

OPEN-END INVESTMENT FUND
“Citadele Global Emerging Markets Bond Fund”

FINANCIAL STATEMENTS FOR THE PERIOD FROM 25 JUNE TO 31 DECEMBER 2013
(the 1st financial year)

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

Riga, 2014

**OIF “Citadele Global Emerging Markets Bond Fund”
Annual report for the year ended 31 December 2013
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OIF "Citadele Global Emerging Markets Bond Fund"
Annual report for the year ended 31 December 2013
Information on the investment fund

Name of fund	Citadele Global Emerging Markets Bond Fund
Type of fund	Open-end investment fund
Registration date of fund:	23 May 2013
Number of fund:	FL130-098/330
Name of the investment management company:	"Citadele Asset Management" IPAS
Registered office of the investment management company:	Republikas laukums 2, Rīga, LV-1010, Latvia
Registration number of the investment management company:	40003577500
Licence number of the investment management company:	06.03.07.098/285
Name of the custodian bank:	"Citadele banka" AS
Registered office of the custodian bank:	Republikas laukums 2, Rīga, LV-1010, Latvia
Registration number of the custodian bank:	40103303559
Names and positions of Council Members and Board Members of the investment management company:	<p><i>Council of the investment management company:</i> Chairman of the Council – Juris Jākobsons – appointed on 30.09.2010. Deputy Chairman of the Council – Vladimirs Ivanovs – appointed on 01.11.2012. Member of the Council – Philip Nigel Allard – appointed on 01.11.2012.</p> <p><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 30.04.2013. Member of the Board – Sergejs Zaicevs – resigned on 25.01.2013.</p>
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 Kotāns – appointed on 15.03.2013. Edgars Lao – appointed on 15.03.2013.
The related rights and obligations of the management of the fund	All the duties of the Fund managers stated in the legislation of the Republic of Latvia, Statutes of the investment management company and Fund prospectus are performed by the Fund managers.
Auditor:	KPMG Baltics SIA Vesetas iela 7, Rīga Rīga, LV-1013 License No 55 Latvia

OIF "Citadele Global Emerging Markets Bond Fund"
Annual report for the year ended 31 December 2013
Investment management company report

The open-end investment fund "Citadele Global Emerging Markets Bond Fund" (hereinafter – Fund) is a debt security investment fund having EUR as its functional currency. The assets of the fund are managed by the asset management company "Citadele Asset Management" having its registered office at Republikas laukums 2a, Rīga, LV-1010 and registration No. 40003577500. The Company holds a licence No. 06.03.07.098/285 for investment operations, last re-registered on 5 August 2010.

The open-end fund "Citadele Global Emerging Markets Bond Fund" investments aim to achieve long-term capital growth by investing in the debt securities issued or guaranteed by central and local governments, central banks and credit institutions of the developing countries. The investment portfolio of the Fund is diversified to include investments in different currencies, industries and countries, thereby achieving a higher protection against volatility of the Fund's asset value versus investments in single currency, industry or country securities. Policy of the Fund has not changed during the reporting period.

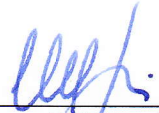
The Fund commenced its operations on 25 June 2013, therefore reporting period of the 1st financial year is as of 25.06.2013 to 31.12.2013. Total assets of the Fund as at the end of the year amounted to LVL 6,888,007 (EUR 9,748,232). The Fund's net assets as at the end of the reporting period amounted to LVL 6,870,422 (EUR 9,723,210). During the year the value of the Fund's share increased by 6 santims (EUR 0.04) up to 7.09 lats (EUR 10.04) at the end of the year. The profitability of the Fund since the beginning of the operations was 1.65% in lats and 0.77% in the functional currency.

During the reporting period, free cash asset resources were mainly invested in order to create a diversified portfolio. As a result of active operations, the amount of the free cash resources as at the end of the reporting period represented 7.32% of the net assets of the Fund and geographical positions of investments were distributed among 20 countries with the highest proportion in Russia (18.67%), Brasil (14.02%) and India (9.18%). Regarding individual securities, the leading position is taken by the Brazilian Development Bank BNDES, Russian government euro bonds and Mexican state oil giant Peroleos Mexicanos. Investments are distributed among 10 industries, the leading position was taken by the commercial banks (36.15%) and government (12.18%) debt securities, as these industries play significant role in the structure of the regional euro bonds market and ensure possibility to obtain diversified exposition towards the respective economy. According to the investment policy, investments in the Fund are also made in the securities of the local currencies of the developing countries. For this purpose SPDR Barclays Emerging Markets Local Bond UCITS ETF was used partially to obtain exposition to this market as diversified as possible with average expenses. In addition to the above fund traded in the stock exchange, the Fund made direct investments in 6 different local currencies of the developing countries, including IDS, ZAR, BRL etc. As at the end of the reporting period, the total proportion of the Fund's investments to the local currencies was 14.09%. Average yield-to-maturity on debt securities included in the Fund was 4.6%, average duration was 3.7 and the weighted average credit rating was Baa3.

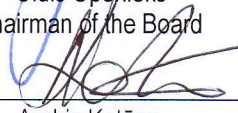
Management costs in the amount of EUR 67,074 or 1.47% of the average value of net assets in the period that does not exceed the maximum value of 4.00% provided in the Fund's prospects, were covered in the reporting period using the Fund's assets.

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

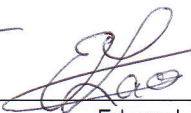
IPAS "Citadele Asset Management" managers team closely monitors the developments both on the domestic and global scale such as sustainability of economic growth, monetary and fiscal policies of leading economies as well as potential inflationary and political risks in light of their material impact on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



 Uldis Upenieks
 Chairman of the Board



 Andris Kotāns
 Member of the Investment
 Committee



 Edgars Lao
 Member of the Investment
 Committee

In Riga, 25 April 2014

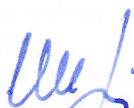
OIF "Citadele Global Emerging Markets Bond Fund"
Annual report for the year ended 31 December 2013
Statement of responsibility of the Board of the investment management company

The Board of the investment management company (hereinafter - the Company) is responsible for the preparation of the financial statements of the investment fund Citadele Global Emerging Markets Bond Fund (hereinafter - the Fund).

The financial statements set out on pages 7 to 27 are prepared in accordance with the source documents and present fairly the financial position of the Fund as at 31 December 2013 and the results of its operations for the respective periods then ended.

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

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



Uldis Upenieks
Chairman of the Board

In Riga
25 April 2014

REPORT OF THE CUSTODIAN BANK

for the period of time: as of March 15, 2013 till December 31, 2013

The "Citadele Global Emerging Markets Bond Fund"

Hereby AS "Citadele banka", registered in the Commercial Register of the Register of Enterprises of the Republic of Latvia (RL) on 30.06.2010 with a unified registration number No. 40103303559, registered address: Riga, Republikas laukums 2A, certifies that:

- according to the Custodian Bank Agreement signed on March 15, 2013, AS "Citadele banka" (hereinafter – the Custodian Bank) is performing the functions of custodian bank for the open investment fund "Citadele Global Emerging Markets Bond Fund" (hereinafter – the Fund) established by IPAS "Citadele Asset Management" (hereinafter – the Company) ;
- the Custodian Bank performs the functions of the custodian bank according to the law "On Investment Management Companies", provisions of the Financial and Capital Markets Commission and other applicable legal acts of RL.

The Custodian bank is liable for the fulfilment of Custodian Bank Agreement and requirements of legal acts of RL applicable to the custodian banks. Main obligations of the Custodian Bank are the following:

- to hold the assets of the Fund, as well as documents certifying the property rights pursuant to the requirements of legal acts of RL;
- to maintain the Funds accounts, to ensure the acceptance and execution of the Company's orders, as well as the settlement of orders pursuant to the legal acts of RL, the Custodian Bank Agreement and the current market practice;
- to provide the Company with regular reports on the assets of the Fund and its value (prices of securities);
- to follow the accuracy of determination of the Fund's value and the value of the Fund's shares performed by the Company and its compliance with the legal acts of RL;
- to follow the accuracy and lawfulness of the emission, sale and redemption of the investment certificates performed by the Company;

For the period from March 15, 2013 till December 31, 2013:

- emission, sale and redemption of investment certificates had been performed pursuant to requirements of the law "On Investment Management Companies", the Fund's prospectus and the Fund Management Regulations;
- the holding of the Fund's assets had been performed pursuant to the requirements of the law "On Investment Management Companies" and the Custodian Bank Agreement;
- calculation of the Fund's net asset value had been performed according to the requirements of the law "On Investment Management Companies", regulations of the Financial and Capital Markets Commission (FCMC), the Fund's prospectus and the Fund Management Regulations;
- orders of the Company and the transactions performed with the assets of the Fund had been performed according to the requirements of the law "On Investment Management Companies", the Fund's prospectus, the Fund Management Regulations and Custodian Bank Agreement.

No errors or incompliances were detected in Company's actions handling Fund's assets over the reporting period.



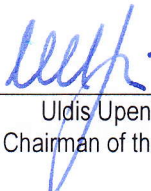
Guntis Beļavskis
Chairman of the Executive Board, *p.p.*

Riga, March 31, 2014

OIF "Citadele Global Emerging Markets Bond Fund"
Annual report for the year ended 31 December 2013
Statement of financial position
(LVL)

Note		<u>31.12.2013.</u>
	Assets	
3	Demand deposits with credit institutions	503,077
4	Financial assets held for trading	
	Debt securities and other fixed income securities	5,841,511
5	Investment certificates of investment funds and similar securities	461,953
6	Derivatives	<u>81,466</u>
	Total assets	<u>6,888,007</u>
	Liabilities	
6	Financial liabilities held for trading	
	Derivatives	(8,131)
7	Accrued liabilities	<u>(9,454)</u>
	Total liabilities	<u>(17,585)</u>
	Net assets	<u>6,870,422</u>

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



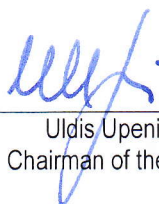
 Uldis Upenieks
 Chairman of the Board

In Riga
 25 April 2014

OIF "Citadele Global Emerging Markets Bond Fund"
Annual report for the year ended 31 December 2013
Statement of comprehensive income
(LVL)

Note	25.06.2013. – 31.12.2013.
Income	
8	Interest income 216,054 Dividend income 10,817
	Total income 226,871
Expenses	
	Investment management company fee (48,202) Custodian bank fee (5,784) Other fund management expenses (2,608)
	Total expenses (56,594)
Increase/ (decrease) in investment value	
9	Realized increase in investment 3,067
10	Unrealized (decrease) in investment (110,959)
	Total (decrease) in investment (107,892)
	Foreign currency revaluation (loss) (1,103)
	Comprehensive income 61,282

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



Uldis Upenieks
Chairman of the Board

In Riga
25 April 2014

OIF "Citadele Global Emerging Markets Bond Fund"
Annual report for the year ended 31 December 2013
Statement of changes in net assets
(LVL)

	25.06.2013. – 31.12.2013.
Net assets as at the beginning of the period	-
Comprehensive income	61,282
Transactions with investment certificates:	
<i>Inflow from sale of investment certificates</i>	6,989,793
<i>Outflow on redemption of investment certificates</i>	<u>(180,653)</u>
Net asset increase from transactions with investment certificates	6,809,140
Increase in net assets for the period	<u>6,870,422</u>
Net assets as at the end of the reporting period	<u>6,870,422</u>
Issued investment certificates as at the beginning of the reporting period	<u>-</u>
Issued investment certificates as at the end of the reporting period	<u>968,677</u>
Net asset value per investment certificate as at the beginning of the reporting period	<u>-</u>
Net asset value per investment certificate as at the end of the reporting period	<u>7.09</u>

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

OIF “Citadele Global Emerging Markets Bond Fund”
Annual report for the year ended 31 December 2013
Statement of cash flows
(LVL)

	25.06.2013. – 31.12.2013.
Interest income	103,661
Dividend income	10,817
Investment management expenses	(47,139)
Acquisition of financial assets	(6,795,603)
Disposal of financial assets	294,250
Foreign currency translation result	138,150
(Decrease) in cash from operating activities	(6,295,864)
Inflow from sale of investment certificates	6,989,793
Outflow on redemption of investment certificates	(180,653)
Increase in cash from financing activities	6,809,140
Increase in cash	513,276
Cash as at the beginning of the reporting period	-
Result of revaluation of cash denominated in foreign currencies	(10,199)
Cash as at the end of the reporting period	503,077

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

**OIF "Citadele Global Emerging Markets Bond Fund"
Annual report for the year ended 31 December 2013**

**Notes
(LVL)**

1. General information

Name of fund	Citadele Global Emerging Markets Bond Fund
Type of fund	Open-end investment fund
Fund's business activity:	Investments in securities, generally, issued or guaranteed by governments, municipalities, central banks and credit institutions of developing countries, as well as investments in debt securities and equity shares of corporate entities. The investment portfolio of the Fund is diversified to include investments in different currencies, industries and countries, thereby achieving a higher protection against volatility of the Fund's asset value versus investments in single currency, industry or country securities.
Name of the investment management company:	IPAS "Citadele Asset Management", Republikas laukums 2, Rīga, LV-1010, Latvia

2. Summary of significant accounting policies

Basis of preparation

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

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

The monetary unit used in the financial statements is lat (LVL), the monetary unit of the Republic of Latvia. The financial statements cover the period 25 June 2013 to 31 December 2013.

Critical accounting estimates and judgements

The preparation of the financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires investment management company's management to make assumptions and exercise its judgement in the process of applying the Fund's accounting policies. IFRS requires that in preparing the financial statements, the management makes estimates and assumptions that affect the reported amounts of assets and liabilities and required disclosure at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. When preparing the financial statements, significant estimates are used mainly to determine fair value of financial instruments. See detailed information on uncertainty in Note 12.

Income and expense recognition

Interest income and expense items are recognised on an accruals basis.

Interest income and expense are recognized in the statement of comprehensive income by taking into account the effective interest rate of assets/liabilities. Interest income and expense include amortization of discount or premium or other differences between the accounting amount of an initial interest bearing instrument and its amount at the moment of redemption, calculated by the effective interest rate method.

Dividend income is recognised at the moment of receipt. In some situations dividend income can be recognized when share price decreases after the issuer's announcement on payment of dividends.

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

Foreign currency revaluation

The Fund's functional currency is the euro but, according to the FCMC requirements, the Fund ensures accounting also in Latvian lats. These financial statements are prepared based on transaction accounting in Latvian lats (LVL), which is the presentation currency of the Fund.

**OIF “Citadele Global Emerging Markets Bond Fund”
Annual report for the year ended 31 December 2013**

**Notes
(LVL)**

2. Summary of significant accounting policies (continued)

Transactions denominated in foreign currencies are translated in Latvian lats (LVL) at the official exchange rate established by the Bank of Latvia at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Latvian lats (LVL) at the official exchange rate established by the Bank of Latvia at the last day of the reporting period. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated into the functional currency at the spot exchange rate at the date that the fair value was determined. Any gain or loss resulting from exchange rates fluctuations is included in the statement of comprehensive income as gain or loss from the revaluation of foreign currency positions.

The exchange rates established by the Bank of Latvia (LVL to 1 foreign currency unit) and mainly applied when preparing the statement financial position of the Fund can be specified as follows:

<u>Currency</u>	<u>31.12.2013.</u>
BRL	0.216181
EUR	0.702804
IDR	0.000042
HUF	0.002350
PLN	0.169000
RUR	0.015600
SEK	0.078100
USD	0.515000
ZAR	0.049500

Since 1 January 2005, the Bank of Latvia has stated a fixed currency exchange rate for the Latvian lat against the euro, i.e. 0.702804. From this moment the Bank of Latvia will also ensure that the market rate will not differ from the official rate by more than 1%. Therefore, the Fund's future profit or loss due to fluctuations of the euro exchange rate will not be material as long as the Bank of Latvia maintains the above mentioned fixed rate.

Cash

Cash comprises Fund's demand deposits with credit institutions.

Financial instruments

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

Financial assets and liabilities at fair value through profit or loss

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

Loans and receivables

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

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

Investments in securities

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

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

OIF “Citadele Global Emerging Markets Bond Fund”
Annual report for the year ended 31 December 2013
Notes
(LVL)

2. Summary of significant accounting policies (continued)

Securities are revaluated on the basis of Bloomberg's available financial information on the bid prices of securities. Unlisted securities are evaluated on the basis of the custodian bank's information on transactions, but in case such information is not available, respective securities are evaluated at their amortised cost. Securities purchase and sale transactions are recognised on the date of settlements. The cost of securities sold is defined using FIFO (first in, first out) method.

Derivatives

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

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

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

Fair value of financial assets and liabilities

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

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

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

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

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

Taxes

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

On 1 December 2009 Saeima has approved changes to the law “On personal income tax”, stating that starting with 1 January 2010 capital gains are subject to 15% income tax charge. For investment funds capital gain is a difference between selling and purchase value of investment certificates. In accordance with transition norms of the law “On personal income tax”, in order to calculate income from sale of investment certificates purchased before endorsement of the law (before 01.01.2010) one has to apportion difference between selling and purchase value to the number of months investment held and multiply this by number of months investment held from 01.01.2010 until the settlement date. Changes in the law are applicable only to private persons being residents of the Republic of Latvia.

**OIF “Citadele Global Emerging Markets Bond Fund”
Annual report for the year ended 31 December 2013**

**Notes
(LVL)**

2. Summary of significant accounting policies (continued)

Change in accounting policies

The Fund has applied the accounting policies described in the note to the reporting period.

The Fund has adopted the following new standards and amendments to standards, including the consequent amendments in other standards the initial application date of which was 1 January 2013.

(i) Fair value measurement

IFRS 13 introduces a common structure for fair value measurement and disclosures on fair value determination in cases when it is required or permitted according to other IFRS. The standard defines fair value as 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. This standard replaces and adjusts requirements of other IFRS, including IFRS 7, as regards disclosures on measurement of fair value.

This is the first year of operation of the Fund and the Fund has applied the new fair value evaluation guidelines to the reporting year.

(ii) Other amendments to standards

The following amendments to standards that became effective on 1 January 2013 have not impacted these financial statements.

- Amendments to IAS 1 Presentation of Financial Statements
- Amendments to IFRS 7 - Offset of financial assets and liabilities
- Amendments to IAS 19 (2011) – Employee Benefits.
- Amendments to IAS 12 – Deferred tax: recovery of assets.

New standards and interpretation effective after 1 January 2013

Several new standards, amendments to standards and interpretations effective after 1 January 2013 that have not been applied to these financial statements. Standards and interpretations application of which will not affect the financial statements are listed below.

- (i) IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements, IFRS 12 Disclosure of interests in other entities (2011).
- (ii) IAS 27 (2011) Separate financial statements (effective for annual periods beginning on or after 1 January 2014).
- (iii) IAS 28 (2011) Investments in associated and joint ventures (effective for annual periods beginning on or after 1 January 2014).
- (iv) Amendments to IAS 32 “Financial Instruments: *Presentation*” – Offsetting Financial Assets and Financial Liabilities, adopted by the EU on 13 December 2012 (effective for annual periods beginning on or after 1 January 2014).
- (v) Amendments to IFRS 10 and 12 and IAS 27 as regards investment companies (effective for annual period beginning on or after 1 January 2014).
- (vi) Amendments to IAS 36 as regards disclosures about recoverable amount of non-financial assets (effective for annual period beginning on or after 1 January 2014).
- (vii) Amendments to IAS 39 as regards renewal of financial instruments and continuing of hedge accounting (effective for annual period beginning on or after 1 January 2014).

3. Demand deposits with credit institutions

	% of Fund's net assets as at	
	31.12.2013.	31.12.2013.
Demand deposits with credit institutions, JSC Citadele banka	503,077	7.32%
Total demand deposits with credit institutions	503,077	7.32%

The Fund receives interest on demand deposits at fixed rates.

OIF "Citadele Global Emerging Markets Bond Fund"

Annual report for the year ended 31 December 2013

Notes

(LVL)

4. Debt securities and other fixed income securities

	31.12.2013.	Annual yield to maturity 31.12.2013.	% of Fund's net assets as at 31.12.2013.
Credit institution bonds:	2,483,676	4.87%	36.15%
Other non-OECD region credit institution bonds	2,163,722	4.37%	31.49%
OECD region credit institution bonds	319,954	8.23%	4.66%
Corporate bonds:	2,445,395	4.78%	35.59%
Other non-OECD region corporate bonds	2,183,940	4.88%	31.79%
OECD region corporate bonds	261,455	3.99%	3.81%
Government bonds:	836,701	6.32%	12.18%
Non-OECD region government bonds	724,309	13.06%	10.54%
OECD region government bonds	112,392	23.42%	1.64%
Financial institution bonds:	75,739	8.90%	1.10%
Non-OECD region financial institution bonds	75739	8.90%	1.10%
Total debt securities and other fixed income securities	5,841,511	5.09%	85.02%

All debt securities (bonds) 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 LVL 312,216.

The table below presents debt securities by the issuer's country of residence:

Financial instrument	ISIN code	Currency	Amount	Acquisition value	Carrying amount as at 31.12.2013	% of Fund's net assets as at 31.12.2013.
Financial instruments traded on regulated markets				5,699,325	5,529,295	80.47%
Russian issuers:				1,317,409	1,282,889	18.67%
SEVERSTAL OAO	XS0648402583	USD	300	172,123	168,406	2.45%
RUSSIAN AGRICULTURAL BANK	XS0300998779	USD	400	229,957	221,440	3.22%
ALFA BANK	XS0832412505	USD	350	203,209	195,521	2.85%
EVRAZ	RU000A0JQTQ7	RUR	5,000	81,098	79,439	1.16%
MTS INTERNATIONAL FUNDING LTD	XS0513723873	USD	300	185,684	182,992	2.66%
RUSSIA	XS0114288789	USD	600	280,634	262,637	3.82%
RUSSIAN RAILWAYS	XS0919581982	EUR	250	164,704	172,454	2.51%
Brazilian issuers:				991,007	963,787	14.02%
BRAZIL	US105756BJ84	BRL	350	91,422	82,531	1.20%
BANCO SANTANDER BRASIL	US05966UAH77	USD	400	219,664	217,031	3.16%
GERDAU	USG2440JAE58	USD	330	196,774	193,163	2.81%
BRF	USG3400TAA72	USD	350	203,504	203,502	2.96%
BNDES	USP14486AD93	USD	500	279,643	267,560	3.89%
Indian issuers:				666,136	630,219	9.18%
VEDANTA	USG9328DAF71	USD	375	211,499	201,003	2.93%
AXIS BANK	US05463EAB48	USD	400	228,164	216,486	3.15%
ICICI BANK	USY3860XAC75	USD	400	226,473	212,730	3.10%
RSA issuers:				283,066	269,330	3.92%
SOUTH AFRICA	ZAG000024738	ZAR	1,700	93,771	86,254	1.26%
ESKOM HOLDINGS	XS0579851949	USD	350	189,295	183,076	2.66%
Mexican issuers:				267,564	261,455	3.81%
PETROLEOS MEXICANOS	US71654QAW24	USD	450	267,564	261,455	3.81%
UAE issuers:				247,527	242,846	3.53%
DUBAI ELECTRICITY & WATER	XS0551313686	USD	400	247,527	242,846	3.53%
Vietnamese issuers:				230,876	227,960	3.32%
VIETNAM	USY9374MAF06	USD	400	230,876	227,960	3.32%
Columbian issuers:				224,485	222,358	3.24%

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Financial instrument	ISIN code	Currency	Amount	Acquisition value	Carrying amount as at 31.12.2013	% of Fund's net assets as at 31.12.2013.
BANCO DE BOGOTA	USP09252AB63	USD	400	224,485	222,358	3.24%
Qatar issuers:				228,939	221,490	3.22%
QATAR TELECOM	XS0432791571	USD	350	228,939	221,490	3.22%
Peruvian issuers:				212,830	211,625	3.08%
BANCO INTERNACIONAL DEL PERU SAA	USP1342SAC00	USD	400	212,830	211,625	3.08%
Thai issuers:				205,049	203,778	2.97%
BANGKOK BANK PCL/HONG KONG	USY0606WBT63	USD	400	205,049	203,778	2.97%
Indonesian issuers:				202,201	195,193	2.84%
BANK RAKYAT	XS0901040476	USD	400	202,201	195,193	2.84%
Slovenian issuers:				174,658	177,972	2.59%
SID BANKA	XS0504013912	EUR	250	174,658	177,972	2.59%
Kazakhstan issuers:				174,156	165,335	2.41%
ZHAIKMUNAI	USN97708AA49	USD	300	174,156	165,335	2.41%
Securities issued by international financial institutions:				162,635	140,666	2.04%
EUROPEAN BANK FOR RECONSTRUCTION & DEVELOPMENT	XS0586901042	IDR	1,500,000	70,111	64,927	0.94%
EBRD	XS0630392255	IDR	1,800,000	92,524	75,739	1.10%
Polish issuers:				59,908	61,237	0.89%
POLAND	PL0000107314	PLN	350	59,908	61,237	0.89%
Hungarian issuers:				50,879	51,155	0.74%
HUNGARY	HU0000402037	HUF	20,000	50,879	51,155	0.74%
Financial instruments not traded on regulated markets				312,197	312,216	4.55%
Indian issuers:				171,636	170,234	2.48%
ONGC VIDESH LTD	XS0927643030	USD	350	171,636	170,234	2.48%
Estonian issuers:				140,561	141,982	2.07%
CREDITSTAR GROUP	EE3300110436	EUR	200	140,561	141,982	2.07%
Total debt securities and other fixed income securities				6,011,522	5,841,511	85.02%

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5. Investment certificates of investment funds and similar securities

	31.12.2013.	% of Fund's net assets as at 31.12.2013.
Investment certificates of investment funds	461,953	6.72%
OECD region investment certificates	461,953	6.72%
Total investment certificates of investment funds	461,953	6.72%

All investment certificates of the funds are classified as securities held for trading. As at 31 December 2013 all investment certificates of the Fund in the amount of LVL 461,953 are not traded in regulated markets.

The table below presents investment certificates of funds and similar debt securities by the issuer's country of residence:

Financial instrument	ISIN code	Currency	Amount	Acquisition value	Carrying amount as at 31.12.2013	% of Fund's net assets as at 31.12.2013.
Financial instruments not traded on regulated markets				495,985	461,953	6.72%
Irish issuers:				495,985	461,953	6.72%
SPDR BARCLAYS EMERGING MARKETS LOCAL BOND UCITS ETF	IE00B4613386	EUR	10,000	495,985	461,953	6.72%
Total investment certificates of funds and similar securities				495,985	461,953	6.72%

6. Derivatives

The table below presents the notional amounts and fair values currency swap instruments. The notional amount of foreign exchange transactions is determined on the basis of requirement arising from contracts.

	31.12.2013.		% of Fund's net assets as at 31.12.2013.	
	Notional amount	Fair value		
		Assets	Liabilities	
Foreign exchange transactions				
Currency swap instruments	5,644,409	81,466	(8,131)	1.07%
Total derivatives	5,644,409	81,466	(8,131)	1.07%

All contracts are concluded with "Citadele banka" JSC.

7. Accrued liabilities

	2013
Accrued commission fees payable to investment management company	(8,062)
Accrued commission fees payable to custodian bank	(967)
Accrued fees payable for professional services	(425)
Total accrued liabilities	(9,454)

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8. Interest income

	2013
	<hr/>
Interest income from debt securities and other fixed income securities	214,441
Interest income from demand deposits with credit institutions	1,613
	<hr/>
Total interest income	216,054
	<hr/>

9. Realized increase in investment

	2013
	<hr/>
Income from sale of investments	289,234
Amortized acquisition value of investments sold in the reporting period	(286,167)
Increase/ (decrease) in value of investments sold, recognised in the prior reporting periods	-
	<hr/>
Total realized increase in investment	3,067
	<hr/>

10. Unrealized (decrease) in investment

	2013
	<hr/>
From investment certificates of investment funds and similar securities	(34,032)
Interest income from debt securities and other fixed income securities	(76,927)
	<hr/>
Total unrealised (decrease) in investment value	(110,959)
	<hr/>

11. Change in investments during the reporting period

	23.06.2013.	Increase during the reporting period	Decrease during the reporting period	Foreign exchange revaluation result	Fair value revaluation result	31.12.2013.
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Financial assets held for trading						
Debt securities and other fixed income securities	-	6,299,618	(396,298)	(202,388)	140,581	5,841,511
Investment certificates of investment funds and similar securities	-	495,985	-	-	(34,032)	461,953
Derivatives, net	-	-	-	73,335	-	73,335
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total investments	-	6,795,603	(396,298)	(129,053)	106,549	6,376,799
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

12. Pledged assets

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

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13. Fair values of financial assets and liabilities

According to the Company’s estimates, the carrying amounts of demand deposits with credit institutions, held-for-trading fixed income securities, equity shares and derivatives approximate to their fair values. The fair value is determined according to the market quotation method, based on available quotes of stock exchanges and brokers.

The table below shows the fair value of the Fund’s assets and liabilities as at 31 December 2013:

	Carrying amount	Quoted market prices	Valuation technique - observable market inputs
Assets			
Demand deposits with credit institutions	503,077	-	503,077
Financial assets held for trading			
Debt securities and other fixed income securities	5,841,511	5,053,231	788,280
Investment certificates of investment funds and similar securities	461,953	461,953	-
Derivatives	81,466	-	81,466
Total assets	6,888,007	5,515,184	1,372,823
Liabilities			
Financial liabilities held for trading			
Derivatives	(8,131)	-	(8,131)
Accrued liabilities	(9,454)	-	(9,454)
Total liabilities	(17,585)	-	(17,585)
Net assets	6,870,422	5,515,184	1,355,238

Financial instruments at fair value

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

2013	Level 1:	Level 2:	Level 3:	Total
Financial assets				
Financial instruments held for trading	6,161,482	81,466	141,982	6,384,930
	6,161,482	81,466	141,982	6,384,930
Financial liabilities				
Financial instruments at fair value through profit or loss	-	(8,131)	-	(8,131)
	6,161,482	73,335	141,982	6,376,799

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

LVL	Financial instruments held for trading	Total
Balance as at 25 June 2013	-	
Total profit or loss through profit and loss		
Purchases	141,982	141,982
Payments		
Reclassification to Level 3		
Reclassification from Level 3		
Balance as at 31 December 2013	141,982	141,982

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13. Fair values of financial assets and liabilities (continued)

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

Type	Valuation methodology	Significant unobservable data	Relation between significant unobservable data and fair value assessment
Financial instruments held for trading (debt securities and other securities with fixed income) - Level 2	Discounted cash flow method	Not applicable	Not applicable
Financial instruments held for trading (debt securities and other securities with fixed income) - Level 3	Discounted cash flow method	Discount rate: 14%	Estimated fair value would increase (decrease), if: - Discount rate would be lower (higher);

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

31 December 2013	Impact on profit or loss	
	Increase	(Decrease)
Discount rate (2% change)	3,757	(3,622)

14. Risk management

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

Risk management structure

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

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

To mitigate the investment risks, the Fund Manager follows the risk diversification and hedging principles to reduce investment risks developed in line with the management policy. When investing on behalf of the Fund, the Fund Manager 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 limits, performs the analysis of the Fund's investments by maturity, geographic placement, currency profile and assesses the risks inherent to each of the above factors. The Fund Manager acts in strict compliance with the Prospectus of the Fund, Fund Management Regulations, as well as regulations and restrictions imposed by legislation of the Republic of Latvia.

Market risk

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

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14. Risk management (continued)

Interest rate risk

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

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

Changes in fixed income securities' prices and interest income (year 2013, LVL)				
Currency	Changes in base rates, bp	Changes in interest income	Changes in market value	Total effect of base rate changes
EUR	100	-	(13 006)	(13 006)
IDR	100	-	(2 761)	(2 761)
ZAR	100	-	(3 968)	(3 968)
BRL	100	-	(1 337)	(1 337)
RUB	100	-	(887)	(887)
PLN	100	-	(2 332)	(2 332)
HUF	100	-	(1 623)	(1 623)
USD	100	-	(197 265)	(197 265)
Total		-	(223 177)	(223 177)

Changes in fixed income securities' prices and interest income (year 2013,% of assets)				
Currency	Changes in base rates, bp	Changes in interest income	Changes in market value	Total effect of base rate changes
EUR	100	-	-0.19%	-0.19%
IDR	100	-	-0.04%	-0.04%
ZAR	100	-	-0.06%	-0.06%
BRL	100	-	-0.02%	-0.02%
RUB	100	-	-0.01%	-0.01%
PLN	100	-	-0.03%	-0.03%
HUF	100	-	-0.02%	-0.02%
USD	100	-	-2.89%	-2.89%
Total		-	-3.27%	-3.27%

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14. Risk management (continued)

Changes in fixed income securities' prices and interest income (year 2013, LVL)				
Currency	Changes in base rates, bp	Changes in interest income	Changes in market value	Total effect of base rate changes
EUR	-100	-	(13 006)	(13 006)
IDR	-100	-	(2 761)	(2 761)
ZAR	-100	-	(3 968)	(3 968)
BRL	-100	-	(1 337)	(1 337)
RUB	-100	-	(887)	(887)
PLN	-100	-	(2 332)	(2 332)
HUF	-100	-	(1 623)	(1 623)
USD	-100	-	(197 265)	(197 265)
Total		-	(223 177)	(223 177)

Changes in fixed income securities' prices and interest income (year 2013,% of assets)				
Currency	Changes in base rates, bp	Changes in interest income	Changes in market value	Total effect of base rate changes
EUR	-100	-	-0.19%	-0.19%
IDR	-100	-	-0.04%	-0.04%
ZAR	-100	-	-0.06%	-0.06%
BRL	-100	-	-0.02%	-0.02%
RUB	-100	-	-0.01%	-0.01%
PLN	-100	-	-0.03%	-0.03%
HUF	-100	-	-0.02%	-0.02%
USD	-100	-	-2.89%	-2.89%
Total				

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14. Risk management (continued)

Currency risk

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

The table below shows the Fund’s assets and liabilities by currency profile as at 31 December 2013:

	LVL	EUR	USD	Other currencies	Total
Assets					
Demand deposits with credit institutions	-	460,065	43,012	-	503,077
Financial assets held for trading					
Debt securities and other fixed income securities	-	492,408	4,847,821	501,282	5,841,511
Investment certificates of investment funds and similar securities	-	461,953	-	-	461,953
Derivatives	-	4,119,595	(4,038,129)	-	81,466
Total assets	-	5,534,021	852,704	501,282	6,888,007
Liabilities					
Financial liabilities held for trading					
Derivatives	-	1,524,814	(1,532,945)	-	(8,131)
Accrued liabilities	(425)	(9,029)	-	-	(9,454)
Total liabilities	(425)	1,515,785	(1,532,945)	-	(17,585)
Net assets	(425)	7,049,806	(680,241)	501,282	6,870,422
<i>Net long/short position</i>	<i>(0.01%)</i>	<i>102.61%</i>	<i>(9.90%)</i>	<i>7.30%</i>	<i>100%</i>

Other currencies as at 31 December 2013 are as follows: RUR - LVL 79,439, PLN - LVL 61,237, HUF - LVL 51,155, ZAR - LVL 86,254, IDR - LVL 140,666, BRL - LVL 82,531.

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

Effect of currency exchange rate (2013)			
Currency	Density in Fund (% of net assets)	Exchange rate against EUR	Effect on Fund value
EUR	103.15%	0.00%	0.00%
IDR	2.04%	13.67%	0.28%
ZAR	1.24%	13.20%	0.16%
BRL	1.22%	13.31%	0.16%
RUB	1.17%	7.85%	0.09%
PLN	0.90%	6.39%	0.06%
HUF	0.76%	7.97%	0.06%
USD	(10.47%)	7.38%	(0.77%)
Total	100.00%		0.81%

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14. Risk management (continued)

Credit risk

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

Credit quality of the Fund's assets is managed on the basis of the credit ratings granted by the international rating agencies Standard & Poor's, Moody's, and Fitch. In addition, a detailed analysis is performed on the issuer's financial statements, financial position and future prospects.

The table below shows the issuers of securities and credit institutions in which the Fund has deposits by credit ratings according to the following specification:

- High quality investment financial instruments: AAA –AA (Standard & Poor's); Aaa-Aa2 (Moody's Investors Service); AAA-AA (Fitch);
- Investment category financial instruments: AA- -BBB- (Standard & Poor's); Aa3 -Baa3 (Moody's Investors Service); AA- - BBB- (Fitch);
- High return financial instruments: BB+ - BB- (Standard & Poor's); Ba1 - Ba3 (Moody's Investors Service); BB+ - BB-(Fitch);
- Speculative financial instruments: B+ - C (Standard & Poor's); B1 - C (Moody's Investors Service); B+ - C (Fitch).

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

	High quality financial instruments:	Investments category financial instruments	High return financial instruments	Speculative financial instruments	Not rated	Total
Demand deposits with credit institutions	-	-	-	503,077	-	503,077
Financial assets held for trading						
Debt securities and other fixed income securities	140,666	4,109,080	977,049	472,734	141,982	5,841,511
Investment certificates of investment funds and similar securities	-	-	-	-	461,953	461,953
Derivatives	-	-	-	73,335	-	73,335
Total investments	140,666	4,109,080	977,049	1,049,146	603,935	6,879,876

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14. Risk management (continued)

Risk concentration

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

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

	Latvia	OECD region countries	Other non-OECD region countries	Total
Assets				
Demand deposits with credit institutions	503,077	-	-	503,077
Financial assets held for trading				
Debt securities and other fixed income securities	-	693,801	5,147,710	5,841,511
Investment certificates of investment funds and similar securities	-	461,953	-	461,953
Derivatives	81,466	-	-	81,466
Total assets	584,543	1,155,754	5,147,710	6,888,007
Liabilities				
Derivatives	(8,131)	-	-	(8,131)
Accrued liabilities	(9,454)	-	-	(9,454)
Total liabilities	(17,585)	-	-	(17,585)
Net assets	566,958	1,155,754	5,147,710	6,870,422

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

Country	Carrying amount as at 31.12.2013	% of Fund's net assets as at 31.12.2013.
Russia	1,282,889	18.67%
Brasil	963,787	14.03%
India	800,453	11.65%
Latvia	566,958	8.25%
Ireland	461,953	6.72%
Republic of South Africa	269,330	3.92%
Mexico	261,455	3.81%
United Arab Emirates	242,846	3.53%
Vietnam	227,960	3.32%
Columbia	222,358	3.24%
Qatar	221,490	3.22%
Peru	211,625	3.08%
Thailand	203,778	2.97%
Indonesia	195,193	2.84%
Slovenia	177,972	2.59%
Kazakhstan	165,335	2.41%
Estonia	141,982	2.07%
International financial institution	140,666	2.05%
Poland	61,237	0.89%
Hungary	51,155	0.74%
Total	6,870,422	100%

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14. Risk management (continued)

The table below shows the Fund’s securities portfolio by industry profile as at 31 December 2013:

Sector	Carrying amount as at 31.12.2013	% of Fund’s net assets as at 31.12.2013.
Commercial banks	2,120,254	30.86%
Government	836,701	12.18%
Financial services	632,324	9.20%
Energy resources	597,024	8.69%
Raw materials	448,848	6.53%
Public utilities	425,922	6.20%
Telecommunication services	404,482	5.89%
Consumer goods	203,502	2.96%
Logistics	172,454	2.51%
Total	5,841,511	85.02%

Liquidity risk

Liquidity risk is a risk that the Fund will have difficulties in meeting its financial obligations. The Fund Manager maintains such asset structure of the Fund which would ensure a possibility of selling securities in due time and with no significant losses.

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

	Within 1 month	1 – 3 months	3 – 6 months	6 – 12 months	1 – 5 years	More than 5 years and no maturity	Total
Assets							
Demand deposits with credit institutions	503,077	-	-	-	-	-	503,077
Financial assets held for trading							
Debt securities and other fixed income securities	-	-	-	-	2,829,970	3,011,541	5,841,511
Investment certificates of investment funds and similar securities	-	-	-	-	-	461,953	461,953
Derivatives	-	45,743	-	35,723	-	-	81,466
Total assets	503,077	45,743	-	35,723	2,829,970	3,473,494	6,888,007
Liabilities							
Financial liabilities held for trading							
Derivatives	-	-	-	(8,131)	-	-	(8,131)
Accrued liabilities	(9,029)	-	(425)	-	-	-	(9,454)
Total liabilities	(9,029)	-	(425)	(8,131)	-	-	(17,585)
Net assets	494,048	45,743	(425)	27,592	2,829,970	3,473,494	6,870,422
<i>Net position as % of net assets</i>	7.19%	0.67%	(0.01%)	0.40%	41.20%	50.56%	100.00%

**OIF "Citadele Global Emerging Markets Bond Fund"
Annual report for the year ended 31 December 2013**

**Notes
(LVL)**

15. Information on holders of investment certificates

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

	31.12.2013.	% of total certificates as at 31.12.2013
Investment certificates held by the shareholder (JSC Citadele banka)	450,000	46.46%
Investment certificates held by other persons	518,677	53.54%
Issued investment certificates as at the end of the reporting period	968,677	100.00%

16. Related party transactions

The majority of the Fund's investments are acquired with the mediation of the custodian bank JSC Citadele banka. JSC Citadele banka receives remuneration as the custodian bank, as disclosed in the statement of comprehensive income (see also note 3). All derivative contracts are concluded with "Citadele banka" JSC (see note 6).

The remuneration paid to the investment management company during the reporting year is disclosed in the statement of comprehensive income (see also Note 7).

During the reporting year, the related parties of the Fund did not make any transactions with the Fund's investment certificates. Listed the Fund's investment certificates purchase and sale back transactions are calculated taking into account only the investment certificates held by those related parties, who have been classified as the Fund's related parties both as of 31 December 2013 and 25 June 2013.

During the reporting year the Fund had not invested in bonds issued by the JSC Citadele banka and in investment funds managed by the related investment management company.

17. Dynamics of net asset value

	31.12.2013.
Net assets (LVL)	6,870,422
Number of investment certificates	968,677
Value of investment fund's shares (LVL)	7.09
Performance on investment fund's shares*	1.65%
Net assets (EUR)**	9,723,210
Number of investment certificates	968,677
Value of investment fund's shares (EUR)	10.04
Performance on investment fund's shares*	0.77%

* Performance is calculated as of the commencement of the Fund's operations supposing that a year consists of 365 days.

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

18. Subsequent events

On 1 January 2014 the Republic of Latvia joined eurozone and Latvian lat was replaced by euro. As a result, the Fund converted its financial accounting to euros as of 1 January 2014 and the financial statements for subsequent periods will be prepared and presented in euros. Future comparative information will be translated into euros using the official exchange rate of LVL 0.702804 to EUR 1.



KPMG Baltics SIA
Vesetas iela 7
Riga LV 1013
Latvia

Phone +371 670 380 00
Fax +371 670 380 02
Internet: www.kpmg.lv

Independent Auditors' Report

To the shareholders of Open investment fund “ Citadele Global Emerging Markets Bond Fund”

Report on the Financial Statements

We have audited the accompanying separate financial statements of Open investment fund “Citadele Global Emerging Markets Bond Fund” (“the Fund”), which is managed by the asset management company “Citadele Asset Management” (“the Manager”), which comprise the separate statement of financial position as at 31 December 2013, the separate statements of comprehensive income, changes in net assets and cash flows for the period from 25 June 2013 to 31 December 2013, and a summary of significant accounting policies and other explanatory notes, as set out on pages 7 to 27.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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



Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Open investment fund "Citadele Global Emerging Markets Bond Fund" as at 31 December 2013, and of its financial performance and its cash flows for the period from 25 June 2013 to 31 December 2013 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 report, as set out on page 4, the preparation of which is the responsibility of management, is consistent with the financial statements. Our work with respect to the investment management company 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 Company. In our opinion, the Management Report is consistent with the financial statements.

KPMG Baltics SIA
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Ondrej Fikrle
Partner pp, KPMG Baltics SIA
Riga, Latvia
25 April 2014

Inga Lipšāne
Sworn Auditor
Certificate No. 112

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