

Investor Information in respect of the Domestic Merger of Sub-funds ‘CBL Eastern European Bond Fund – EUR’ and ‘CBL Eastern European Bond Fund – USD’ of Investment Fund ‘CBL Eastern European Fixed Income Funds’ proposed by CBL Asset Management IPAS

Riga, 14 March 2016

Considering that the assets of Sub-funds ‘CBL Eastern European Bond Fund – EUR’ and ‘CBL Eastern European Bond Fund – USD’ of Investment Fund ‘CBL Eastern European Fixed Income Funds’ are managed in line with a uniform investment policy and limitations on investments, CBL Asset Management IPAS (referred to hereinafter as the Management Company) has reviewed the current legal structure of the fund and has examined the possibilities for change in order to optimize the management and fund administration processes as well as to reduce the total costs of the fund. Upon evaluating criteria such as the investor profile declared by the sub-funds, investment region, investment policy specified in the fund prospectus, extent of the fund, investor structure, etc. the fund managers have come forward with a proposal to reorganise Investment Fund ‘CBL Eastern European Fixed Income Funds’ by means of a domestic merger of the funds/sub-funds in order to optimise the results of operation of the sub-funds.

The Management Company hereby informs that as a result of the above analysis the Management Company has resolved to propose a domestic merger of Sub-fund ‘CBL Eastern European Bond Fund – EUR’ (ISIN LV0000400174) (referred to hereinafter as ‘the Merging UCITS’) of the Investment Fund ‘CBL Eastern European Fixed Income Funds’ established by it with Sub-fund ‘CBL Eastern European Bond Fund – USD’ (ISIN LV0000400125) (referred to hereinafter as ‘the Receiving UCITS’) of Investment Fund ‘CBL Eastern European Fixed Income Funds’ established by CBL Asset Management IPAS.

The Finance and Capital Market Commission of the Republic of Latvia has notified its decision to authorise the merger of the Merging UCITS and the Receiving UCITS on 18 April this year.

Please be informed that as a result of the merger of the UCITS:

- (a) all assets and liabilities of the Merging UCITS will be transferred to the Receiving UCITS;
- (b) the name of the Receiving UCITS will be changed to ‘CBL Eastern European Bond Fund’;
- (c) taking into consideration the exchange ratio applicable to the exchange of units of the Merging UCITS and units of the Receiving UCITS at the time of the merger:
 - the unit-holders of the Receiving UCITS in return will receive CBL Eastern European Bond Fund R Acc USD Class units;
 - the unit-holders of the Merging UCITS in return will receive CBL Eastern European Bond Fund R Acc EUR (hedged) Class units;
- (d) the Merging UCITS will cease to exist.

I. EFFECT OF THE UCITS MERGER ON INVESTORS, AND INVESTOR RIGHTS

Considering that the two UCITS to be merged operate pursuant to the Investment Management Companies Act (*Ieguldījumu pārvaldes sabiedrību likums*) and other legal enactments of the Republic of Latvia, and considering that the Receiving UCITS and the Merging UCITS are sub-funds of a single investment fund, the merger will not have essential material effect on the unit-holders of the Merging UCITS and of the Receiving UCITS. Both these Merging UCITS have a identical investment policy and strategy, similar costs, reporting periods, and expected outcome. Similarly, no rebalancing of the investment portfolio of the Merging UCITS and the Receiving UCITS will be undertaken before the merger of the UCITS. Moreover, the total costs of the fund are expected to be reduced as a result of the merger.

Considering that both merging UCITS are established and operate pursuant to legislative enactments of the Republic of Latvia, there exist no circumstances at the time of the merger that would cause any changes in the taxes or duties applicable to the unit-holders until now.

In respect of the proposed merger of the investment funds, the unit-holders of the Merging UCITS and of the Receiving UCITS will be entitled:

- to request the Management Company to repurchase their units of the Merging UCITS free of charge until 11 April this year;
- the units will be repurchased in accordance with the procedure established by the fund prospectus;

- to obtain additional information from the Management Company about the proposed merger of the UCITS;
- to obtain a copy of the opinion of AS Citadele banka, custodian of the Receiving UCITS, at the bank's address (Republikas laukums 2A, Riga, LV-1010, LATVIA) concerning:
 - (a) the criteria adopted for the valuation of the assets and the liabilities of the Merging and the Receiving UCITS on the date of calculating the exchange ratio of the units of the Merging and the Receiving UCITS;
 - (b) amount of cash payment per unit of the Merging UCITS;
 - (c) the calculation method of the exchange ratio of the units.

II. MATERIAL ASPECTS OF THE UCITS MERGER

According to legislative enactments of the Republic of Latvia, the decision by the Finance and Capital Market Commission to authorise the domestic merger of the UCITS shall become effective on the fortieth calendar day from the date of notification of the decision to the Management Company. Thus the merger of the Merging UCITS and the Receiving UCITS is planned to take place on 18 April this year, and the Merging UCITS will cease to exist after this date.

The following activities will be carried out in order to ensure the merger of the UCITS:

- (a) an assessment of the assets of the Merging and the Receiving UCITS shall be made;
- (b) the Management Company shall give instructions to its custodian to transfer the assets of the Merging UCITS to the Receiving UCITS;
- (c) the Management Company shall perform a calculation of the exchange ratio of units of the Merging UCITS and send the figures to the fund custodian for approval and to the Latvian Central Depository ('the LCD') for co-ordination;
- (d) upon completion of the transfer of the assets the Management Company of the Merging UCITS shall give instructions to the LCD to change the characteristics of the UCITS involved in the merger:
 - (i) to change the name of Sub-fund 'CBL Eastern European Bond Fund – USD' of Investment Fund 'CBL Eastern European Fixed Income Funds' to 'CBL Eastern European Bond FundR Acc USD' units subject to retaining ISIN Code LV0000400125 and the number of units issued.
 - (ii) to change the name of Sub-fund 'CBL Eastern European Bond Fund – EUR' of Investment Fund 'CBL Eastern European Fixed Income Funds' to 'CBL Eastern European Bond Fund R Acc EUR (hedged) Class' units subject to retaining ISIN code LV0000400174 and the number of units issued.

In order to ensure a successful merger of the UCITS, repurchase of units of the Merging UCITS will be suspended as of 12 April this year, and no transactions with the units will be possible.

Unit-holders of the Receiving UCITS will be free to use their units starting from 21 April this year.

Key investor information for unit-holders of the Receiving UCITS which helps understand the characteristics of investing in this fund and make oneself aware of the risks associated with it is available at the website of CBL Asset Management IPAS: www.cblam.lv, or at the head office of CBL Asset Management IPAS at Republikas laukums 2A, Riga, LATVIA during its business hours. Familiarising oneself with the fund prospectus is also necessary in order to take an informed decision about making an investment.

Respectfully,

CBL Asset Management IPAS,
Management Company of the Merging and Receiving UCITS