

**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”)**

**HALF-YEAR REPORT 2015 (UNAUDITED)**

(at June 30<sup>th</sup>, 2015)

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

Translation from Latvian original\*

\*This version of financial statements is a translation from the 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.

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**Half-year report 2015**  
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**IF "CBL Eastern European Bond Fund - USD"**  
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**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 the fund:	20 July 2009 (date or re-registration 30 March 2015)
Number of the fund:	FL92-06.03.04.098/41
Name of the sub-fund:	"CBL Eastern European Bond Fund – USD" (previously "Citadele Eastern European Bond Fund – USD") (“Citadele Eastern European Bond Fund” – until 16.09.2011.)
Name of the investment management company:	"CBL Asset Management" IPAS (previously - "Citadele 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
Licence number of the investment management company:	06.03.07.098/367
Name of the custodian bank:	"Citadele banka" JSC
Registered office of the custodian bank:	Republikas laukums 2a, Riga, LV-1010, Latvia
Registration number of the investment management company:	40103303559
Names and positions of Council Members and Board Members of the investment management company::	<i>Council of the investment management company:</i> Chairman of the Council – Juris Jakobsons – appointed on 30.09.2010. Deputy Chairman of the Council – Vladimirs Ivanovs – appointed on 01.11.2012. Member of the Council – Aldis Paegle – appointed on 04.07.2014.  <i>Board of the investment management company:</i> Chairman of the Board – Uldis Upenieks – appointed on 01.11.2012. Member of the Board – Zigurds Vaikulis – appointed on 30.03.2007. Member of the Board – Andris Kotans – appointed on 11.05.2015. Member of the Board – Lolita Siceva – appointed on 11.05.2015.
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 are performed by the Council and Board members.
Names of Fund Managers:	Andris Kotans – 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 Certified audit company licence No. 55 Vesetas street 7 LV-1013, Riga

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**Investment management company report**

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"CBL Eastern European Bond Fund - USD" (previously "Citadele Eastern European Bond Fund - USD") (hereinafter - the Fund) is a subfund 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 US dollar as functional currency. The assets of the Fund are managed by the asset management company "CBL Asset Management" IPAS with registered office at Republikas laukums 2a, Riga, LV-1010 (hereinafter - the Company) and registration No. 40003577500. The Company holds license No.06.03.07.098/367 authorizing provision of investment management services.

The Fund aims to achieve long-term capital growth by investing principally 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 period the Fund's total assets increased by 12.87% to EUR 10,099,815 (USD 11,291,483). The Fund's net asset value denominated in euro increased by 12.47% (by 3.63% in US dollars) and amounted to EUR 10,047,178 (USD 11,232,588) at the end of the reporting period. An increase in the net asset value was due to profit earned on investments while outflow of the managed assets weighted slightly on the negative side of contribution. During the reporting period the value of a Fund's share increased by EUR 2.83 (USD 1.68) up to EUR 18.34 (USD 20.50) at the end of the reporting period. During the first half of 2015, the return of the Fund was 18.25% (40.14% per annum) and 8.93% (18.82% per annum) in euro and in the functional currency, respectively. At the end of the reporting period, the Fund research company Morningstar listed the Fund amongst top 10% funds within the given category and awarded the Fund with the highest five-star overall rating.

At the beginning of the year, Eastern Europe was dominated by negative news-flow from Ukraine's eastern regions that were affected by military conflicts as well from Russia that lost its investment grade rating for the first time in the last ten years. Investors became more bullish amid cease-fire agreement that was concluded in Minsk in February; consequently, the Fund did very well during the first six months of the year. The main positive contribution came from investments in Russia, as elevated geopolitical risk premium started to vanish, while investments in Ukraine kept disappointing.

During the reporting period, the Fund kept undergoing its portfolio diversification on country-based level, resulting in reduced exposure to Russian market from 22.25% to 17.08%. In its turn, the proportion of the Fund in Azerbaijan, which, at the beginning of the reporting period, was second largest country in the Fund, decreased to 6.61%; while Turkey's proportion of the Fund increased up to 12.94% and at the end of the reporting period had the second highest share of Fund's assets after Russia. Besides, the Fund's investment universe got widened by adding Macedonian sovereign Eurobonds. As at the end of the reporting period, the assets of the Fund were diversified among debt security markets in twelve countries. At the end of the reporting period the average yield-to-maturity on debt securities was 6.7% with an average duration of 2.9, the weighted average of the credit ratings was Ba3. The share of cash and cash equivalents at the end of reporting period comprised 11.83% of the Fund's net assets.

During the reporting period, management costs amounted to USD 90,588 or 1.73% 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 period and the date of the approval of the half-year report there have been no significant events that have material effect on the Fund's financial position.

Members of "CBL Asset Management" IPAS management team closely monitor developments both on domestic and global scales, including 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.

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Uldis Upenieks  
Chairman of the Board

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Andris Kotans  
Member of the investment committee

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Edgars Lao  
Member of the investment committee

Riga, 28 August 2015

**IF “CBL Eastern European Bond Fund - USD”**  
**Half-year report 2015**  
**Statement of financial position**  
**(EUR)**

Note		<u>30.06.2015.</u>	<u>31.12.2014.</u>
	<b>Assets</b>		
1	Demand deposits with credit institutions	1,219,959	1,036,550
	Financial assets held for trading		
2	Debt securities and other fixed income securities	8,858,986	7,866,032
3	Derivatives	20,870	45,281
	<b>Total assets</b>	<u><b>10,099,815</b></u>	<u><b>8,947,863</b></u>
	<b>Liabilities</b>		
	Financial liabilities held for trading		
3	Derivatives	(37,194)	-
	Accrued liabilities	(15,443)	(14,856)
	<b>Total liabilities</b>	<u><b>(52,637)</b></u>	<u><b>(14,856)</b></u>
	<b>Net assets</b>	<u><b>10,047,178</b></u>	<u><b>8,933,007</b></u>

The accompanying notes set out on pages 8 to 10 form an integral part of these financial statements.

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 Uldis Upenieks  
 Chairman of the Board

Riga, 28 August 2015

**IF “CBL Eastern European Bond Fund - USD”**  
**Half-year report 2015**  
**Statement of comprehensive income**  
**(EUR)**

	01.01.2015.- 30.06.2015.	01.01.2014.- 30.06.2014.
<b>Income</b>		
Interest income	662,116	432,171
Other income	2,959	432,171
<b>Total income</b>	<b>665,075</b>	<b>432,171</b>
<b>Expenses</b>		
Investment management company fee	(71,311)	(83,745)
Custodian bank fee	(8,557)	(10,049)
Other fund management expenses	(1,651)	(1,585)
<b>Total expenses</b>	<b>(81,519)</b>	<b>(95,379)</b>
<b>Increase / (decrease) in investment value</b>		
Realised (decrease) in investment value	(33,876)	(46,216)
Unrealised increase in investment value	192,087	28,787
<b>Total increase /(decrease) in investment value</b>	<b>158,211</b>	<b>(17,429)</b>
Foreign currency revaluation gain	661,665	(40,376)
<b>Total comprehensive income</b>	<b>1,403,432</b>	<b>278,987</b>

The accompanying notes set out on pages 8 to 10 form an integral part of these financial statements.

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Uldis Upenieks  
Chairman of the Board

Riga, 28 August 2015

**IF “CBL Eastern European Bond Fund - USD”**  
**Half-year report 2015**  
**Statement of changes in net assets**  
**(EUR)**

	<b>01.01.2015.- 30.06.2015.</b>	<b>01.01.2014.- 30.06.2014.</b>
Net assets as at the beginning of the period	8,933,007	12,276,239
Total comprehensive income	1,403,432	278,987
Transactions with investment certificates:		
Inflow from sale of investment certificates	2,808,727	222,255
Outflow on redemption of investment certificates	<u>(3,097,988)</u>	<u>(2,945,703)</u>
(Decrease) in net assets from transactions with investment certificates	(289,261)	(2,723,448)
Increase /(decrease) in net assets for the reporting period	<u>1,114,171</u>	<u>(2,444,461)</u>
<b>Net assets as at the end of the reporting period</b>	<b><u>10,047,178</u></b>	<b><u>9,831,778</u></b>
Issued investment certificates as at the beginning of the reporting period	<u>575,854</u>	<u>822,467</u>
Issued investment certificates as at the end of the reporting period	<u>547,872</u>	<u>637,578</u>
Net asset value per investment certificate as at the beginning of the reporting period	<u>15.51</u>	<u>14.93</u>
<b>Net asset value per investment certificate as at the end of the reporting period</b>	<b><u>18.34</u></b>	<b><u>15.42</u></b>

The accompanying notes set out on pages 8 to 10 form an integral part of these financial statements.

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Uldis Upenieks  
Chairman of the Board

Riga, 28 August 2015

## IF "CBL Eastern European Bond Fund - USD"

Half-year report 2015

Notes  
(EUR)**1. Demand deposits with credit institutions**

	30.06.2015.	31.12.2014.	% no Fonda neto aktiviem 30.06.2015.
Demand deposits with credit institutions, JSC Citadele banka	1,219,959	1,036,550	12.14%
<b>Total demand deposits with credit institutions</b>	<b>1,219,959</b>	<b>1,036,550</b>	<b>12.14%</b>

The Fund receives interest on demand deposits at fixed rates.

**2. Debt securities and other fixed income securities**

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

All fixed income securities are listed, except for securities with the book value EUR 452,054 (2014. gadā: EUR 542,959).

The table below presents debt securities by the issuer's country of residence as at 30 June 2015:

Financial instrument	ISIN	Currency	Amount	Acquisition value (EUR)	Carrying amount (EUR) as at 30.06.2015.	% of Fund's net assets as at 30.06.2015.
<b><u>Financial instruments traded on regulated markets</u></b>				<b>8,643,497</b>	<b>8,406,932</b>	<b>83.67%</b>
<b>Russian issuers:</b>				<b>1,848,981</b>	<b>1,717,130</b>	<b>17.08%</b>
POLYUS GOLD	XS0922301717	USD	450	357,109	380,769	3.79%
NLMK	XS0783934325	USD	375	315,986	323,781	3.22%
BORETS	XS0974469206	USD	350	252,606	278,370	2.77%
RENAISSANCE CREDIT	XS0938341780	USD	250	193,320	213,421	2.12%
EDC	XS0918604496	USD	250	161,061	198,162	1.97%
AMURMETALL	RU000A0GN9D1	RUR	10,000	275,021	8,019	0.08%
TMK OAO	XS0585211591	USD	350	293,878	314,608	3.13%
<b>Turkian issuers:</b>				<b>1,247,487</b>	<b>1,298,534</b>	<b>12.93%</b>
ARCELIK	XS0910932788	USD	450	409,153	386,992	3.85%
EXPORT CREDIT BANK OF TURKEY	XS0774764152	USD	350	346,548	333,109	3.32%
TURKEY TURKIYE HALK BANKASI AS	US900123AX87	USD	300	262,882	307,564	3.06%
	XS1069383856	USD	300	228,904	270,869	2.70%
<b>Kazakhstan issuers:</b>				<b>1,031,465</b>	<b>1,096,481</b>	<b>10.91%</b>
NOSTRUM OIL & GAS	USN64884AA29	USD	450	339,798	388,166	3.86%
HALYK BANK KAZAGRO NATIONAL MANAGEMENT HOLDING JSC	XS0583796973	USD	400	360,038	378,608	3.77%
	XS1070363343	EUR	350	331,629	329,707	3.28%
<b>Hungarian issuers:</b>				<b>705,490</b>	<b>756,122</b>	<b>7.54%</b>
HUNGARY	US445545AD87	USD	450	470,079	459,723	4.59%
MOL	XS0834435702	USD	300	235,411	296,399	2.95%
<b>Ukrainian issuers:</b>				<b>1,044,804</b>	<b>698,764</b>	<b>6.95%</b>
METINVEST BV FIRST UKRAINIAN INTERNATIONAL BANK	XS0591549232	USD	550	370,791	286,554	2.85%
	XS0287015787	USD	315	235,312	144,071	1.43%



## IF "CBL Eastern European Bond Fund - USD"

Half-year report 2015

Notes  
(EUR)

Financial instrument	ISIN	Currency	Amount	Acquisition value (EUR)	Carrying amount (EUR) as at 30.06.2015.	% of Fund's net assets as at 30.06.2015.
UKRAINE GOVERNMENT INTERNATIONAL BOND	XS0543783194	USD	300	221,243	137,579	1.37%
AVANGARD	XS0553088708	USD	300	217,458	130,560	1.30%
<b>Bulgarien issuers:</b>				<b>680,497</b>	<b>682,477</b>	<b>6.79%</b>
BULGARIAN ENERGY HOLDING EAD	XS0989152573	EUR	375	378,575	378,208	3.76%
VIVACOM	XS0994993037	EUR	300	301,922	304,269	3.03%
<b>Croatian issuers:</b>				<b>591,502</b>	<b>597,552</b>	<b>5.94%</b>
CROATIA	XS0464257152	USD	350	368,914	346,964	3.45%
ZAGREBACKI HOLDING	XS0309688918	EUR	5	222,588	250,588	2.49%
<b>Azerbaijani issuers:</b>				<b>396,396</b>	<b>434,104</b>	<b>4.33%</b>
INTERNATIONAL BANK OF AZERBAIJAN	XS1076436218	USD	500	396,396	434,104	4.33%
<b>Georgian issuers:</b>				<b>362,526</b>	<b>407,730</b>	<b>4.06%</b>
BANK OF GEORGIA	XS0783935561	USD	425	362,526	407,730	4.06%
<b>Romanian issuers:</b>				<b>376,991</b>	<b>370,052</b>	<b>3.68%</b>
RCS & RDS	XS0954673777	EUR	350	376,991	370,052	3.68%
<b>Makedonian issuers:</b>				<b>357,358</b>	<b>347,986</b>	<b>3.46%</b>
FYR MACEDONIA	XS1087984164	EUR	350	357,358	347,986	3.46%
<b><u>Financial instruments not traded on regulated markets</u></b>				<b>412,296</b>	<b>452,054</b>	<b>4.50%</b>
<b>Azerbaijani issuers:</b>				<b>192,088</b>	<b>229,815</b>	<b>2.29%</b>
MUGAN BANK	LV0000801157	USD	250	192,088	229,815	2.29%
<b>Estonian issuers:</b>				<b>220,208</b>	<b>222,239</b>	<b>2.21%</b>
CREDITSTAR GROUP	EE3300110436	EUR	225	220,208	222,239	2.21%
<b>Total securities and other fixed income securities</b>				<b>9,055,793</b>	<b>8,858,986</b>	<b>88.17%</b>

## 3. Derivatives

The following table presents the notional amounts and fair values of foreign exchange contracts. The notional amounts of foreign exchange contracts represent the amounts receivable under these contracts. The notional amounts of other financial instruments represent the value of the underlying assets.

	30.06.2015.			31.12.2014.			% of Fund's net assets as at 30.06.2015.
	Notional amount	Fair value		Notional amount	Fair value		
Assets		Liabilities	Assets		Liabilities		
Foreign exchange contracts:							
Swaps	2,203,877	20,870	(37,194)	1,477,349	45,281	-	(0.16%)
<b>Total foreign exchange contracts</b>	<b>2,203,877</b>	<b>20,870</b>	<b>(37,194)</b>	<b>1,477,349</b>	<b>45,281</b>	<b>-</b>	<b>(0.16%)</b>

All contracts are concluded with "Citadele banka" JSC

**IF “CBL Eastern European Bond Fund - USD”**  
**Half-year report 2015**  
**Notes**  
**(EUR)**

**4. Dynamics of net asset value**

	30.06.2015.	31.12.2014.	31.12.2013.	31.12.2012.
<b>Net assets (EUR)</b>	<b>10,047,178</b>	<b>8,933,007</b>	<b>12,276,239</b>	<b>14,886,799</b>
Number of investment certificates	547,872	575,854	822,467	994,097
Value of investment fund's shares (EUR)	18.34	15.51	14.93	14.98
Performance on investment fund's shares*	40.14%	3.90%	(0.33%)	12.26%
<b>Net assets (USD)**</b>	<b>11,232,588</b>	<b>10,839,243</b>	<b>16,777,634</b>	<b>19,706,966</b>
Number of investment certificates	547,872	575,854	822,467	994,097
Value of investment fund's shares (USD)	20.50	18.82	20.40	19.82
Performance on investment fund's shares*	18.82%	(7.75%)	2.93%	14.99%

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

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