

INVESTMENT FUND
“CBL European Leaders Equity Fund”

SEMIANNUAL REPORT 2020 (NON-AUDITED)
(for the six – month period ended 30 June 2020)

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, 2020

*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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INVESTMENT FUND INFORMATION

Name of the fund:	<i>"CBL European Leaders Equity Fund"</i>
Type of fund:	Investment fund
Registration date:	7 March 2013
Date of commencement of operations:	20 November 2013
Fund number:	FL127
Name of the investment management company:	
Registered office:	CBL Asset Management IPAS
Registration number:	Republikas laukums 2a, Riga, LV-1010, Latvia
License number:	40003577500 06.03.07.098/367
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:	<i>Council of the investment management company:</i> Chairperson of the Council - Juris Jākobsons - appointed on 11.10.2010. Deputy Chairperson of the Council – Vladimirs Ivanovs – appointed on 06.11.2012. Council Member – Peter Meier – appointed on 30.09.2015. <i>Board of the investment management company:</i> Chairperson of the Board - Kārlis Purgailis – appointed on 08.09.2017. Board Member - Zigurds Vaikulis – appointed on 19.04.2007. Board Member - Andris Kotāns – appointed on 11.05.2015. Board Member - Lolita Sičeva – appointed on 11.05.2015.
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):	Andrejs Piļka – appointed on 29.08.2019. Igoris Lahtadirs – appointed on 21.11.2013.
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:	KPMG Baltics AS Vesetas street 7 Riga, LV-1013 Licence No. 55 Latvia

INVESTMENT MANAGEMENT COMPANY'S REPORT

The manager of the investment fund "CBL European Leaders Equity Fund" (hereinafter the Fund) is investment management company CBL Asset Management, registered office Republikas laukums 2a, Riga, LV-1010, registration number 40003577500 (hereinafter the Company). The Company's operating license number is 06.03.07.098/367.

The first half of 2020 has brought unprecedented challenges to global financial markets and the global economy. The outbreak of new coronavirus in China at the beginning of the year was not initially seen as an imminent threat to the world. However, as early as March, it became obvious that the spread of COVID-19 reached global scale and that the pandemic became a harsh reality. Concerns about the enormous damage to the global economy stemming from the restrictive quarantine measures quickly sparked panic in global financial markets, and investors rushed to sell-off risk assets at any prices. As a result, in less than a month broad European stock index STOXX Europe 600 lost more than 35% from its February's peak. Having realized that the negative effects of COVID could cost the world economy too much, the world's largest central banks quickly launched massive monetary support programs. Thus, the US Federal Reserve lowered the interest rate back to zero and promised an unlimited asset repurchase program, which means a huge money supply to the market. The governments worldwide also started to react quickly by introducing various support programs for citizens and businesses, which in total already exceed 8% of the world's GDP, and thus is larger than the amount of support provided during the 2008 global financial crisis. Economic support packages quickly inspired investors, and global stock markets began to recover. Despite relatively difficult market conditions, the Fund has been more resilient in the downturn and has shown much faster growth on the market's rebound. Owing to successful stock selection, the value of the fund's share increased by 1.25% since the beginning of the year, outpacing the broad Stoxx Europe 600 index by more than 13%.

Healthcare and Technology sectors contributed the most to the Fund. Both of these sectors performed best in the first half of the year and their weight in the Fund has been the highest among all sectors. From a geographical perspective, the most favorable contribution came from shares of Dutch, Polish and Swedish issuers. Shares of UK companies, on the other hand, were among the few that had a negative impact on the Fund's overall performance. At the end of the half-year, the cash position accounted for 1.5% of the Fund's net assets.

The Fund's net assets in the first half of 2020 increased by EUR 3,085,074 and amounted to EUR 5,968,560 at the end of the six-month period ended 30 June 2020. The gross value of assets at 30.06.2020 was EUR 5,976,841. In turn, the value of the Fund's unit in the reporting period increased by EUR 0.59, reaching EUR 44.68. The total return of the Fund in the first half of 2020 was positive 1.34 in euro terms at the ECB rates. In the reporting period, the total management expenses amounted to EUR 36,381, which does not exceed the ceiling of 4.00% stated in the Fund Prospectus. The investment management company fee amounted to EUR 27,900, custodian fee – EUR 3,587, other Fund management expenses – EUR 4,894.

There have been no significant events affecting the value of the Fund's share since the end of the reporting period. Looking ahead, we believe that huge global fiscal programs and growing monetary support will continue to be the main driver of risk assets, including European equities. Total global fiscal support significantly exceeds the expected decline in the world's GDP. As a result of massive monetary programs, interest rates are likely to remain low, which increases the attractiveness of the stock market. However, in our view, the impact of current macroeconomic challenges on individual sectors and companies varies significantly. Therefore, we continue to believe that careful stock selection is critical to achieving a positive return in these market conditions.

For the Board of IPAS:

Kārlis Purgailis
Chairman of the Board

Andrejs Piļka
Member of the investment committee

Igors Lahtadirs
Member of the investment committee

Riga, 31 July 2020



STATEMENT OF ASSETS AND LIABILITIES

	Notes	30.06.2020.	31.12.2019.
Assets			
Due on demand from credit institutions	1	97,125	200,306
Financial assets at fair value through profit or loss			
Equity instruments	2	5,879,716	2,690,047
Total assets		5,976,841	2,890,353
Liabilities			
Accrued expenses		(8,281)	(6,867)
Total liabilities		(8,281)	(6,867)
Net assets		5,968,560	2,883,486

The accompanying notes set out on pages 8 to 9 form an integral part of these financial statements.

For the Board of IPAS:

Kārlis Purgailis
Chairman of the Board

Riga, 31 July 2020



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STATEMENT OF INCOME AND EXPENSE

	01.01.2020.- 30.06.2020.	01.01.2019.- 30.06.2019.
Income for the reporting period		
Dividend income	26,733	64,159
Total income	26,733	64,159
Expenses for the reporting period		
Remuneration to investment management company	(27,900)	(32,697)
Custodian Fee	(3,587)	(2,943)
Other Fund management expenses	(4,894)	(4,913)
Total expenses	(36,381)	(40,553)
(Decrease)/increase in investment value		
Realized (decrease)/increase in investment value	(188,077)	10,357
Unrealized increase in investment value	464,033	257,283
Total increase in investment value	275,956	267,640
Increase in net assets from investment	266,308	291,246

The accompanying notes on pages 8 to 9 form an integral part of these financial statements.

For the Board of IPAS:

Kārlis Purgailis
Chairperson of the Board

Riga, 31 July 2020



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STATEMENT OF CHANGES IN NET ASSETS

	01.01.2020.- 30.06.2020.	01.01.2019.- 30.06.2019.
Net assets at the beginning of the reporting period	2,883,486	3,091,545
Increase/(decrease) in net assets from investment	266,308	(291,246)
Transactions with share certificates and units		
Inflow from subscription of share certificates and units	3,207,295	47,639
(Outflow) from redemption of share certificates and units	(388,529)	(233,507)
Increase/(decrease) in net assets from transactions with share certificates and units	2,818,766	(185,868)
Net asset increase in the reporting period	3,085,074	105,378
Net assets as at the end of the reporting period	5,968,560	3,196,923
Number of share certificates issued as at the beginning of the reporting period	65,397	79,910
Number of share certificates issued as at the end of the reporting period	133,582	75,553
Net assets per share certificate as at the beginning of the reporting period	44.09	38.69
Net assets pershare certificate as at the end of the reporting period	44.68	42.31

The accompanying notes on pages 8 to 9 form an integral part of these financial statements.

For the Board of IPAS:

Kārlis Purgailis
Chairperson of the Board

Riga, 31 July 2020

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NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 DUE ON DEMAND FROM CREDIT INSTITUTIONS

	30.06.2020.	% of the Fund's net assets as at 30.06.2020.	31.12.2019.	% of the Fund's net assets as at 31.12.2019.
Due on demand from credit institutions				
AS Citadele banka	97,125	1.63%	200,306	6.95%
Total demand deposits with credit institutions	97,125	1.63%	200,306	6.95%

NOTE 2 EQUITY INSTRUMENTS

All equity instruments are classified as financial assets at fair value through profit or loss. As at 30 June 2020, all equity instruments owned by the Fund are traded on regulated markets.

The following table presents the equity instruments distribution by the issuer's country of origin:

Financial instrument	ISIN code	Currency	Amount	Acquisition value (EUR)	Carrying amount 30.06.2020. (EUR)	% of the Fund's net assets 30.06.2020.
Financial instruments traded on regulated markets				5,375,940	5,879,716	98.50%
Equity instruments of Swiss issuers				1,387,247	1,403,703	23.50%
Logitech International SA	CH0025751329	CHF	2511	131,133	144,752	2.43%
VAT Group AG	CH0311864901	CHF	820	113,118	132,651	2.22%
Partners Group Holding AG	CH0024608827	CHF	164	126,937	131,865	2.21%
Givaudan SA	CH0010645932	CHF	38	114,681	125,477	2.10%
Geberit AG	CH0030170408	CHF	283	133,500	125,465	2.10%
EMS-Chemie Holding AG	CH0016440353	CHF	177	120,011	121,396	2.03%
Sonova Holding AG	CH0012549785	CHF	647	136,295	114,779	1.92%
Tecan Group AG	CH0012100191	CHF	330	90,699	103,235	1.73%
Belimo Holding AG	CH0001503199	CHF	15	97,294	97,315	1.63%
Roche Holding AG	CH0012032048	CHF	280	82,744	86,161	1.44%
Straumann Holding AG	CH0012280076	CHF	102	93,312	77,800	1.30%
Chocoladefabriken Lindt & Spruengli AG	CH0010570759	CHF	1	74,080	76,049	1.27%
Schindler Holding AG	CH0024638196	CHF	320	73,443	66,758	1.12%
Equity instruments of Netherlands issuers				686,149	816,983	13.69%
ASML Holding NV	NL0010273215	EUR	552	141,338	179,731	3.01%
ASM International NV	NL0000334118	EUR	1204	132,775	163,624	2.74%
BE Semiconductor Industries NV	NL0012866412	EUR	3386	129,193	132,934	2.23%
Adyen NV	NL0012969182	EUR	100	74,780	129,050	2.16%
Ferrari NV	NL0011585146	EUR	749	116,467	113,324	1.90%
Koninklijke DSM NV	NL0000009827	EUR	800	91,596	98,320	1.65%
Equity instruments of Great Britain issuers				834,224	812,456	13.62%
Halma PLC	GB0004052071	GBP	5931	141,377	148,725	2.49%
Spirax-Sarco Engineering PLC	GB00BWFQGN14	GBP	1168	126,903	127,651	2.14%
Rightmove PLC	GB00BGDT3G23	GBP	17526	125,143	104,607	1.75%
Diploma PLC	GB0001826634	GBP	5330	107,868	104,272	1.75%
Electrocomponents PLC	GB0003096442	GBP	13100	100,684	95,332	1.60%
AVEVA Group PLC	GB00BBG9VN75	GBP	2027	102,974	90,728	1.52%
London Stock Exchange Group PLC	GB00B0SWJX34	GBP	950	71,506	87,021	1.46%
HomeServe PLC	GB00BYTTFB60	GBP	3825	57,769	54,120	0.91%
Equity instruments of French issuers				656,366	706,747	11.84%
Sartorius Stedim Biotech	FR0013154002	EUR	620	97,383	137,640	2.31%
LOreal SA	FR0000120321	EUR	437	116,611	124,720	2.09%
Hermes International	FR0000052292	EUR	168	109,870	124,454	2.09%
Dassault Systemes SE	FR0000130650	EUR	781	124,360	119,063	1.99%
LVMH Moet Hennessy Louis Vuitton SA	FR0000121014	EUR	280	116,475	108,920	1.82%
BioMerieux	FR0013280286	EUR	750	91,667	91,950	1.54%
Equity instruments of German issuers				468,574	556,944	9.32%
Bechtle AG	DE0005158703	EUR	912	118,836	142,819	2.39%
DEUTSCHE BOERSE STK N	DE0005810055	EUR	800	117,640	128,400	2.15%
Sartorius AG	DE0007165631	EUR	425	91,337	124,270	2.08%
Nemetschek SE	DE0006452907	EUR	1807	82,768	109,866	1.84%
Puma SE	DE0006969603	EUR	756	57,993	51,589	0.86%



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Financial instrument	ISIN code	Currency	Amount	Acquisition value (EUR)	Carrying amount 30.06.2020. (EUR)	% of the Fund's net assets 30.06.2020.
Equity instruments of Danish issuers				398,757	455,606	7.64%
Novo Nordisk A/S	DK0060534915	DKK	2400	108,679	138,491	2.32%
Novozymes A/S	DK0060336014	DKK	2513	113,652	128,776	2.16%
SimCorp A/S	DK0060495240	DKK	1204	117,809	115,027	1.93%
Coloplast A/S	DK0060448595	DKK	532	58,617	73,312	1.23%
Equity instruments of Swedish issuers				342,688	422,983	7.09%
Evolution Gaming Group AB	SE0012673267	SEK	3140	107,174	165,635	2.78%
Atlas Copco AB	SE0011166610	SEK	3581	121,413	134,337	2.25%
Epiroc Aktiebolag A	SE0011166933	SEK	11158	114,101	123,011	2.06%
Equity instruments of Italian issuers				168,110	223,607	3.75%
DiaSorin SpA	IT0003492391	EUR	814	93,557	139,031	2.33%
Recordati SpA	IT0003828271	EUR	1904	74,553	84,576	1.42%
Equity instruments of Polish issuers				132,777	184,450	3.09%
CD Projekt SA	PLOPTTC00011	PLN	2085	132,777	184,450	3.09%
Equity instruments of Finnish issuers				185,452	182,640	3.06%
Neste Oyj	FI0009013296	EUR	3513	126,483	121,480	2.04%
Kone OYJ	FI0009013403	EUR	1000	58,969	61,160	1.02%
Equity instruments of Norwegian issuers				115,596	113,597	1.90%
Salmar ASA	NO0010310956	NOK	2700	115,596	113,597	1.90%
Total equity instruments:				5,375,940	5,879,716	98.50%

NOTE 3 PERFORMANCE DYNAMICS OF THE INVESTMENT FUND

	30.06.2020.	31.12.2019.	31.12.2018.	31.12.2017.
Net assets (EUR)*	5,968,560	2,883,486	3,091,545	3,965,284
Number of share certificates	133,582	65,397	79,910	85,719
Value of the unit of the Investment Fund	44.68	44.09	38.69	46.26
Profitability of the investment Fund**	1.34%	13.96%	(16.36%)	8.74%

* Net asset value in EUR is established using exchange rates fixed by the financial markets at the end of the day.

** Yield is calculated as the change in the value of the Fund unit over the reporting period in relation to its value at the beginning of the period. The profitability of the semi-annual report is presented in absolute terms. The Fund's annual performance is expressed as a multiple of 365 times the number of days in the period.