

INVESTMENT FUND

IF “CBL Eastern European Bond Fund”

**(previously “CBL Eastern European Fixed Income Funds” with a subfund
“CBL Eastern European Bond Fund - USD”)**

ANNUAL REPORT FOR 2015

(13rd financial year)

PREPARED IN ACCORDANCE WITH

**FCMC “NORMATIVE REGULATIONS ON PREPARATION OF ANNUAL REPORTS AND CONSOLIDATED ANNUAL REPORTS OF
INVESTMENT FUND AND OPEN ALTERNATIVE INVESTMENT FUND” AND INTERNATIONAL FINANCIAL REPORTING STANDARDS AS
ADOPTED BY THE EUROPEAN UNION**

Translation from Latvian original*

Riga, 2016

*This version of financial statements is a translation from original, which was prepared in Latvian. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of financial statements takes precedence over this translation.

**IF “CBL Eastern European Bond Fund”
Annual Report for 2015
Contents**

General information on the investment fund	3
Investment management company's report	4
Statement of responsibility of the Board of the investment management company	5
Custodian bank's report	6
Financial Statements:	
Statement of assets and liabilities	7
Statement of income and expense	8
Statement of changes in net assets	9
Statement of Cash Flows	10
Notes	11
Auditors' Report	30

IF "CBL Eastern European Bond Fund"
Annual Report for 2015
General information on the investment fund

Name of the fund:	"CBL Eastern European Bond Fund" (previously "CBL Eastern European Fixed Income Funds" with a subfund "CBL Eastern European Bond Fund - USD")
Type of fund:	Investment fund
Registration date:	20 July 2009 (date of re-registration 30 March 2015)
Fund number:	FFL93-06.03.04.098/41
Name of the investment management company:	"CBL Asset Management" IPAS
Registered office:	Republikas laukums 2a, Riga, LV-1010, Latvia
Registration number:	
License number:	40003577500
	06.03.07.098/285
Name of the custodian bank:	"Citadele banka", AS
Registered office:	Republikas laukums 2a, Riga, LV-1010, Latvia
Registration number:	40103303559
Investment management company's Board and Council members and their positions:	<p><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 06.11.2012 Council Member – Aldis Paegle – appointed on 04.07.2014 Council Member – Peter Meier – appointed on 30.09.2015</p> <p><i>Board of the investment management company:</i> Chairperson of the Board - Uldis Upenieks – appointed on 01.11.2012 Board Member - Zigurds Vaikulis – appointed on 30.03.2007 Board Member - Andris Kotāns – appointed on 11.05.2015 Board Member - Lolita Sičeva – appointed on 11.05.2015</p>
Rights and responsibilities related to management of Investment fund	Council and Board members shall perform all duties specified in Latvian laws and Investment Management Company's Statutes.
Fund managers (Members of Investment Committee):	Andris Kotāns – appointed on 27.10.2008 Edgars Lao – appointed on 16.09.2011.
Rights and responsibilities related to Fund management	Fund managers shall perform all duties specified in Latvian laws, Investment Management Company's Statutes and Fund prospectus.
Auditor:	<p>"KPMG Baltics" SIA Vesetas iela 7 Riga, LV-1013 Latvia Licence No. 55</p>

IF "CBL Eastern European Bond Fund"
Annual Report for 2015
Investment management company's report

Investment Fund "CBL Eastern European Bond Fund" (previously "CBL Eastern European Fixed Income Funds" with a sub-fund "CBL Eastern European Bond Fund - USD") (hereinafter – the Fund) is a debt securities investment fund whose principal currency is US dollar. The Fund manager is investment management company CBL Asset Management, legal address Republikas laukums 2a, Rīga, LV-1010, registered under No 40003577500. The number of Investment Company's operating licence, which was last re-registered on 19 February 2014, is 06.03.07.098/285.

The Fund aims to achieve long-term capital growth by investing primarily in debt securities and money market instruments issued or guaranteed by central and local governments, central banks, credit institutions and commercial companies of the Eastern European countries; in fixed income funds, as well as in 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 a single industry or country securities. There were no changes to the Fund's policy during the reporting period.

During the reporting year, the amount of Fund's net assets increased by 14.30% and as at the end of the reporting period it amounted to EUR 10,210,858. As at 31.12.2015, gross assets amounted to EUR 10,237,145. The Fund's share value during the reporting period increased by EUR 3.66 and at the year-end it amounted to EUR 19.17. The Fund's total return for 2015 was 23.60% in terms of euro and 10.84% in terms of its base currency (USD).


At the beginning of 2015, the Eastern European region was still dominated by the flow of negative news from both military conflict-affected Eastern part of Ukraine and Russia, which for the first time in ten years lost its investment grade rating status. Nevertheless, investors' mood regarding the debt securities market of the region gradually improved, which was encouraged by reduced geopolitical tension in relation to the conflict in Ukraine and concluded Ukrainian debt restructuring transaction. As a result, during the year Eastern European debt market showed an increase of 11% and contrasted positively with markets of other emerging countries which ended 2015 with no substantial changes. The Fund showed a similar performance as a market, thus being ranked among the best bond funds in the region. During the reporting period the Fund's performance was the most positively impacted by investments in Russia and Ukraine, while a slight negative contribution was made by the Macedonian government securities.

Given the downward trend in oil prices, during the reporting period we continued reducing the Fund's share of Russia from 22.27% to 18.11% and of Azerbaijan from 12.03% to 6.41%. Instead, we increased the share of oil net importer Turkey from 7.63% to 13.33%, thus at the year-end it represented the largest share in the Fund. In addition, we made new investments in Poland, Latvia and Macedonia. As at the end of the reporting period, the Fund's debt securities were diversified among 14 countries. The average yield to maturity of the Fund was 7.5%, average duration 2.8 and weighted average credit rating was Ba2.

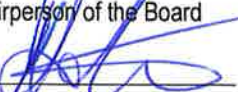
Management costs during the period amounted to USD 189,562 or 1.73% of average value of net assets during the period, which does not exceed the maximum amount of 3.00% provided in the Fund's prospectus.

After the reporting period, the Council of Financial and Capital Market Commission (FCMC) authorized the local merger of the investment fund's "CBL Eastern European Fixed Income Funds" sub-fund "CBL Eastern European Bond Fund - EUR" and "CBL Eastern European Bond Fund - USD" in order to ensure efficient portfolio management in compliance with the best international practice of investment funds. On 18 April 2016 the name of the sub-fund "CBL Eastern European Bond Fund - USD" was changed to "CBL Eastern European Bond Fund", and the fund resulting from the merger will issue investment certificates of two classes: R Acc USD and R Acc EUR (hedged). Investment certificates of the sub-fund "CBL Eastern European Bond Fund - EUR" (ISIN LV0000400174) will be exchanged into "CBL Eastern European Bond Fund" R Acc EUR (hedged) class investment certificates and investment certificates of the sub-fund "CBL Eastern European Bond Fund - USD" (ISIN LV0000400125) will be exchanged into "CBL Eastern European Bond Fund" R Acc USD class investment certificates. At the time of merger investors of the Fund did not have to take any action.

The management team of IPAS "CBL Asset Management" closely follows developments both locally and globally: in terms of sustainability of economic growth, monetary and fiscal policy of the largest countries, as well as possible inflation and political risks, as they have a substantial impact on the dynamics of Eastern European region's economy and capital market. Selective instrument selection, regardless of the sector and the country will continue to be a decisive factor in the Fund's investment process.



Uldis Upenieks
Chairperson of the Board



Andris Kotāns
Member of Investment Committee



Edgars Lao
Member of Investment Committee

IF "CBL Eastern European Bond Fund"**Annual Report for 2015****Statement of responsibility of the Board of the investment management company**

The Board of the investment management company (hereinafter - the Company) is responsible for preparation of financial statements of investment fund "CBL Eastern European Bond Fund" (previously "CBL Eastern European Fixed Income Funds" with a sub-fund "CBL Eastern European Bond Fund - USD") (hereinafter – the Fund).

The financial statements on pages 7 to 30 are prepared based on source documents and present fairly the financial position of the Fund as at 31 December 2015, the results of its operations in 2015.

Financial statements mentioned above are prepared in accordance with the International Financial Reporting Standards as adopted by the European Union, as required by the regulation of the Financial and Capital Market Commission (FCMC) "On preparation of annual reports and consolidated annual reports of investment fund and open alternative investment fund" 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 "CBL Eastern European Bond Fund" assets and the prevention and detection of fraud and other irregularities. They are also responsible for operating the Fund in compliance with the Law on Investment Management Companies, regulations of the Financial and Capital Market Commission and other laws and regulations of the Republic of Latvia.



Uldis Upenieks
Chairperson of the Board

Riga
29 April 2016

CUSTODIAN BANK REPORT

For holders of IF "CBL Eastern European Fixed Income Funds"
"CBL 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 "CBL 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 "CBL 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 29, 2016

IF "CBL Eastern European Bond Fund"
Annual Report for 2015
Statement of assets and liabilities
(EUR)

Note	31.12.2015.	31.12.2014.
Assets		
3 Due on demand from credit institutions	772,720	1,036,550
<i>Financial assets held for trading</i>		
4 Debt securities and other fixed income securities	9,464,425	7,866,032
5 Derivatives	-	45,281
Total Assets	10,237,145	8,947,863
Liabilities		
<i>Financial liabilities held for trading</i>		
5 Derivatives	(9,179)	-
6 Accrued expenses	(17,108)	(14,856)
Total liabilities	(26,287)	(14,856)
Net assets	10,210,858	8,933,007

The accompanying notes on pages 11 to 29 form an integral part of these financial statements.



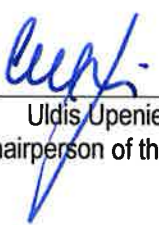
Uldis Upenieks
Chairperson of the Board

Riga
29 April 2016

IF "CBL Eastern European Bond Fund"
Annual Report for 2015
Statement of income and expense
(EUR)

Note	2015	2014
Reporting period income		
7 Interest income	991,925	759,050
Other income	4,199	511
Total income	996,124	759,561
Reporting period expenses		
Remuneration to investment management company	(149,122)	(157,865)
Remuneration to custodian bank	(17,895)	(18,944)
Other fund management expenses	(4,754)	(2,314)
Total expenses	(171,771)	(179,123)
Increase/(decrease) in investment value		
8 Realized increase/(decrease) of investment value	130,110	(251,824)
9 Unrealized decrease in investment value	(52,601)	(1,001,215)
Total increase/(decrease) in investment value	77,509	(1,253,039)
Income/(loss) from revaluation of foreign currency	960,179	1,041,514
Increase in net assets from investment	1,862,041	368,913

The accompanying notes on pages 11 to 29 form an integral part of these financial statements.



 Uldis Upenieks
 Chairperson of the Board

Riga
 29 April 2016

IF "CBL Eastern European Bond Fund"
Annual Report for 2015
Statement of changes in net assets
(EUR)

	2015	2014
Net assets as at the beginning of the period	8,933,007	12,276,239
Increase in net assets from investment	1,862,041	368,913
Transactions with investment certificates:		
<i>Inflow from sale of investment certificates</i>	3,412,727	691,247
<i>(Outflow) on redemption of investment certificates</i>	(3,996,917)	(4,403,392)
Net (decrease) in assets from transactions with investment certificates	(584,190)	(3,712,145)
Increase/(decrease) in net assets for the period	1,277,851	(3,343,232)
Net assets as at the end of the period	10,210,858	8,933,007
Issued investment certificates as at the beginning of the period	575,854	822,467
Issued investment certificates as at the end of the period	532,541	575,854
Net assets per investment certificate as at the beginning of the period	15.51	14.93
Net assets per investment certificate as at the end of the period	19.17	15.51

The accompanying notes on pages 11 to 29 form an integral part of these financial statements.




 Uldis Upenieks
 Chairperson of the Board

Riga
 29 April 2016

IF "CBL Eastern European Bond Fund"
Annual Report for 2015
Statement of Cash Flows
(EUR)

	2015	2014
Cash received from interest income	663,936	751,707
Investment management expenses	(170,012)	(183,783)
Additions of financial investments	(7,291,109)	(4,745,912)
Disposal/repayment of financial investments	6,805,656	8,333,927
Foreign currency translation result	261,679	132,138
Increase in cash from operating activities	270,150	4,288,077
Inflow from sale of investment certificates	3,412,727	691,247
(Outflow) of redemption of investment certificates	(3,996,917)	(4,403,392)
Decrease in cash and cash equivalents from financing activities	(584,190)	(3,712,145)
(Decrease)/increase in cash and cash equivalents for the period	(314,040)	575,932
Cash and cash equivalents at the beginning of the reporting period	1,036,550	376,563
Result of revaluation of foreign currency	50,210	84,055
Cash and cash equivalents at the end of the reporting period	772,720	1,036,550

The accompanying notes on pages 11 to 30 form an integral part of these financial statements.



 Uldis Upenieks
 Chairperson of the Board

Riga
 29 April 2016

IF "CBL Eastern European Bond Fund"
Annual Report for 2015
Notes
(EUR)

1. General information

Name of the fund:	"CBL Eastern European Bond Fund" (previously "CBL Eastern European Fixed Income Funds" with a subfund "CBL Eastern European Bond Fund - USD")
Type of fund:	Investment fund
Line of business:	Investments primarily in debt securities issued or guaranteed by the Eastern European countries, local authorities, central banks, credit institutions and commercial undertakings. The investment portfolios are diversified among investments in various currencies, sectors and countries, thus providing greater investment safety and protection against fluctuations in asset value, compared to investments in securities of only one currency, sector or country.
Line of business of the sub-fund:	The principal currency of the sub-fund is US dollars (USD). Investments in equity securities are not provided for in the Prospectus.
Name of the investment management company:	"CBL Asset Management" IPAS (hereinafter - the Company) Republikas laukums 2a, Riga, LV-1010, Latvia

2. Summary of significant accounting policies

Basis of preparation

Financial statements of IF "CBL Eastern European Bond Fund" (previously "CBL Eastern European Fixed Income Funds" with a sub-fund "CBL Eastern European Bond Fund - USD") (hereinafter – the Fund) are prepared in accordance with the International Financial Reporting Standards as adopted by the European Union (IFRS), as required by the regulation of the Financial and Capital Market Commission (FCMC) "On preparation of annual reports and consolidated annual reports of investment fund and open alternative investment fund".

The financial statements are prepared on a historical cost basis, as modified for the measurement at fair value of financial instruments held-for-sale.

The monetary unit used in the financial statements is euro (EUR), the monetary unit of the Republic of Latvia. The financial statements cover the period from 1 January 2015 to 31 December 2015.

Opening balances of Statement of assets and liabilities as at 1 January 2015 agree with the prior year closing balances.

Functional and Presentation Currency

The functional currency of the Fund is US dollar, but in accordance with FCMC requirements, the Fund ensures accounting in Latvian currency - euro.

Significant estimates and assumptions

Preparation of financial statements in compliance with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures in the financial statements at the date of financial statements, as well as income and expenses recognized in the reporting period. Moreover, when preparing the financial statements, the management of Company has to make assumptions and judgements when applying the Fund's accounting policy.

IF "CBL Eastern European Bond Fund"
Annual Report for 2015
Notes
(EUR)

Recognition of income and expenses

All interest income and expenses are recognized on an accrual basis.

Interest income and expenses are recognized in the income statement based on the effective 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 for Fund management and performance of custodian bank's functions is calculated as a certain part of the value of Fund's assets and accrued on a daily basis and paid out on a monthly basis.

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 foreign exchange rate published by the European Central Bank as at the end of the last day of the reporting year. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Profit or loss arising from changes in foreign exchange rate is charged to the profit and loss statement as profit or loss on revaluation of foreign exchange positions.

The exchange rates (EUR against foreign currency unit) established by the European Central Bank that were mainly applied when preparing the Statement of Assets and Liabilities of the Fund can be specified as follows:

Currency	31.12.2015.	31.12.2014.
USD	1.0887	1.2141
RUB	80.6736	72.3370

Cash

Cash and cash equivalents comprise current account balances and other short term high liquidity investments with original maturity of less than 3 months.

Financial instruments

Financial instruments are classified into the following categories: instruments measured at fair value through profit or loss. Classification depends on the purpose of acquisition of the financial instrument. Management determines the classification of the financial instrument at initial recognition.

Financial instruments at fair value through profit and loss

Financial assets at fair value through profit and loss are such financial assets that are acquired or incurred for the purpose of selling in the near future or that are upon initial recognition, designated by the entity as at fair value through the profit or loss. Held for trading financial instruments are those instruments that the Fund holds only for generating profit from short term fluctuations in the value of financial instruments. Held for trading financial instruments include stocks, investment certificates of investment funds, fixed income debt securities and derivatives.

Securities are revaluated on the basis of financial information provided by Bloomberg and NASDAQ OMX Riga on the market demand (bid) prices of these securities. Unlisted securities are assessed according to the custodian bank's information on transactions, but in case such information is not available, the securities are assessed at amortized cost. Purchase and sales of securities is recognized at the settlement date. The historical cost is measured using the FIFO (first in, first out) method.

Derivatives

For the purposes of foreign currency risk management and profit generation, the Fund takes part in forwards and swaps. For accounting purposes, all derivatives are classified as held for trading and are accounted for as follows.

Subsequent to initial recognition and determination of value, forwards are recognized at their fair value in the balance sheet. The fair value of these agreements is disclosed in the statement of financial position as "Derivatives", and the notional amount is presented in the Notes to the financial statements.

Profit or loss arising from changes in claims and liabilities that arise from forwards and swaps are disclosed in the profit or loss statement as the result of foreign exchange revaluation.

IF “CBL Eastern European Bond Fund”
Annual Report for 2015
Notes
(EUR)

Fair value of financial assets and liabilities

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal, or in its absence, the most advantageous market to which the Fund has access at that date. The fair value of a liability reflects its non-performance risk.

When available, the Fund measures the fair value of an instrument using the quoted price in an active market for that instruments. A market is regarded as ‘active’ if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Fund uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

As regards initial recognition, the best evidence of fair value is transaction price, i.e., the fair value of remuneration given or received. If the Fund determines that the fair value at initial recognition differs from the transaction price and the fair value is not evidenced neither in the quoted market price of identical asset or liability in an active market, nor in assessment methods that use only observable data, results, the financial instrument is initially carried at fair value which is adjusted to reflect the difference between the fair value at initial recognition and transaction price. Later this difference is recognized in the profit or loss statement, taking into account the instrument's expected useful life, but no later than the time when the value may be fully justified by observable market data or when the transaction is completed.

IFRS determines the hierarchy of financial instrument fair value assessment techniques, based on whether observable market data are used when determining the fair value of financial instruments or whether such data are unavailable. Financial assets at fair value are classified in the 1st level, 2nd level and 3rd level categories of this assessment technique.

The 1st level represents financial instruments whose fair value is determined based on exchange prices quoted in an active market. This category generally includes shares, debt securities, short-term bonds and standardized derivatives that are assessed using quoted exchange prices. Securities that are traded in active markets outside the stock exchange are also included in this category.

Level 2 presents financial instruments whose fair value was determined by using available market data such as prices for similar financial instruments that have been used for market transactions. This category generally includes less liquid debt securities and derivatives that are measured based on available market data. The price of less liquid debt securities is adjusted by the difference between the available yield rates.

Level 3 presents financial instruments whose fair value is determined using available market data and company's internal estimates.

The Company recognizes changes in the fair value hierarchy level for instruments at the end of the reporting period in which the changes have occurred. Compared with the previous year, there have been no changes in the fair value hierarchy.

Financial asset and financial liability portfolios that are exposed to market risk and credit risk, managed by the Fund based on the net exposure to either market risk or credit risk, are assessed taking into account the price that would be paid for the sale of the net long position (or paid to transfer net short position) for particular risks. These portfolio-level adjustments are allocated to individual assets and liabilities based on relative risk adjustments related to each of the individual instruments in the portfolio.

Taxes

Fund's income is subject to taxes in the country where it has been generated. The Fund is not subject to Latvian corporate income tax payments.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables include due from credit institutions. Fund's claims against credit institutions shall be carried at their amortized cost using the effective interest rate method less impairment, if any.

Allowance for impairment of receivables is established when there is objective evidence that the Fund will not be able to collect the full amount due according to the original terms. Impairment allowance is determined as the difference between the amortized cost and recoverable amount.

IF "CBL Eastern European Bond Fund"
Annual Report for 2015
Notes
(EUR)

Changes in accounting policies

The Fund has consistently applied the accounting policies set out in Note 2 to all periods presented in these financial statements.

The Fund has considered 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 have concluded that they do not apply to the Fund:

- *IFRIC 21 guidance on a levy imposed by government*
- *Annual amendments to IFRS*

New standards and interpretations

Several new standards, amendments to standards and interpretations effective for periods starting after 1 January 2015 have not been applied to these financial statements. Standards and interpretations application of which will not affect the financial statements are listed below.

- *IFRS 11 Joint Arrangements (effective for annual periods beginning on or after 1 January 2016)*
The Fund is not a part of any joint arrangement.
- *IAS 1: Presentation of Financial Statements (effective for annual periods beginning on or after 1 January 2016)*
- *IAS 16: Property, Plant and Equipment and IAS 38: Intangible Assets (effective for annual periods beginning on or after 1 January 2016)*
- *IAS 16: Property, Plant and Equipment and IAS 41: Agriculture (effective for annual periods beginning on or after 1 January 2016)*
- *IAS 19: Property, Plant and Equipment and IAS 41: Benefit Plans: Employee Benefits (effective for annual periods beginning on or after 01 February 2015)*
- *IAS 27: Separate Financial Statements (effective for annual periods beginning on or after 1 January 2016)*

3. Due on demand from credit institutions

	31.12.2015.	31.12.2014.	% from net assets 31.12.2015.
Balances due from credit institutions, AS "Citadele" banka	772,720	1,036,550	7.57%
Total demand deposits with credit institutions	772,720	1,036,550	7.57%

For cash on demand the Fund receives interest income that is calculated at fixed rates.

IF "CBL Eastern European Bond Fund"
Annual Report for 2015
Notes
(EUR)

4. Debt securities and other securities with fixed income

	31.12.2015.	31.12.2014.	Annual yield before the maturity 31.12.2015.	% from net assets 31.12.2015.
Corporate debt securities	4,662,839	4,929,204	11.73%	45.66%
Corporate debt securities of other non-OECD countries	3,335,150	4,481,374	14.13%	32.66%
Corporate debt securities of OECD region	1,073,585	447,830	5.15%	10.51%
Latvian corporate debt securities	254,104	-	8.00%	2.49%
Credit institution debt securities	2,323,448	2,000,183	8.58%	22.75%
Credit institution debt securities of other non-OECD countries	1,670,867	1,750,079	9.96%	16.36%
Credit institution debt securities of OECD region	652,581	250,104	5.04%	6.39%
Government debt securities	1,464,562	584,767	4.20%	14.35%
Government debt securities of other non-OECD countries	683,897	152,182	4.94%	6.70%
Government debt securities of OECD region	780,665	432,585	3.56%	7.65%
Financial institution debt securities	1,013,576	351,878	8.43%	9.93%
Financial institution debt securities of other non-OECD countries	588,340	149,856	6.76%	5.77%
Financial institution debt securities of OECD region	425,236	202,022	10.74%	4.16%
Total debt securities and other fixed income securities	9,464,425	7,866,032	9.44%	92.69%

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

All fixed income securities are listed on regulated market stock exchanges, except for securities with a book value of EUR 460,691 (2014: EUR 542,959).

The following table presents debt securities classified by the issuer's country of origin as at 31 December 2015:

Financial instrument	ISIN code	Acquisition on currency	Amount	Purchase value (EUR)	Carrying value as at 31.12.2015	% from net assets as at 31.12.2015
Financial instruments traded in regulated markets				9,308,348	9,003,734	88.18%
Debt securities of Turkish issuers:				1,315,076	1,360,572	13.33%
ARCELIK	XS0910932788	USD	475	430,373	399,914	3.92%
EXPORT CREDIT BANK OF TURKEY	XS0774764152	USD	350	346,548	334,395	3.27%
TURKIYE HALK BANKASI AS	XS1069383856	USD	350	275,273	318,186	3.12%
TURKEY	US900123AX87	USD	300	262,882	308,077	3.02%
Debt securities of Russian issuers:				1,382,453	1,141,895	11.18%
SEVERSTAL	XS0841671000	USD	425	397,629	381,334	3.73%
BORETS	XS0974469206	USD	350	252,606	273,361	2.68%
RASPADSKAYA	XS0772835285	USD	275	263,877	257,233	2.52%
RENAISSANCE CREDIT	XS0938341780	USD	250	193,320	229,967	2.25%
AMURMETALL	RU000A0GN9D1	RUR	10,000	275,021	-	0.00%
Debt securities of Kazakh issuers:				1,055,432	1,077,627	10.56%
HALYK BANK	XS0583796973	USD	400	360,038	387,413	3.79%
KAZAGRO	XS1070363343	EUR	375	355,596	358,373	3.52%
NOSTRUM OIL & GAS	USN64884AA29	USD	450	339,798	331,841	3.25%
Debt securities of Ukrainian issuers:				1,154,371	917,473	8.99%
MHP SA	USL6366MAC75	USD	400	327,020	325,712	3.19%
METINVEST BV	XS0591549232	USD	550	370,791	238,983	2.35%

IF "CBL Eastern European Bond Fund"
Annual Report for 2015
Notes
(EUR)

Financial instrument	ISIN code	Acquisition on currency	Amount	Purchase value (EUR)	Carrying value as at 31.12.2015	% from net assets as at 31.12.2015
FIRST UKRAINIAN INTERNATIONAL BANK	XS0287015787	USD	315	235,312	210,590	2.06%
AVANGARD	XS0553088708	USD	309	221,248	142,188	1.39%
Debt securities of Hungarian issuers:				705,490	770,078	7.54%
HUNGARY	US445545AD87	USD	450	470,079	472,588	4.63%
MOL	XS0834435702	USD	300	235,411	297,490	2.91%
Debt securities of Bulgarian issuers:				730,888	720,699	7.06%
BULGARIAN ENERGY HOLDING EAD	XS0989152573	EUR	375	378,575	365,498	3.58%
VIVACOM	XS0994993037	EUR	350	352,313	355,201	3.48%
Debt securities of Croatian issuers:				639,253	635,958	6.23%
CROATIA	XS0464257152	USD	350	368,914	347,461	3.41%
ZAGREBACKI HOLDING	XS0309688918	EUR	6	270,339	288,497	2.82%
Debt securities of Azerbaijani issuers:				396,396	418,232	4.10%
INTERNATIONAL BANK OF AZERBAIJAN	XS1076436218	USD	500	396,396	418,232	4.10%
Debt securities of Georgian issuers:				362,525	417,858	4.09%
BANK OF GEORGIA	XS0783935561	USD	425	362,525	417,858	4.09%
Debt securities of Polish issuers:				378,840	376,181	3.68%
SYNTHOS	XS1115183359	EUR	375	378,840	376,181	3.68%
Debt securities of Romanian issuers:				376,991	375,302	3.67%
RCS & RDS	XS0954673777	EUR	350	376,991	375,302	3.67%
Debt securities of Macedonian issuers:				357,358	336,436	3.29%
FYR MACEDONIA	XS1087984164	EUR	350	357,358	336,436	3.29%
Debt securities of Latvian issuers:				250,125	254,104	2.49%
ELKO GRUPA AS	LV0000801892	EUR	250	250,125	254,104	2.49%
Debt securities of Estonian issuers:				203,150	201,319	1.97%
MAINOR ULEMISTE AS	EE3300110691	EUR	200	203,150	201,319	1.97%
<u>Financial instruments not traded in regulated markets</u>				412,296	460,691	4.51%
Debt securities of Azerbaijani issuers:				192,088	236,774	2.32%
MUGAN BANK	LV0000801157	USD	250	192,088	236,774	2.32%
Debt securities of Estonian issuers:				220,208	223,917	2.19%
CREDITSTAR GROUP	EE3300110683	EUR	225	220,208	223,917	2.19%
Total debt securities and other fixed income securities				9,720,644	9,464,425	92.69%

IF "CBL Eastern European Bond Fund"
Annual Report for 2015
Notes
(EUR)

5. Derivatives

The following table presents the notional amount and fair value of forwards and swaps. The notional amount of foreign exchange transactions is determined in accordance with the requirements arising from these transactions.

	31.12.2015.			31.12.2014.			% from net assets as at 31.12.2015
	Nominal basic value	Fair value		Nominal basic value	Fair value		
		Assets	Liabilities		Assets	Liabilities	
Foreign exchange transactions							
Swaps	3,067,515	-	(9,179)	1,477,349	45,281	-	(0.09%)
Total derivatives	3,067,515	-	(9,179)	1,477,349	45,281	-	(0.09%)

All derivatives are concluded with AS "Citadele" Banka.

6. Accrued expenses

	31.12.2015.	31.12.2014.
Accrued expenses for investment company's commissions	(12,734)	(11,925)
Accrued expenses for custodian bank's commissions	(1,528)	(1,431)
Accrued expenses for professional services	(2,846)	(1,500)
Total accrued expenses	(17,108)	(14,856)

7. Interest income

	2015	2014
From debt securities and other fixed income securities	989,870	756,574
Due on demand from credit institutions	2,055	2,476
Total interest income	991,925	759,050

8. Realized increase/(decrease) of investment value

	2015	2014
Proceeds from sales of investments in the reporting period*	6,045,141	8,346,582
Amortized cost of investments sold during the reporting period	(6,467,536)	(8,916,978)
Increase in disposed investment recognized in prior reporting periods	552,505	318,572
Total realized increase/(decrease) in investments	130,110	(251,824)

* Proceeds from sales (disposal) of investments in the reporting period are based on the exchange rate as security purchase date.

9. Unrealized decrease in investment value

	2015	2014
From debt securities and other fixed income securities	(52,601)	(1,001,215)
Total non-realized decrease in investment	(52,601)	(1,001,215)

IF "CBL Eastern European Bond Fund"
Annual Report for 2015
Notes
(EUR)

10. Changes in investment value

The table below reflects changes in investments in 2015:

	31.12.2014.	Increase during the reporting period	Decrease during the reporting period*	Fair value revaluation result	31.12.2015.
Financial investments held for trading					
Debt securities and other securities with fixed income	7,866,032	7,291,109	(7,463,339)	1,770,623	9,464,425
Derivatives	45,281	-	-	(54,460)	(9,179)
Total investments	7,911,313	7,291,109	(7,463,339)	1,716,163	9,455,246

* Decrease during the reporting period is carried at the exchange rate at the date of sales of investments. This position includes proceeds from sales of investments, disposal and coupons received.

The table below reflects changes in investments in 2014:

	31.12.2013	Increase during the reporting period	Decrease during the reporting period*	Fair value revaluation result	31.12.2014.
Financial investments held for trading					
Debt securities and other securities with fixed income	11,932,961	4,745,912	(9,082,647)	269,806	7,866,032
Derivatives	(14,356)	-	-	59,637	45,281
Total investments	11,918,605	4,745,912	(9,082,647)	329,443	7,911,313

* Decrease during the reporting period is carried at the exchange rate at the date of sales of investments. This position includes proceeds from sales of investments, disposal and coupons received.

11. Pledged assets

During the reporting period, the Fund has not issued any kind of guarantees or pledged any assets.

IF "CBL Eastern European Bond Fund"
Annual Report for 2015
Notes
(EUR)

12. Fair value of financial assets and liabilities

The table below analysis financial instruments measured at fair value at the reporting date by the level in the fair value hierarchy into which the fair value measurement is categorised.

2015	Level 1:	Level 2:	Level 3:	Total
Financial assets				
Held for trading financial instruments	8,548,311	-	916,114	9,464,425
Derivatives	-	-	-	-
	8,548,311	-	916,114	9,464,425
Financial liabilities				
Financial instruments at fair value through profit and loss	-	(9,179)	-	(9,179)
	8,548,311	(9,179)	916,114	9,455,246
2014	Level 1:	Level 2:	Level 3:	Total
Financial assets				
Held for trading financial instruments	7,316,161	-	549,871	7,866,032
Derivatives	-	45,281	-	45,281
	7,316,161	45,281	549,871	7,911,313
Financial liabilities				
Financial instruments at fair value through profit and loss	-	-	-	-
	7,316,161	45,281	549,871	7,911,313

The table presents the comparison of opening and closing balances of hierarchy Level 3 fair value measurement.

EUR	Debt securities and other securities with fixed income	Total
Balance as at 1 January 2015	549,871	549,871
Total profit or loss:		
through profit or loss	91,125	91,125
Purchases	673,483	673,483
Account settlement	(398,364)	(398,364)
Balance as at 31 December 2015	916,114	916,114

EUR	Debt securities and other securities with fixed income	Kopā
Balance as at 1 January 2014	571,882	571,882
Total profit or loss:		
through profit or loss	101,141	101,141
Purchases	-	-
Account settlement	(123,152)	(123,152)
Balance as at 31 December 2014	549,871	549,871

IF "CBL Eastern European Bond Fund"
Annual Report for 2015
Notes
(EUR)

The table describes the valuation method used to arrive at the Level 2 and 3 fair value, and the significant unobservable inputs:

Type	Assessment method	Relevant unobservable data	Relationship between relevant unobservable data and fair value measurement
Financial instruments held for trading (Derivatives) - Level 2	Discounted cash flow approach	Non-applicable	Non-applicable
Financial instruments held for trading (debt securities and other fixed income securities) - Level 3	Discounted cash flow approach	Discount rate	The estimated fair value would increase (decrease) if: - the discount rate was lower (higher);

If at the end of the reporting period there were changes in any of relevant unobservable input data that are used for the fair value measurement of financial instruments held for trading, but other input data would remain unchanged; the impact of such changes would be as follows:

As at 31 December 2015	Impact on the profit or loss statement	
	Increase	(Decrease)
Discount rate (2% movement)	26,910	(25,993)

As at 31 December 2014	Impact on the profit or loss statement	
	Increase	(Decrease)
Discount rate (2% movement)	3,748	(1,515)
Discount rate (2% movement)	2,595	(19,755)
Recoverability (2% movement)	138	(138)

13. Risk management

Investment process risk can be defined as a probability of undesirable outcome that may materialize in a given market economy in a given period. Risk management is described as risk identification, measurement and its possible prevention. The investment process can be affected by the exchange rate risk, interest rate risk, risk of price changes, as well as credit risk, liquidity risk and other risks, including operational risk. The investment strategy of the Fund is aimed at minimising the aforementioned risks, however, the Company cannot guarantee that these risks can be completely avoided in future.

Risk management framework

Risk identification and measurement is a responsibility of an independent unit of the Company - the Risk management department, which develops and presents the information on risk profile to the Fund manager. The Fund manager, however, can make certain decisions on the need to reduce existing or potential risks.

Risk measurement process employs models that are developed by the company, are based on historical data and are adjusted according to the economic situation. Certain models are also used to predict the financial risk factor changes under both normal and exceptional financial market circumstances.

The Manager of Investment Fund follows risk diversification and hedging principles whose objective is to reduce the investment risk that are developed in accordance with the Management Policy. 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 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.

IF "CBL Eastern European Bond Fund"
Annual Report for 2015
Notes
(EUR)

Market risk

As market risk is understood the probability that the Fund's value may decrease when any market factors change, for example, in case of changes in interest rates (interest rate risk), prices of securities (price change risk), foreign currency exchange rates (exchange rate risk) or other market risk factors. Below are assessed sources of market risk that have been listed, however, they cannot be fully diversified.

Interest rate risk

Securities price risk for fixed income securities (bonds) largely depends on market interest rate fluctuations and changes in the issuer's credit quality. Market interest rate changes affect the attractiveness of securities in the most direct manner, as substantially it is an alternative source of interest income. If market interest rates are growing then the prices of fixed income securities fall and vice versa. On the other hand, the increase (decrease) in market interest rates have a positive (negative) effect on the coupon rates of fixed income securities with a variable interest rate (when the coupon is fixed as a base rate - such as Euribor or Libor plus an additional margin). Following revaluation (moment starting from which a new interest rate will be applied) the yield rate for such securities coupons increases (decreases), with the result that the interest income increases (decreases).

The tables below show the effects of changes in certain currency market interest rates on the value of a particular Fund, where the interest income changes are calculated for one year. Changes in the real value of the Fund may differ from estimates and the difference may be material.

Changes in the value of fixed income securities market and interest income
(2015, EUR)

Currency	Changes in base rate, bp	Changes in annual interest income	Changes in market value	Effect of base rate fluctuations on the portfolio's overall value
USD	100	-	(159,262)	(159,262)
EUR	100	-	(76,474)	(76,474)
Total		-	(235,736)	(235,736)

Changes in the value of fixed income securities market and interest income (2014, EUR)

Currency	Changes in base rate, bp	Changes in annual interest income	Changes in market value	Effect of base rate fluctuations on the portfolio's overall value
USD	100	-	(221,720)	(221,720)
EUR	100	-	(43,089)	(43,089)
RUR	100	-	-	-
Total		-	(264,809)	(264,809)

Changes in the value of fixed income securities market and interest income
(2015, % of net assets)

Currency	Changes in base rate, bp	Changes in annual interest income	Changes in market value	Effect of base rate fluctuations on the portfolio's overall value
USD	100	0.00%	(2.00%)	(2.00%)
EUR	100	0.00%	(0.96%)	(0.96%)
Total		0.00%	(2.96%)	(2.96%)

Changes in the value of fixed income securities market and interest income (2014, % of net assets)

Currency	Changes in base rate, bp	Changes in annual interest income	Changes in market value	Effect of base rate fluctuations on the portfolio's overall value
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 the value of fixed income securities market and interest income
(2015, EUR)

Currency	Changes in base rate, bp	Changes in annual interest income	Changes in market value	Effect of base rate fluctuations on the portfolio's overall value
USD	(100)	-	159,262	159,262
EUR	(100)	-	76,474	76,474
Total		-	235,736	235,736

Changes in the value of fixed income securities market and interest income (2014, EUR)

Currency	Changes in base rate, bp	Changes in annual interest income	Changes in market value	Effect of base rate fluctuations on the portfolio's overall value
USD	(100)	-	221,720	221,720
EUR	(100)	-	43,089	43,089
RUR	(100)	-	-	-
Total		-	264,809	264,809

IF "CBL Eastern European Bond Fund"
Annual Report for 2015
Notes
(EUR)

Changes in the value of fixed income securities market and interest income (2015, % of net assets)					Changes in the value of fixed income securities market and interest income (2014, % of net assets)				
Currency	Changes in base rate, bp	Changes in annual interest income	Changes in market value	Effect of base rate fluctuations on the portfolio's overall value	Currency	Changes in base rate, bp	Changes in annual interest income	Changes in market value	Effect of base rate fluctuations on the portfolio's overall value
USD	(100)	0.00%	2.00%	2.00%	USD	(100)	0.00%	2.47%	2.47%
EUR	(100)	0.00%	0.96%	0.96%	EUR	(100)	0.00%	0.48%	0.48%
RUR					RUR	(100)	0.00%	0.00%	0.00%
Total		0.00%	2.96%	2.96%	Total		0.00%	2.95%	2.95%

Exchange rate risk

Exchange rate risk arises when the nominal currency of securities and other financial instruments in the Fund differs from the Fund's currency. Exchange rate fluctuations may cause profit or loss depending on the direction of exchange rate fluctuations and the currency's position in the Fund. Currency risk is managed effectively in the Fund by entering into forward and swap transactions.

The following table shows the classification of Fund's net assets and liabilities by currency as at 31 December 2015:

	USD	EUR	Total
Assets			
Due on demand from credit institutions	768,998	3,722	772,720
Financial assets held for trading			
Debt securities and other securities with fixed income	6,329,597	3,134,828	9,464,425
Derivatives	-	-	-
Total Assets	7,098,595	3,138,550	10,237,145
Liabilities			
Accrued expenses	(14,262)	(2,846)	(17,108)
Derivatives	3,067,515	(3,076,694)	(9,179)
Total liabilities	3,053,253	(3,079,540)	(26,287)
Net assets	10,151,848	59,010	10,210,858
Net long position	99.42%	0.58%	100.00%

IF "CBL Eastern European Bond Fund"
Annual Report for 2015
Notes
(EUR)

The following table shows the classification of Fund's net assets and liabilities by currency as at 31 December 2014:

	USD	EUR	RUB	Total
Assets				
Due on demand from credit institutions	1,036,550	-	-	1,036,550
Financial assets held for trading				
Debt securities and other securities with fixed income	6,424,719	1,434,401	6,912	7,866,032
Derivatives	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%

The effects of exchange rate fluctuations on the Fund's value are shown in the table below. Exchange rate changes represent a one year standard deviation of the particular rate.

Effects of changes in exchange rate (2015)				Effects of changes in exchange rate (2014)			
Currency	Share in Fund (% of assets)	Change in exchange rate against USD	Impact on the Fund's value	Currency	Share in Fund (% of assets)	Change in exchange rate against USD	Impact on the Fund's value
USD	99.42%	0.00%	0.00%	USD	99.91%	0.00%	0.00%
EUR	0.58%	12.26%	0.07%	EUR	0.01%	6.26%	0.00%
				RUR	0.08%	28.03%	0.02%
Total	100.00%		0.07%	Total	100.00%		0.02%

Credit risk

As credit risk is understood a probability that the value of the Fund may decrease, if the Fund's counterparty or issuer of debt securities will be unable to or will refuse to meet the obligations. Consequently, only safe counterparties with a good reputation are selected when performing transactions with the Fund's assets. Fund manager regularly monitors the solvency of Fund's counterparties, analyzes their credit rating, financial situation and information in mass media.

The Fund's asset credit quality is managed based on international rating agencies Standard & Poor's, Moody's and Fitch credit ratings. In addition, issuers' financial statements, financial position and future prospects are also analyzed. The table shows the classification of debt securities issuers and credit institutions in which the Fund has deposits by credit ratings according to the following classification:

- High-quality financial instruments: AAA – AA- (Standard & Poor's); Aaa – Aa3 (Moody's Investors Service); AAA – AA- (Fitch);
- Investment class financial instruments: A+ - BBB- (Standard & Poor's); A1 – Baa3 (Moody's Investors Service); A+ - BBB- (Fitch);
- Higher risk 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).

IF "CBL Eastern European Bond Fund"
Annual Report for 2015
Notes
(EUR)

The following table shows the classification of Fund's assets by credit ratings as at 31 December 2015.

	Investment class financial instruments	Higher risk financial instruments	Speculative financial instruments	Without rating	Total
Due on demand from credit institutions	-	-	772,720	-	772,720
Held for trading financial assets					
Debt securities and other securities with fixed income	1,319,031	4,488,902	2,624,374	1,032,118	9,464,425
Derivatives	-	-	-	-	-
Total investments	1,319,031	4,488,902	3,397,094	1,032,118	10,237,145

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

	Investment class financial instruments	Higher risk financial instruments	Speculative financial instruments	Without rating	Total
Due on demand from credit institutions	-	-	1,036,550	-	1,036,550
Held for trading financial assets					
Debt securities and other securities with fixed income	1,386,889	3,345,144	2,925,065	208,934	7,866,032
Derivatives	-	-	45,281	-	45,281
Total investments	1,386,889	3,345,144	4,006,896	208,934	8,947,863

Concentration risk

The issuer's industry and geographical position are additional credit risk factors that may affect both the price of issued securities and the issuer's solvency. Therefore, it is important to recognize the concentration risk, i.e. - to what extent the Fund's value depends on changes in certain regions and / or sectors. Geographical classification of credit risk concentration (based on countries whose state affects the issuer's solvency the most) and classification of sectors are presented in tables below.

IF "CBL Eastern European Bond Fund"
Annual Report for 2015
Notes
(EUR)

The following table presents the geographical classification of Fund's assets and liabilities as at 31 December 2015.

	Latvia	OECD	Other non- OECD countries	Total
Assets				
Due on demand from credit institutions	772,720	-	-	772,720
Financial assets held for trading				
Debt securities and other securities with fixed income	254,104	2,932,067	6,278,254	9,464,425
Derivatives	-	-	-	-
Total Assets	1,026,824	2,932,067	6,278,254	10,237,145
Liabilities				
Derivatives	(9,179)	-	-	(9,179)
Accrued expenses	(17,108)	-	-	(17,108)
Total liabilities	(26,287)	-	-	(26,287)
Net assets	1,000,537	2,932,067	6,278,254	10,210,858

The following table presents the geographical classification of Fund's assets and liabilities as at 31 December 2014.

	Latvia	OECD	Other non- OECD countries	Total
Assets				
Due on demand from credit institutions	1,036,550	-	-	1,036,550
Financial assets held for trading				
Debt securities and other securities with fixed income	-	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

IF "CBL Eastern European Bond Fund"
Annual Report for 2015
Notes
(EUR)

The following table shows the classification of Fund's net assets by countries:

Country	Carrying value as at 31.12.2015	Carrying value as at 31.12.2014	% from net assets 31.12.2015.
Turkey	1,360,572	682,689	13.33%
Russia	1,141,895	1,987,911	11.18%
Kazakhstan	1,077,627	822,396	10.56%
Latvia	1,000,537	1,066,975	9.80%
Ukraine	917,473	1,024,059	8.99%
Hungary	770,078	447,830	7.54%
Bulgaria	720,699	692,360	7.06%
Azerbaijan	655,006	1,074,899	6.42%
Croatia	635,958	284,259	6.23%
Estonia	425,236	202,022	4.16%
Georgia	417,858	391,847	4.09%
Romania	375,302	255,760	3.67%
Poland	376,181	-	3.68%
Macedonia	336,436	-	3.29%
Total	10,210,858	8,933,007	100.00%

The following table shows the sectoral classification of Fund's securities' portfolio:

Sector	Carrying value as at 31.12.2015	Carrying value as at 31.12.2014	% of Fund's net assets 31.12.2015.
Commercial banks	2,323,448	2,000,183	22.75%
Board	1,464,562	584,767	14.35%
Raw materials	1,253,731	992,533	12.28%
Financial services	1,013,576	351,878	9.93%
Energy resources	902,692	1,883,805	8.84%
Consumption services	775,216	255,760	7.59%
Utilities	653,995	676,055	6.40%
Consumer goods	467,900	435,850	4.58%
Telecommunication services	355,201	300,564	3.48%
IT services	254,104	-	2.49%
Logistics	-	384,637	0.00%
Other	746,433	1,066,975	7.31%
Total	10,210,858	8,933,007	100.00%

IF "CBL Eastern European Bond Fund"
Annual Report for 2015
Notes
(EUR)

Liquidity risk

Liquidity risk may arise if the Fund faces difficulties in meeting its financial liabilities. Fund Manager shall maintain such asset structure which ensures a possibility of selling securities in due time and with no significant losses. In addition, a large part of the Fund's assets are invested in short-term investment rating government bonds, which is one of the most liquid types of assets.

The following table shows the contractual maturities of Fund's assets and liabilities as at 31 December 2015:

	Up to 1 month	1 to 3 months	3 to 6 months	6 to 12 months	1 to 5 years	Over 5 years and with unlimited term	Total
Assets							
Due on demand from credit institutions	772,720	-	-	-	-	-	772,720
Financial assets held for trading							
Debt securities and other securities with fixed income	-	236,774	229,967	223,917	6,892,489	1,881,278	9,464,425
Derivatives	-	-	-	-	-	-	-
Total Assets	772,720	236,774	229,967	223,917	6,892,489	1,881,278	10,237,145
Liabilities							
Derivatives	-	-	(9,179)	-	-	-	(9,179)
Accrued expenses	(14,262)	-	(2,846)	-	-	-	(17,108)
Total liabilities	(14,262)	-	(12,025)	-	-	-	(26,287)
Net assets	758,458	236,774	217,942	223,917	6,892,489	1,881,278	10,210,858
Net position %	7.43%	2.32%	2.13%	2.19%	67.51%	18.42%	100.00%

IF "CBL Eastern European Bond Fund"
Annual Report for 2015
Notes
(EUR)

The following table presents the terms structure of Fund's assets and liabilities as at 31 December 2014:

	Up to 1 month	1 to 3 months	3 to 6 months	6 to 12 months	1 to 5 years	Over 5 years and with unlimited term	Total
Assets							
Due on demand from credit institutions	1,036,550	-	-	-	-	-	1,036,550
Financial assets held for trading							
Debt securities and other securities with fixed income	6,912	-	478,014	159,858	5,372,128	1,849,120	7,866,032
Derivatives	-	-	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>	<i>11.53%</i>	<i>0.00%</i>	<i>5.84%</i>	<i>1.80%</i>	<i>60.13%</i>	<i>20.70%</i>	<i>100.00%</i>

14. Information on holders of investment certificates

The following table presents the share of investment certificates held by related parties and others in proportion of total investment certificates issued:

	31.12.2015.	31.12.2014.	% of the total amount as at 31.12.2015
Investment certificates held by related parties	294	294	0.06%
Investment certificates held by others	532,247	575,560	99.94%
Issued investment certificates as at the end of the period	532,541	575,854	100.00%

15. Related party transactions

The majority of Fund's investments are acquired through custodian bank. AS "Citadele" banka receives also custodian bank's remuneration which is included in the profit or loss, and the cash (see Note 3) and agreements on derivatives (see Note 5) are also placed in AS "Citadele banka".

Remuneration paid to the Investment Management Company in the reporting year is disclosed in the profit or loss statement.

During the reporting period related parties did not conduct any transactions with the Fund's investment certificates. Purchase and re-selling transactions of the Fund's investment certificates are calculated taking into account only those investment certificates held by related parties, which were classified as related parties of the Fund both in 2015 and 2014.

During the reporting period the Fund had no investments in bonds issued by AS "Citadele banka".

IF "CBL Eastern European Bond Fund"
Annual Report for 2015
Notes
(EUR)

16. Dynamics of investment fund's performance

	31.12.2015.	31.12.2014.	as at 31.12.2013
Net assets (EUR)	10,210,858	8,933,007	12,276,239
Number of investment certificates	532,541	575,854	822,467
Investment fund share value (EUR)	19.17	15.51	14.93
Profitability of the investment fund**	23.60%	3.90%	(0.33%)
Net assets (USD)*	11,108,715	10,839,243	16,777,634
Number of investment certificates	532,541	575,854	822,467
Investment fund share value (USD)	20.86	18.82	20.40
Profitability of the investment fund**	10.84%	(7.75%)	2.93%

* Net asset value in US dollars is determined using exchange rates that are determined in financial markets at the end of the day.

** Profitability is calculated, assuming that there are 365 days in the year.

17. Subsequent events

The investment fund merger was initiated in 2016. As a result of merger, the investment fund's sub-fund "CBL Eastern European Bond Fund – EUR" (hereinafter - the Merging Fund) was merged with the sub-fund "CBL Eastern European Bond Fund" (formerly "CBL Eastern European Bond Fund - USD") (hereinafter - the Acquiring Fund). As a result of merger, all assets and liabilities of the Merging Fund are transferred to the Acquiring Fund at the date of merger, and it had no direct effect on the certificate holders of the Investment fund. The name of the Acquiring Fund is changed to "CBL Eastern European Bond Fund". The merger was finalized on 18 April 2016.



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

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

Independent Auditors' Report

To the shareholders of Investment fund "CBL Eastern European Bond Fund" (previously "CBL Eastern European Fixed Income Funds" with a sub-fund "CBL Eastern European Bond Fund - USD")

Report on the Financial Statements

We have audited the accompanying financial statements of Investment fund "CBL Eastern European Bond Fund" (previously "CBL Eastern European Fixed Income Funds" with a sub-fund "CBL Eastern European Bond Fund - USD") ("the Fund"), which is managed by the investment management company "CBL Asset Management" ("the Company"). These financial statements comprise the statement of assets and liabilities as at 31 December 2015, the statements of income and expense, changes in net assets and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory notes, as set out on pages 12 to 29.

Management's Responsibility for the Financial Statements

Management of 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 these 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 these 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 these 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 internal controls. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of accounting estimates made by the Company 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 Investment fund "CBL Eastern European Bond Fund" (previously "CBL Eastern European Fixed Income Funds" with a sub-fund "CBL Eastern European Bond Fund - USD") as at 31 December 2015, and of its financial performance and its cash flows for the year then ended 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 the Company, 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

Ondrej Fikrle
Partner pp
KPMG Baltics SIA
Riga, Latvia

29 April 2016

Valda Užāne

Valda Užāne
Sworn auditor
Certificate No 4