with regular reports on assets of the Fund and its value (prices of the securities);
- to follow the correctness of the value of the Fund and its certificates set by the Company and its conformity with LR legislation acts;
- to follow the correctness and legal status of issuing, sales and repurchasing of investment certificates performed by the Company;

Issuing, sales and repurchasing of the investment certificates is performed according to the requirements of the law "On investment companies", fund prospect and Fund management regulations; Storage of the Fund assets is performed according to the requirements of the law "On investment companies" and Custodian bank contract;

Calculation of the net value of the Fund assets is performed according to the requirements of the law "On investment companies", regulations of Financial and Capital Market Commission (FCMC), Fund prospect and Fund management regulations;

Orders of the Company, as well as transactions with the assets of IF "Citadele Eastern European Fixed Income Funds" are performed according to the requirements of the law "On investment companies", Fund prospect and Fund management regulations and Custodian bank contract.

In the accounting period no mistakes and illegal matters were observed in performance of the Company with Fund assets. Citadele bank JSC is very satisfied with co-operation in performing of the functions of Custodian bank.




Guntis Belavskis
Chairman of the Board, p.p.

Riga, February 23, 2015

IF "CBL Eastern European Bond Fund - USD"
Annual Report for 2014
Statement of financial position
(EUR)

Note	31.12.2014	31.12.2013
Assets		
3 Demand deposits with credit institutions	1,036,550	376,563
Financial assets held for trading		
4 <i>Debt securities and other fixed income securities</i>	7,866,032	11,932,961
5 <i>Derivatives</i>	45,281	3,187
Total assets	8,947,863	12,312,711
Liabilities		
Financial liabilities held for trading		
5 <i>Derivatives</i>	-	(17,543)
6 Accrued expenses	(14,856)	(18,929)
Total liabilities	(14,856)	(36,472)
Net assets	8,933,007	12,276,239

The accompanying notes on pages 11 to 27 form an integral part of these financial statements.



Uldis Upenieks
Chairperson of the Board

Riga
24 April 2015

IF "CBL Eastern European Bond Fund - USD"
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Statement of comprehensive income
(EUR)

Note		2014	2013
	Income		
7	Interest income	759,050	1,696,973
	Other income	511	632
	Total income	759,561	1,697,605
	Expenses		
	Investment management company fee	(157,865)	(205,922)
	Custodian bank fee	(18,944)	(24,054)
	Other fund management expenses	(2,314)	(3,916)
	Total expenses	(179,123)	(233,892)
	(Decrease) in investment value		
8	Realized (decrease) in investment value	(251,824)	(579,015)
9	Unrealized (decrease) in investment value	(1,001,215)	(498,611)
	Total decrease in investment value	(1,253,039)	(1,077,626)
	Profit/(loss) from revaluation of foreign exchange	1,041,514	(418,105)
	Comprehensive income /(expenses)	368,913	(32,018)

The accompanying notes on pages 11 to 27 form an integral part of these financial statements.


Uldis Upenieks
Chairperson of the Board

Riga
24 April 2015

IF "CBL Eastern European Bond Fund - USD"
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Statement of changes in net assets
(EUR)

	<u>2014</u>	<u>2013</u>
Net assets as at the beginning of the period	12,276,239	14,886,799
Comprehensive income /(expenses)	368,913	(32,018)
Transactions with investment certificates:		
<i>Inflow from sale of investment certificates</i>	691,247	1,716,200
<i>Outflow on redemption of investment certificates</i>	(4,403,392)	(4 294 742)
(Decrease) in net assets from transactions with investment certificates	(3,712,145)	(2,578,542)
(Decrease) in net assets for the reporting period	(3,343,232)	(2,610,560)
Net assets as at the end of the reporting period	<u>8,933,007</u>	<u>12,276,239</u>
Issued investment certificates as at the beginning of the reporting period	822,467	994,097
Issued investment certificates as at the end of the reporting period	575,854	822,467
Net asset value per investment certificate as at the beginning of the reporting period	14.93	14.98
Net asset value per investment certificate as at the end of the reporting period	<u>15.51</u>	<u>14.93</u>

The accompanying notes on pages 11 to 27 form an integral part of these financial statements.



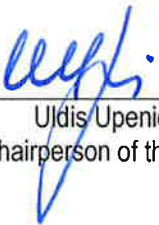
 Uldis Upenieks
 Chairperson of the Board

Riga
 24 April 2015

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Statement of Cash Flows
(EUR)

	<u>2014</u>	<u>2013</u>
Interest income	751,707	976,277
Investment management expenses	(183,783)	(236,039)
Acquisition of financial assets	(4,745,912)	(11,230,387)
Disposal/sale of financial assets	8,333,927	12,412,408
Foreign currency translation result	132,138	(161,040)
Increase in cash from operating activities	<u>4,288,077</u>	<u>1,761,219</u>
Inflow from sale of investment certificates	691,247	1,716,200
Outflow on redemption of investment certificates	(4,403,392)	(4,294,742)
(Decrease) in cash from financing activities	<u>(3,712,145)</u>	<u>(2,578,542)</u>
Increase /(decrease) in cash	<u>575,932</u>	<u>(817,323)</u>
Cash as at the beginning of the reporting period	376,563	1,224,554
Result of revaluation of cash denominated in foreign currencies	<u>84,055</u>	<u>(30,668)</u>
Cash at the end of the reporting period	<u>1,036,550</u>	<u>376,563</u>

The accompanying notes on pages 11 to 27 form an integral part of these financial statements.



 Uldis Upenieks
 Chairperson of the Board

Riga
 24 April 2015

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Appendices
(EUR)

1. General information

Name of fund:	„CBL Eastern European Fixed Income Funds" (previously „Citadele Eastern European Fixed Income Funds")
Type of fund:	Investment fund with sub-funds
Fund's business activity:	Investments in securities, generally, issued or guaranteed by governments, municipalities, central banks and credit institutions of Eastern European countries, as well as investments in debt securities and equity shares of corporate entities. Fund's sub-fund's investment portfolios are diversified between investments in equity and debt securities, as well as in different currencies and countries, thus providing higher security and protection against fluctuations in the value of fund's assets, which are inherent for investments in one class, currency or country securities only.
Name of sub-fund:	„CBL Eastern European Bond Fund – USD" (previously „Citadele Eastern European Bond Fund – USD")
Sub-fund's business activity:	Functional currency of the sub-fund is US dollars (USD). Investments in equity securities are not provided by the Prospectus.
Name of the investment management company:	IPAS "CBL Asset Management", (hereinafter - the Company) Republikas laukums 2a, Riga, LV-1010, Latvia

2. Summary of significant accounting policies

Basis of preparation

The financial statements of OIF CBL Eastern European Bond Fund - USD have been prepared in accordance with International Financial Reporting Standards as adopted by European Union, as set out in the Regulations of the Financial and Capital Market Commission (hereinafter - FCMC) on Annual Accounts of Investment Funds.

The financial statements are prepared on a historical cost basis, except for the fair value basis for trading and available-for-sale financial instruments.

The presentation currency in the financial statements is euro (EUR), the monetary unit of the Republic of Latvia. The financial statements cover the period from the 1 January 2014 to 31 December 2014.

Functional and Presentation Currency

The functional currency of the Fund is US dollar (USD), however in accordance with the FCMC as adopted by EU requirements the Fund ensures accounting in the official currency of Latvia - euros.

Due to the change of the official currency of Latvia, from 1 January 2014 the presentation currency of the Fund is euro which replaced the national currency of Latvia, the lats. Comparative financial information of previous periods presented in lats, were translated into euros using the official exchange rate of LVL 0.702804 to EUR 1. As the Latvian lat was previously pegged to the euro at the same exchange rate, the change in the presentation currency had no effect on the Fund's financial position, financial performance or cash flows. The opening balances as at 1 January 2014 agree with the published prior period closing balances after conversion from lats to euro.

Critical accounting estimates and judgements

IFRS as adopted by EU requires that in preparing the financial statements, the management makes estimates and assumptions that affect the reported amounts of assets and liabilities and required disclosure at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. It also requires investment management company's management to make assumptions and exercise its judgement in the process of applying the Fund's accounting policies.

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(EUR)

Income and expense recognition

All significant interest income and expenses are disclosed on an accrual basis.

Interest income and expenses are recognized in the comprehensive income statement based on the actual interest rate of on the asset/liability. Interest income and expenses include discount or premium amortization or other difference between the book value of an interest bearing instrument and its value on the maturity date calculated based on the effective interest rate method.

Remuneration to investment management company of the Fund and the custodian bank is calculated at a fixed rate of the Fund's assets and is accrued daily, but paid out once a month.

Foreign currency revaluation

Transactions in foreign currencies are translated into euros at the foreign exchange rate published by the European Central Bank as at the transaction date. All monetary assets and liabilities denominated in foreign currencies are translated to euros according to the exchange rate of the European Central Bank on the last day of the reporting year. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value in the foreign currency are retranslated into the functional currency at the spot exchange rate at the date that the fair value was determined. Any gain or loss resulting from exchange rates fluctuations is included in the statement of comprehensive income as gain or loss from the revaluation of foreign currency positions.

The exchange rates established by the European Central Bank (foreign currency unit to EUR) and mainly applied when preparing the statement financial position of the Fund can be specified as follows:

Currency	31.12.2014	31.12.2013
USD	1.2141	1.3647
RUB	72.3370	45.0515
LVL	-	0.702804

Cash

Cash comprises Fund's demand deposits with credit institutions.

Financial Instruments

Financial instruments are classified at the following categories: through profit or loss. The classification depends on the purpose of financial instrument acquisition. The management determines classification of financial instruments at the moment of their initial recognition.

Financial assets and liabilities at fair value through profit or loss

Financial instruments at fair value through profit or loss include financial assets held for trading, as well as derivatives. All financial assets at fair value through profit and loss, belonging to the Fund, are classified as financial assets held for trading.

SFPS states the hierarchy of valuation techniques based on if the technique employs market data that can be monitored or market data that cannot be monitored. The Fund classifies all financial assets using valuation techniques listed in the 1st, 2nd and 3rd category of this hierarchy. Prices quoted in active market (unadjusted), as well as net asset values quoted daily outside regulated markets are used in valuation. This level includes shares quoted in stock exchange as well as debt securities and investment funds sold outside regulated markets, whose value is determined using daily asset quotes as well as other financial instruments held for trading in stock exchange.

Investments in securities

All investments in securities are classified as held-for-trading securities, i.e. securities are acquired for generating a profit from shortterm fluctuations in price or dealer's margin.

Held for trading securities are recognised at fair value based on available market prices. The result of re-measuring trading securities at fair value is included in the comprehensive income statement as increase/ (decrease) in investment.

Securities are revaluated on the basis of Bloomberg's and NASDAQ QMX Riga available financial information on the bid prices of securities. Unlisted securities are evaluated on the basis of the custodian bank's information on transactions, but in case such

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information is not available, respective securities are evaluated at their amortised cost. Securities purchase and sale transactions are recognised on the date of settlements. The cost of securities sold is defined using FIFO (first in, first out) method.

Derivatives

For currency risk management and profit generating purposes, the Fund is involved in forward foreign exchange transactions - forwards and swaps. For the accounting purposes, all derivatives are classified as held-for-trading and accounted as follows.

Subsequent to initial recognition and measurement, outstanding forward foreign exchange contracts are carried in the statement of financial position at their fair value. The fair value of these contracts is recognised in the statement of financial position under "Derivatives" and their notional amount is reported in the notes of the financial statements.

Gains or losses from changes in assets and liabilities arising on forward foreign exchange contracts are recognised in the statement of comprehensive income as foreign currency revaluation result.

Fair value of financial assets and liabilities

The fair value of financial assets and liabilities represents the amount at which an asset could be exchanged or a liability settled on an arm's length basis. The fair value of liabilities represent default risk.

When available, the Fund measures the fair value of the Fund's financial instrument using quoted prices in an active market for that instrument. Market is considered active if transitions with assets or liabilities occur often enough and in the sufficient amount to be able to obtain information on the prices.

If a price quoted in active market is not available, the Fund applies valuation methods in which there are observable market data used as much as possible but unobservable input data usage is reduced to minimum. The selected valuation method includes all factors that would be considered by the market participants when determining the transaction price.

During the initial recognition the best evidence of fair value of a financial instrument is the transaction price, i.e. fair value of price received or paid. If the Fund determines that the fair value as at the initial recognition differs from the transaction price and fair value cannot be confirmed by identical quoted price of asset or liabilities in active market or valuation methods using only observable data, results, financial instrument is initially assessed in the fair value that is adjusted to represent difference between the fair value as at the date of initial recognition and transaction price. Later this difference is recognized in the profit or loss considering the expected period of use but not later than as at the date when the value can be completely based on observable market data or the transaction is completed.

SFPS states the hierarchy of valuation techniques based on if the technique employs market data that can be monitored or market data that cannot be monitored. The Fund classifies financial assets using valuation techniques listed in the 1st, 2nd and 3rd category of this hierarchy.

Portfolios of financial assets and financial liabilities exposed to market risk and credit risk managed by the Fund on the basis of net exposure either to market risk or credit risk are evaluated considering price that would be paid to sell the net long position (or paid to transfer the net short position) for certain risks. These adjustments on the portfolio level are attributed to certain assets and liabilities on the basis of relative risk adjustments as regards each separate instrument in the portfolio.

Taxes

The Fund's income is subject to income tax in the country of its origin. The Fund's income is exempt from income taxes. The Fund is not a Latvian corporate income tax payer.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in active markets. Loans and receivables include deposits with credit institutions. Deposits with credit institutions are carried at amortized cost, using effective interest rate less provisions for impairment, if applicable.

Impairment provisions are created when there is objective evidence that the Fund will not be able to collect all amounts due according to the original terms of receivables. The amount of provisions for impairment is the difference between the amortized cost and the recoverable amount.

Change in accounting policies

The Fund has applied the accounting policies described in the note to all reporting periods disclosed in these financial statements, except for the following changes.

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The Fund has adopted the following new standards and amendments to standards, including the consequent amendments in other standards the initial application date of which was 1 January 2014, and concluded that the amendments do not refer to the Fund:

- (i) 10. (i) IFRS 10 "Consolidated financial statements" (2011)
- (ii) IFRS 11 Joint Arrangements
- (iii) IFRS Disclosure of interests in other entities;
- (iv) Amendments to IAS 32 as regards Offsetting Financial Assets and Financial Liabilities
- (v) Amendments to IAS 36 as regards disclosures about recoverable amount of non-financial assets
- (vi) Amendments to IAS 39 as regards renewal of financial instruments and continuing of hedge accounting.

New Standards and Interpretations

Several new standards, amendments to standards and interpretations effective after 1 January 2014 that have not been applied to these financial statements. Standards and interpretations application of which will not affect the financial statements are listed below.

- (i) IAS 19 Employee Benefits (effective for annual periods beginning on or after 01 February 2015)
- (ii) IFRIC 21 Levies (effective for annual periods beginning on or after 17 June 2014)
- (iii) Annual amendments to IFRS.

3. Demand deposits with credit institutions

	31.12.2014	31.12.2013	% of Fund's net assets 31.12.2014
Demand deposits with credit institutions AS "Citadele banka"	1,036,550	376,563	11.60%
Total demand deposits with credit institutions	1,036,550	376,563	11.60%

The Fund receives interest on demand deposits at fixed rates.

4. Debt securities and other fixed income securities

	31.12.2014	31.12.2013	Annual yield till maturity 31.12.2014	% of Fund's net assets 31.12.2014
Corporate bonds	4,929,204	6,546,368	13.79%	55.18%
Non - OECD region corporate bonds	4,481,374	5,670,012	14.71%	50.17%
OECD region corporate bonds	447,830	876,356	4.56%	5.01%
Credit institution bonds	2,000,183	3,280,190	10.40%	22.39%
Other Non - OECD region credit institution bonds	1,750,079	2,971,935	11.30%	19.59%
OECD region credit institution bonds	250,104	-	4.53%	2.80%
Latvian credit institution bonds	-	308,255	11.00%	-
Government bonds	584,767	1,095,641	7.90%	6.55%
Other Non - OECD region government bonds	152,182	529,406	19.89%	1.71%
OECD region government bonds	432,585	566,235	3.68%	4.84%
Financial institution bonds:	351,878	1,010,762	29.54%	3.94%
Other Non - OECD region financial institution bonds	149,856	353,063	50.53%	1.68%
OECD region financial institution bonds	202,022	657,699	13.97%	2.26%
Total debt securities and other fixed income securities	7,866,032	11,932,961	13.19%	88.06%

All debt securities and other securities are classified as held for trading securities.

All fixed income securities are listed, except for securities with the carrying EUR 542,959 (2013: EUR 560,783), see Note 12.

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The table below presents debt securities by the issuer's country of residence as at 31 December 2014:

Financial instrument	ISIN code	Currency	Amount	Cost (EUR)	Carrying amount as at 31.12.2014	% of Fund's net assets as at 31.12.2014
<u>Financial instruments traded on regulated markets</u>				8,395,487	7,323,073	81.98%
Russian issuers:				2,635,733	1,987,911	22.27%
POLYUS GOLD	XS0922301717	USD	450	352,951	314,967	3.53%
ALFA BANK	XS0620695204	USD	400	330,830	290,901	3.26%
LUKOIL	XS0919502434	USD	400	299,808	282,521	3.16%
SEVERSTAL	XS0841671000	USD	350	279,535	242,141	2.71%
CREDIT BANK OF MOSCOW	XS0879105558	USD	300	227,884	200,642	2.25%
BORETS	XS0974469206	USD	300	215,202	170,474	1.91%
RASPADSKAYA	XS0772835285	USD	300	229,344	168,913	1.89%
EDC	XS0918604496	USD	300	193,274	160,584	1.80%
RENAISSANCE CREDIT	XS0938341780	USD	300	231,884	149,856	1.68%
AMURMETALL	RU000A0GN9D1	RUR	10,000	275,021	6,912	0.08%
Azerbaijani issuers:				687,135	733,962	8.22%
AZERBAIJAN RAILWAYS	XS0592514144	USD	450	333,640	384,637	4.31%
INTERNATIONAL BANK OF AZERBAIJAN	XS1076436218	USD	450	353,495	349,325	3.91%
Ukrainian issuers:				1,315,588	1,024,059	11.47%
MHP	USL6366MAB92	USD	350	270,784	275,992	3.09%
METINVEST BV	XS0591549232	USD	550	370,791	259,600	2.91%
FIRST UKRAINIAN INTERNATIONAL BANK	XS0287015787	USD	315	235,312	176,427	1.98%
AVANGARD	XS0553088708	USD	300	217,458	159,858	1.79%
UKRAINE GOVERNMENT INTERNATIONAL BOND	XS0543783194	USD	300	221,243	152,182	1.70%
Kazakhstani issuers:				818,177	822,396	9.21%
KAZMUNAYGAS	XS0373641009	USD	450	415,210	421,679	4.72%
NOSTRUM OIL & GAS	USN64884AA29	USD	550	402,967	400,717	4.49%
Bulgarian issuers:				702,695	692,360	7.75%
BULGARIAN ENERGY HOLDING EAD	XS0989152573	EUR	400	400,773	391,796	4.39%
VIVACOM	XS0994993037	EUR	300	301,922	300,564	3.36%
Turkish issuers:				623,227	682,689	7.63%
TURKEY	US900123AX87	USD	450	394,323	432,585	4.83%
TURKIYE HALK BANKASI AS	XS1069383856	USD	300	228,904	250,104	2.80%
Hungarian issuers:				392,351	447,830	5.00%
MOL	XS0834435702	USD	500	392,351	447,830	5.00%
Georgian issuers:				360,712	391,847	4.39%
BANK OF GEORGIA	XS0783935561	USD	450	360,712	391,847	4.39%
Croatian issuers:				267,585	284,259	3.18%
ZAGREBACKI HOLDING	XS0309688918	EUR	6	267,585	284,259	3.18%
Romanian issuers:				266,434	255,760	2.86%
CABLE COMMUNICATIONS SYSTEMS NV	XS0954673777	EUR	250	266,434	255,760	2.86%
Latvian issuers:				325,850	-	0.00%
CAPITAL DEPARTMENT STORE SC	LV0000800761	EUR	325,850	325,850	-	0.00%
<u>Financial instruments not traded on regulated markets</u>				507,340	542,959	6.08%
Azerbaijani issuers:				307,340	340,937	3.82%
MUGAN BANK	LV0000801157	USD	400	307,340	340,937	3.82%

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Financial instrument	ISIN code	Currency	Amount	Cost (EUR)	Carrying amount as at 31.12.2014	% of Fund's net assets as at 31.12.2014
Estonian issuers:				200,000	202,022	2.26%
CREDITSTAR GROUP	EE3300110436	EUR	200	200,000	202,022	2.26%
Total debt securities and other fixed income securities				8,902,827	7,866,032	88.06%

5. Derivatives

The table below presents notional amounts and fair value of forwards and swaps. Notional amount of swaps is determined according to the requirements resulting from these swaps.

according to the requirements resulting from these swaps:							
	31.12.2014			31.12.2013			% of Fund's net assets as at 31.12.2014
	Notional amount	Fair value		Notional amount	Fair value		
		Assets	Liabilities		Assets	Liabilities	
Foreign currency exchange Swaps	1,477,349	45,281	-	1,950,194	3,187	(17,543)	0.51%
Total embedded derivatives	1,477,349	45,281	-	1,950,194	3,187	(17,543)	0.51%

All derivatives are concluded with AS Citadele Banka.

6. Accrued expenses

	31.12.2014	31.12.2013
Accrued commission fees payable to investment company	(11,925)	(14,759)
Accrued commission fees payable to custodian bank	(1,431)	(1,750)
Accrued fees payable for professional services	(1,500)	(2,420)
Total accrued liabilities	(14,856)	(18,929)

7. Interest income

	2014	2013
From debt securities and other fixed income securities	756,574	1,690,587
From demand deposits with credit institutions	2,476	6,386
Total interest income	759,050	1,696,973

8. Realized (decrease) in investment value

	2014	2013
Proceeds from sales of investments in the reporting period	8,346,582	12,487,726
Amortized cost of investments sold during the reporting period	(8,916,978)	(13,274,547)
Increase in disposed investment recognized in prior reporting periods	318,572	207,806
Total realized (decrease) in investment value	(251,824)	(579,015)

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9. Unrealized (decrease) in investment value

	2014	2013
From debt securities and other fixed income securities	(1,001,215)	(498,611)
Total unrealised unrealized (decrease) in investment value	(1,001,215)	(498,611)

10. Changes in investments during the reporting period

The table below presents change in investments during 2014:

	31.12.2013	Increase during the reporting period	Decrease during the reporting period	Foreign exchange revaluation result	Fair value revaluation result	31.12.2014
Financial assets held for trading						
Debt securities and other fixed income securities	11,932,961	4,745,912	(9,082,647)	766,271	(496,465)	7,866,032
Derivatives	(14,356)	-	-	59,637	-	45,281
Total investments	11,918,605	4,745,912	(9,082,647)	825,908	(496,465)	7,911,313

The table below presents change in investments during 2013:

	31.12.2012	Increase during the reporting period	Decrease during the reporting period	Foreign exchange revaluation result	Fair value revaluation result	31.12.2013
Financial assets held for trading						
Debt securities and other fixed income securities	13,783,127	11,230,387	(13,381,668)	(311,845)	612,960	11,932,961
Derivatives	(99,900)	-	-	85,544	-	(14,356)
Total investments	13,683,227	11,230,387	(13,381,668)	(226,301)	612,960	11,918,605

11. Pledged assets

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

12. Fair values of financial assets and liabilities

Table below analyses financial instruments at fair value as at the end of the reporting period by levels in the fair value hierarchy according to which the fair value assessment has been categorized.

2014	1 st level	2 st level	3 st level	Total
Financial assets				
Financial instruments held for trading	7,316,161	-	549,871	7,866,032
Derivatives	-	45,281	-	45,281
	7,316,161	45,281	549,871	7,911,313

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Financial liabilities

Financial instruments at fair value
through profit or loss

-	-	-	-
7,316,161	45,281	549,871	7,911,313

2013

Financial assets

Debt securities and other fixed
income securities

11,361,079	-	571,882	11,932,961
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Derivatives

-	3,187	-	3,187
11,361,079	3,187	571,882	11,936,148

Financial liabilities

Financial instruments at fair value
through profit or loss

-	(17,543)	-	(17,543)
11,361,079	(14,356)	571,882	11,918,605

The table below shows comparison of opening and closing balances of 3rd level fair value assessment in the hierarchy.

EUR	Debt securities and other fixed income securities	Total
Balance as at 1 January 2014	571,882	571,882
Total profit or loss:		
in the profit or loss	101,141	104,141
Acquisitions	-	-
Settlements	(123,152)	(123,152)
Balance as at 31 December 2014	549,871	549,871

EUR	Debt securities and other fixed income securities	Total
Balance as at 1 January 2013	339,402	339,402
Total profit or loss:		
Profit or loss statement	(86,415)	(86,415)
Purchases	560,784	560,784
Payments	(241,889)	(241,889)
Balance as at 31 December 2013	571,882	571,882

The table below shows valuation methods applied to assess fair value of Level 2 and Level 3, as well as the most significant unobservable data:

Type	Valuation technique	Significant unobservable data	Relation between significant unobservable data and fair value assessment
Financial instruments held for trading (derivatives) - Level 2	Discounted cash flows method	Not applicable	Not applicable
Financial instruments held for trading (debt securities and other securities with fixed income)- Level 3	Discounted cash flows method	Discount rate Recoverability	Estimated fair value would increase (decrease), if: <ul style="list-style-type: none"> - Discount rate were lower (higher); - Recoverability would be higher (lower);

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If at the end of the reporting period any of the significant unobservable input data used in valuation of fair value of financial instruments held for trading would change but other input data would not change, these changes would have the following impact:

	Impact on profit and loss	
	Increase	(Decrease)
31 December 2014		
Discount rate (2% change)	3,748	(1,515)
Discount rate (2% change)	2,595	(19,755)
Recoverability (2% change)	138	(138)
	Impact on profit and loss	
	Increase	(Decrease)
31 December 2013		
Discount rate (2% change)	13,342	(13,342)
Recoverability (2% change)	222	(222)

13. Risk management

Investment process risk can be defined as probability of undesirable result occurrence that might materialize in the certain market economy in the certain time period. Risk management is characterized as risk identification, measurement and its possible assessment. Investment process may be impacted by currency exchange rate risk, interest rate risk, price change risk, as well as a result of liquidity and other - including operational risks. The investment strategy of the Fund is aimed at minimising the above mentioned risks, however, the Company cannot guarantee that these risks can be completely avoided in the future.

Risk management structure

Risk identification and measurement are the responsibility of an independent Company's unit - the Risk Management Division which prepares and presents information about risks to the Fund Manager. Fund Manager decides specifically whether it would be necessary to minimise risks.

The risk measurement process employs several models based on historical data and adjusted to consider for the current economic situation. Specific models are used to forecast changes in risk factors in ordinary and extraordinary market situations.

To mitigate the investment risks, the Fund Manager follows the risk diversification and hedging principles to reduce investment risks developed in line with the management policy. The Management of the Fund acquires sufficient information on potential or current investment objects, as well as supervises financial and economic position of issuers of the securities in which the Fund's property has been or is to be invested.

The Company, when developing the strategy of the Fund and stating risk limits, performs the analysis of the Fund's investments by maturity, geographic placement, currency profile and assesses the risks inherent to each of the above factors. The Fund Manager acts in strict compliance with the Prospectus of the Fund, Fund Management Regulations, as well as regulations and restrictions imposed by legislation of the Republic of Latvia.

Market risk

Market risk is a risk that the Fund's value will reduce as a result of changes in any of the following market factors: securities prices (equity price risk), exchange rates (currency risk), interest rates (interest rate risk) etc. Evaluated below are the aforementioned sources of market risk, however they cannot be eliminated completely.

Interest rate risk

The price risk related to fixed income securities (bonds) is to a great extent dependent on fluctuations of market interest rates and changes in the issuer's credit quality. Market interest rate fluctuations affect the attractiveness of securities, as, in fact, it is an alternative source of interest income. With market interest rates growing, the prices of fixed income securities are decreasing, and vice versa. Meanwhile, the increase (decrease) in market interest rates produces a positive (negative) effect on coupon rates of fixed income securities bearing interest at floating rates (when the coupon is fixed as a base rate, like Euribor or Libor, plus a margin). After the revaluation (i.e. when a new interest rate is adopted), the coupon rate of such securities increases (decreases), which results in a respective increase (decrease) in interest income.

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The tables below show a potential effect of changes in market interest rates in certain currencies on the Fund's value. Interest income changes are calculated on an annual basis. The actual changes of the Fund's value may differ from the below calculations and the difference might be significant.

Changes in fixed income securities' prices and interest income (year 2014, EUR)

Currency	Changes in base rates, bp	Changes in interest income	Changes in market value	Total effect of base rate changes
USD	100	-	(221,720)	(221,720)
EUR	100	-	(43,089)	(43,089)
RUR	100	-	-	-
Total		-	(264,809)	(264,809)

Changes in fixed income securities' prices and interest income (year 2013, % of net assets)

Currency	Changes in base rates, bp	Changes in interest income	Changes in market value	Total effect of base rate changes
USD	100	0.00%	-2.47%	-2.47%
EUR	100	0.00%	-0.48%	-0.48%
RUR	100	0.00%	0.00%	0.00%
Total		0.00%	-2.95%	-2.95%

Changes in fixed income securities' prices and interest income (year 2014, EUR)

Currency	Changes in base rates, bp	Changes in interest income	Changes in market value	Total effect of base rate changes
USD	-100	-	(221,720)	(221,720)
EUR	-100	-	(43,089)	(43,089)
RUR	-100	-	-	-
Total		-	(264,809)	(264,809)

Changes in fixed income securities' prices and interest income (year 2013, % of net assets)

Currency	Changes in base rates, bp	Changes in interest income	Changes in market value	Total effect of base rate changes
USD	-100	0.00%	2.47%	2.47%
EUR	-100	0.00%	0.48%	0.48%
RUR	-100	0.00%	0.00%	0.00%
Total		0.00%	2.95%	2.95%

Changes in fixed income securities' prices and interest income (year 2013, EUR)

Currency	Changes in base rates, bp	Changes in interest income	Changes in market value	Total effect of base rate changes
USD	100	-	(315,049)	(315,049)
EUR	100	-	(50,046)	(50,046)
RUR	100	-	(3,795)	(3,795)
Total		-	(368,890)	(368,890)

Changes in fixed income securities' prices and interest income (year 2013, % of net assets)

Currency	Changes in base rates, bp	Changes in interest income	Changes in market value	Total effect of base rate changes
USD	100	0.00%	-2.58%	-2.58%
EUR	100	0.00%	-0.41%	-0.41%
RUR	100	0.00%	-0.03%	-0.03%
Total		0.00%	-3.02%	-3.02%

Changes in fixed income securities' prices and interest income (year 2013, EUR)

Currency	Changes in base rates, bp	Changes in interest income	Changes in market value	Total effect of base rate changes
USD	-100	-	(315,049)	(315,049)
EUR	-100	-	(50,046)	(50,046)
RUR	-100	-	(3,795)	(3,795)
Total		-	(368,890)	(368,890)

Changes in fixed income securities' prices and interest income (year 2013, % of net assets)

Currency	Changes in base rates, bp	Changes in interest income	Changes in market value	Total effect of base rate changes
USD	-100	0.00%	2.58%	2.58%
EUR	-100	0.00%	0.41%	0.41%
RUR	-100	0.00%	0.03%	0.03%
Total		0.00%	3.02%	3.02%

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Currency risk

Currency risk arises when the nominal value of Fund's securities or other instruments differs from the Fund's currency. Exchange rate fluctuations may result in a gain or loss, depending on the trend of the fluctuations and the Fund's currency position. The Fund's exposure to currency risk is managed effectively by entering into currency forward and swap transactions.

Table below shows the Fund's net assets and liabilities by currencies as at 31 December 2014:

	USD	EUR	RUB	Total
Assets				
Demand deposits with credit institutions	1,036,550	-	-	1,036,550
Financial assets held for trading				
<i>Debt securities and other fixed income securities</i>	6,424,719	1,434,401	6,912	7,866,032
<i>Derivatives</i>	1,477,348	(1,432,067)	-	45,281
Total assets	8,938,617	2,334	6,912	8,947,863
Liabilities				
Accrued expenses	(13,356)	(1,500)	-	(14,856)
Total liabilities	(13,356)	(1,500)	-	(14,856)
Net assets	8,925,261	834	6,912	8,933,007
Net long position	99.91%	0.01%	0.08%	100.00%

Table below shows the Fund's net assets and liabilities by currencies as at 31 December 2013:

	LVL	USD	EUR	RUB	Total
Assets					
Demand deposits with credit institutions	-	365,581	10,982	-	376,563
Financial assets held for trading					
<i>Debt securities and other fixed income securities</i>	-	9,804,176	1,778,591	350,194	11,932,961
<i>Derivatives</i>	-	1,010,613	(1,007,426)	-	3,187
Total assets	-	11,180,370	782,147	350,194	12,312,711
Liabilities					
Accrued expenses	(2,420)	(16,509)	-	-	(18,929)
Derivatives	-	939,580	(957,123)	-	(17,543)
Total liabilities	(2,420)	923,071	(957,123)	-	(36,472)
Net assets	(2,420)	12,103,441	(174,976)	350,194	12,276,239
Net long position	(-0.02%)	98.60%	(-1.43%)	2.85%	100.00%

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Effect of the currency exchange rate changes on the Fund's value is represented in the tables below. Changes in exchange rates are annualised standard deviation of a respective rate.

Effect of currency exchange rate (2014)				Effect of currency exchange rate (2013)			
Currency	Density in Fund (% of net assets)	Exchange rate against USD	Effect on Fund value	Currency	Density in Fund (% of net assets)	Exchange rate against USD	Effect on Fund value
USD	99.91%	0.00%	0.00%	USD	98.60%	0.00%	0.00%
EUR	0.01%	6.26%	0.00%	EUR	-1.43%	7.39%	-0.11%
RUR	0.08%	28.03%	0.02%	RUR	2.85%	8.14%	0.23%
				LVL	-0.02%	0.00%	0.00%
Total	100.00%		0.02%	Total	100.00%		0.14%

Credit risk

Credit risk is a risk that the Fund's value will decrease from counterparty's or issuer's non-performance or default. Only safe and reliable counterparties are selected for transactions involving the Fund's assets. The Fund Manager monitors the solvency position of the counterparties on a regular basis, analyses their credit rating and financial position, as well as mass media information.

Credit quality of the Fund's assets is managed on the basis of the credit ratings granted by the international rating agencies Standard & Poor's, Moody's, and Fitch. In addition, a detailed analysis is performed on the issuer's financial statements, financial position and future prospects. The table below shows the issuers of securities and credit institutions in which the Fund has deposits by credit ratings according to the following specification:

- High quality investment financial instruments: AAA – AA- (Standard & Poor's); Aaa – Aa3 (Moody's Investors Service); AAA – AA- (Fitch);
- Investment category financial instruments: A+ - BBB- (Standard & Poor's); A1 – Baa3 (Moody's Investors Service); A+ - BBB- (Fitch);
- High return financial instruments: BB+ - BB- (Standard & Poor's); Ba1 - Ba3 (Moody's Investors Service); BB+ - BB- (Fitch);
- Speculative financial instruments: B+ - C (Standard & Poor's); B1 - C (Moody's Investors Service); B+ - C (Fitch).

The table below shows the Fund's assets by credit ratings as at 31 December 2014:

	Investment category financial instruments:	High return financial instruments:	Speculative financial instruments:	Not rated	Total
Demand deposits with credit institutions	-	-	1,036,550	-	1,036,550
Financial assets held for trading					
<i>Debt securities and other fixed income securities</i>	1,386,889	3,345,144	2,925,065	208,934	7,866,032
<i>Derivatives</i>	-	-	45,281	-	45,281
Total investments	1,386,889	3,345,144	4,006,896	208,934	8,947,863

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Table below shows the Fund's assets by credit ratings as at 31 December 2013:

	Investment category financial instruments:	High return financial instruments:	Speculative financial instruments:	Not rated	Total
Demand deposits with credit institutions	-	-	376,563	-	376,563
Financial assets held for trading					
<i>Debt securities and other fixed income securities</i>	2,578,420	4,189,334	4,901,580	263,627	11,932,961
<i>Derivatives</i>	-	-	3,187	-	3,187
Total investments	2,578,420	4,189,334	5,281,330	263,627	12,312,711

Risk concentration

The issuer's industry and geographic position are additional credit risk factors, which can affect the price of issued security or the issuer's solvency. Therefore, it is vital to identify concentration risk, i.e. to which extent the Fund's value depends on changes in the specific regions or industries. Credit risk concentration by geographic profile (based on the country most affecting the issuer's solvency) and industry profile is presented in the table below.

Table below shows the Fund's assets and liabilities by geographic profile as at 31 December 2014:

	Latvia	OECD	Other Non - OECD region countries	Total
Assets				
Demand deposits with credit institutions	1,036,550	-	-	1,036,550
Financial assets held for trading				
Debt securities and other fixed income securities	-	1,332,541	6,533,491	7,866,032
Derivatives	45,281	-	-	45,281
Total assets	1,081,831	1,332,541	6,533,491	8,947,863
Liabilities				
Financial liabilities held for trading				
Accrued expenses	(14,856)	-	-	(14,856)
Total liabilities	(14,856)	-	-	(14,856)
Net assets	1,066,975	1,332,541	6,533,491	8 933,007

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Table below shows the Fund's assets and liabilities by geographic profile as at 31 December 2013:

	Latvia	OECD	Other Non - OECD region countries	Total
Assets				
Demand deposits with credit institutions	376,563	-	-	376,563
Financial assets held for trading				
Debt securities and other fixed income securities	308,255	2,100,290	9,524,416	11,932,961
Derivatives	3,187	-	-	3,187
Total assets	688,005	2,100,290	9,524,416	12,312,711
Liabilities				
Financial liabilities held for trading				
Derivatives	(17,543)	-	-	(17,543)
Accrued expenses	(18,929)	-	-	(18,929)
Total liabilities	(36,472)	-	-	(36,472)
Net assets	651,533	2,100,290	9,524,416	12,276,239

Table below shows the Fund's net assets and liabilities by countries:

Country	Carrying amount as at 31.12.2014	Carrying amount as at 31.12.2013	% of Fund's net assets 31.12.2014
Russia	1,987,911	5,127,618	22.26%
Azerbaijan	1,074,899	661,856	12.04%
Latvia	1,066,975	343,278	11.94%
Ukraine	1,024,059	1,058,362	11.46%
Kazakhstan	822,396	1,770,511	9.21%
Bulgaria	692,360	401,021	7.75%
Turkey	682,689	-	7.64%
Hungary	447,830	494,453	5.01%
Georgia	391,847	475,335	4.39%
Croatia	284,259	337,968	3.18%
Romania	255,760	-	2.86%
Estonia	202,022	252,528	2.26%
Slovenia	-	971,406	0.00%
Czech Republic	-	381,903	0.00%
Total	8,933,007	12,276,239	100.00%

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The following table shows the Fund's securities portfolio by industry profile:

Sector	Carrying amount as at 31.12.2014	Carrying amount as at 31.12.2013	% of Fund's net assets 31.12.2014
Commercial banks	2,000,183	2,771,624	22.39%
Energy resources	1,883,805	2,753,641	21.09%
Raw materials	992,533	1,984,074	11.11%
Public utilities	676,055	337,968	7.57%
Government	584,767	1,095,641	6.55%
Consumer goods	435,850	368,897	4.88%
Logistics	384,637	353,601	4.31%
Financial services	351,878	1,519,328	3.94%
Telecommunication services	300,564	748,187	3.36%
Consumer services	255,760	-	2.86%
Total	7,866,032	11,932,961	88.06%

Liquidity risk

Liquidity risk is a risk that the Fund will have difficulties in meeting its financial obligations. The Fund Manager maintains such asset structure which would ensure a possibility of selling securities in due time and with no significant losses. In addition, a large portion of the Fund's assets are invested in short-term investment rating government bonds, which is one of the most liquid assets.

The table below shows the Fund's assets and liabilities by maturity as at 31 December 2014:

	Within 1 month	1 to 3 months	3 to 6 months	6 to 12 months	1 to 5 years	More than 5 years and no maturity	Total
Assets							
Demand deposits with credit institutions	1,036,550	-	-	-	-	-	1,036,550
Financial assets held for trading							
<i>Debt securities and other fixed income securities</i>	6,912	-	478,014	159,858	5,372,128	1,849,120	7,866,032
<i>Derivatives</i>	-	-	45,281	-	-	-	45,281
Total assets	1,043,462	-	523,295	159,858	5,372,128	1,849,120	8,947,863
Liabilities							
Accrued expenses	(13,356)	-	(1,500)	-	-	-	(14,856)
Total liabilities	(13,356)	-	(1,500)	-	-	-	(14,856)
Net assets	1,030,106	-	521,795	159,858	5,372,128	1,849,120	8,933,007
<i>Net position %</i>	11.53%	0.00%	5.84%	1.80%	60.13%	20.70%	100.00%

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Table below shows the Fund's assets and liabilities by maturity profile as at 31 December 2013:

	Within 1 month	1 to 3 months	3 to 6 months	6 to 12 months	1 to 5 years	More than 5 years and no maturity	Total
Assets							
Demand deposits with credit institutions	376,563	-	-	-	-	-	376,563
Financial assets held for trading							
<i>Debt securities and other fixed income securities</i>	11,098	793,830	-	458,674	7,121,629	3,547,730	11,932,961
<i>Derivatives</i>	-	-	3,187	-	-	-	3,187
Total assets	387,661	793,830	3,187	458,674	7,121,629	3,547,730	12,312,711
Liabilities							
Derivatives	-	(17,543)	-	-	-	-	(17,543)
Accrued expenses	(16,509)	-	(2,420)	-	-	-	(18,929)
Total liabilities	(16,509)	(17,543)	(2,420)	-	-	-	(36,472)
Net assets	371,152	776,287	767	458,674	7,121,629	3,547,730	12,276,239
<i>Net position %</i>	<i>3.02%</i>	<i>6.32%</i>	<i>0.01%</i>	<i>3.74%</i>	<i>58.01%</i>	<i>28.90%</i>	<i>100.00%</i>

14. Information on holders of investment certificates

The table below specifies the proportion of investment certificates held by related parties and other individuals out of total investment certificates issued:

	31.12.2014	31.12.2013	% of total certificates as at 31.12.2013
Investment certificates held by related parties	294	294	0.05%
Investment certificates held by other persons	575,560	822,172	99.95%
Issued investment certificates as at the end of the reporting period	575,854	822,466	100.00%

15. Related party transactions

The majority of the Fund's investments are acquired with the mediation of the custodian bank. AS Citadele banka receives remuneration as the custodian bank, as disclosed in the statement of comprehensive income (see also note 3), as well as contracts on derivatives have been concluded (see note 5).

The remuneration paid to the investment company during the reporting period is disclosed in the statement of comprehensive income.

During the reporting year the related parties of the Fund made no transactions with the Fund's investment certificates. The Fund's investment certificates purchase and sale back transactions are calculated taking into account only the investment certificates held by those related parties, who have been classified as the Fund's related parties both as of 31 December 2014 and 31 December 2013.

During the reporting year the Fund had not invested in bonds issued by the AS Citadele banka.

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16. Dynamics of net asset value

	31.12.2014	31.12.2013
Net assets (EUR)	8,933,007	12,276,239
Number of investment certificates	575,854	822,467
Value of investment fund's shares (EUR)	15.51	14.93
Performance of the investment fund*	3.90%	(-0.33%)
Net assets (USD)**	10,839,243	16,777,634
Number of investment certificates	575,854	822,467
Value of investment fund's shares (USD)	18.82	20.40
Performance of the investment fund*	(-7.75%)	2.93%

* Performance is calculated supposing that a year consists of 365 days.

** The net asset value in US Dollars is determined, based on exchange rates fixed at financial markets at the end of each day.

17. Subsequent events

On 30 March 2015 IPAS „CBL Asset Management“ changed the name of its investment fund from "Citadele Eastern European Fixed Income Funds" to "CBL Eastern European Fixed Income Funds" and accordingly, the name of the sub-fund from „Citadele Eastern European Bond Fund – USD" to „CBL Eastern European Bond Fund – USD".



Independent Auditors' Report

To the shareholders of Investment fund "CBL Eastern European Fixed Income Funds" sub-fund "CBL Eastern European Bond Fund – USD"

Report on the Financial Statements

We have audited the accompanying separate financial statements of Investment fund "CBL Eastern European Fixed Income Funds" sub-fund "CBL Eastern European Bond Fund –USD" ("the Fund"), which is managed by the investment management company "CBL Asset Management" ("the Manager"). These financial statements comprise the separate statement of financial position as at 31 December 2014, the separate statements of comprehensive income, changes in net assets and cash flows for the year ended 31 December 2014, and a summary of significant accounting policies and other explanatory notes, as set out on pages 7 to 27.

Management's Responsibility for the Financial Statements

Management of investment managing company is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and for such internal controls as management determines are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the Fund's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal controls. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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



Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Investment fund “CBL Eastern European Fixed Income Funds” sub-fund “CBL Eastern European Bond Fund –USD” as at 31 December 2014 and of its financial performance and its cash flows for the year ended 31 December 2014 in accordance with International Financial Reporting Standards as adopted by the European Union.

Report on Other Legal and Regulatory Requirements

In addition, our responsibility is to assess whether the accounting information included in the investment management company’s report, as set out on page 4, the preparation of which is the responsibility of management, is consistent with the financial statements. Our work with respect to the investment management company’s report was limited to the aforementioned scope and did not include a review of any information other than drawn from the financial statements of the Fund. In our opinion, the investment management company’s report is consistent with the financial statements.

KPMG Baltics SIA
Licence No 55

Ondrej Fikrle
Partner pp. KPMG Baltics SIA
Riga, Latvia
24 April 2015

Inga Lipšāne
Sworn Auditor
Certificate No. 112

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