

INVESTMENT FUND
CBL Global Emerging Markets Bond Fund

ANNUAL REPORT FOR 2018
(6th financial year)

PREPARED IN ACCORDANCE WITH
FCMC REGULATIONS ON PREPARATION OF ANNUAL REPORTS, CONSOLIDATED ANNUAL REPORTS AND
SEMI-ANNUAL REPORTS OF INVESTMENT FUND AND OPEN ALTERNATIVE INVESTMENT FUND
AND INTERNATIONAL FINANCIAL REPORTING STANDARDS ADOPTED BY THE EUROPEAN UNION

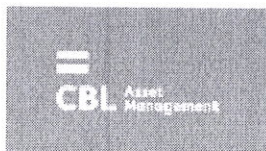


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INFORMATION ON THE INVESTMENT FUND

Name of the Fund:	CBL Global Emerging Markets Bond Fund
Type of the Fund:	Investment fund
Classes:	- R Acc USD (<i>since 1 January 2018</i>) ISIN: LV0000400968 - R Acc EUR (hedged) ISIN: LV0000400828
Registration date of the Fund:	23 May 2013 (re-registered on 30 March 2015)
Number of the Fund:	FL130
Investment management company name:	CBL Asset Management IPAS
Investment management company's registered office:	Republikas laukums 2a, Rīga, LV-1010, Latvia
Investment management company's registration number:	40003577500
Number of the license for investment management company operations:	06.03.07.098/367
Name of the Fund's Custodian:	Citadele banka AS
Registered office of the Fund's Custodian:	Republikas laukums 2a, Rīga, LV-1010, Latvia
Registration number of the Fund's Custodian:	40103303559
Investment management company's Council and Board 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 Member of the Council - 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 investment fund management:	The Council and the Board members shall perform all duties prescribed in laws and regulations of the Republic and in the Articles of Association of the investment management company
Fund Managers:	Andris Kotāns – appointed on 15.03.2013 Edgars Lao – appointed on 15.03.2013
Rights and responsibilities related to the Fund's management:	The Fund Manager shall perform all duties prescribed in laws and regulations of the Republic of Latvia, in the Articles of Association of the investment management company and in the prospectus of the Fund
Auditor:	KPMG Baltics SIA Vesetas iela 7 Rīga, LV-1013 License No 55 Latvia

INVESTMENT MANAGEMENT COMPANY REPORT

The investment fund "CBL Global Emerging Markets Bond Fund" (hereinafter - the Fund) is a debt security investment fund and, after the amendments were made to the Fund's framework documents, coming into effect on 1 January 2018, the Fund offers two share classes: R Acc USD and R Acc EUR (hedged). Now investors have the opportunity to invest both in the euros, i.e. in R Acc EUR (hedged) class share certificates, and in the U.S. dollars, i.e. in the new R Acc USD class share certificates. The Fund manager is the investment management company CBL Asset Management, legal address Republikas laukums 2a, Riga, LV-1010, registered under No. 40003577500. The Investment Company's operating license is No. 06.03.07.098/367.

The Fund aims at achieving long-term capital appreciation by investing in debt securities issued or guaranteed by central governments, municipalities, central banks, credit institutions and commercial companies 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 a single currency, industry or country securities. There were no changes in the Fund's policy during the reporting period.

In 2018, the net assets of the Fund increased by 25.16% or EUR 5,233,179 and at the end of the reporting period amounted to EUR 26,033,503. As at 31 December 2018, gross assets amounted to EUR 26,263,000. The return of the Fund and its value are calculated for each sub-class individually. At the end of the reporting period the value of the unit of the *CBL Global Emerging Markets Bond Fund R Acc USD* class was EUR 8.59, while the value of the unit of the *CBL Global Emerging Markets Bond Fund R Acc EUR (hedged)* class decreased by EUR 0.52 and at the end of the period amounted to EUR 10.91. In 2018, the return of the *CBL Global Emerging Markets Bond Fund R Acc USD* share class was 3.02% (annualized - in the euros according to the ECB exchange rates) and -1.60% (annualized) in the Fund's base currency (USD) fixed by the financial markets at the end of the day. In 2018, the return of the *CBL Global Emerging Markets Bond Fund R Acc EUR (hedged)* share class was -4.55% (annualized according to the ECB exchange rates) and -4.38% (annualized - in the Fund's base currency (EUR)) fixed by the financial markets at the end of the day.

In 2018, the global financial markets showed significant fluctuations; moreover, the year was closed with a significant global stock market decline. Such volatility was mainly caused by the following factors: the ignited U.S.-China trade war, investor concerns for the slowdown of global economy and changes in the U.S. monetary policy regime. These global developments also caused a headwind to the emerging market debt. In the reporting period, the market value of the Eurobonds, in U.S. dollar terms, issued by emerging countries decreased by 3%, while the local currency bonds of emerging countries lost about 6% due to the depreciation of the local currencies. In the reporting period, all the Eurobond markets of emerging countries demonstrated negative results with Latin America excelling in this respect. Among individual countries of the region, the steepest fall was demonstrated by Argentina who in 2018 experienced the most severe droughts over the last 50 years. This had a negative impact on the important agriculture sector and during the summer period the peso depreciated by half. Such rapid currency depreciation significantly reduced the external debt-servicing capacity both by the government and businesses. Meanwhile, on local currency bond market the greatest losses were suffered by Turkey which faced the risk of overheating economy; moreover, the non-traditional economic theory of President Erdoğan and his desire to influence the activities of the Central Bank only worsened the overall situation. However, in September, the Central Bank of Turkey managed to partly restore investor confidence in its ability to make independent decisions; as a result, the market recovered the losses incurred.

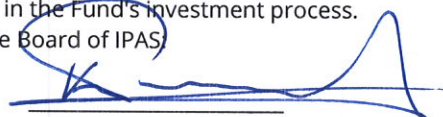
The Fund's relative performance was better than that of the market in general, with its loss reaching 1.7%. More successful investments in the debt securities of Eastern European region as well as in Latin American Eurobonds enabled to considerably improve the Fund's relative performance. In the reporting period, new investments were made in Belarusian, Chilean and other sovereign securities; at the same time the Fund sold its investments in Bulgaria and Sri Lanka. At the end of the reporting period, the Fund's average yield in U.S. dollar terms was 7.3%, average duration - 3.6 and average credit rating - Ba1/BB+. At the end of 2018, the Fund's exposure to the local currency bond markets was 15.34% of the Fund's net assets.

In the reporting period, the total management costs amounted to EUR 422,156, which did not exceed the maximum amount of 3.00% provided in the Fund's prospectus. In the reporting period, the investment management company fee of EUR 367,201, custodian fee - EUR 44,064 and other Fund management expenses - EUR 10,891 were covered from the Fund's assets. In 2018, the Fund's ongoing charge figure was 1.69% of the Fund's average net asset value.

As of the last day of the reporting year until the date of signing these financial statements there have been no significant events of material effect on the Fund's financial position.

The management team of IPAS CBL Asset Management closely follows developments both on domestic and global scale of such factors as stability of economic growth, monetary and fiscal policies of leading economies as well as potential inflationary and political risks, as they have a substantial impact on the economic and capital market dynamics of emerging markets. The instrument selection, regardless of the sector and the country will continue to be a decisive factor in the Fund's investment process.

For the Board of IPAS



Kārlis Purgailis

Chairperson of the Board

Riga, 29 April 2019

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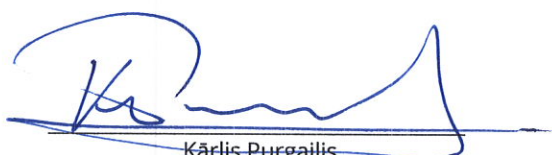
STATEMENT OF RESPONSIBILITY OF THE BOARD OF THE INVESTMENT MANAGEMENT COMPANY

The Board of Investment Management Company (hereinafter - the Company) is responsible for preparation of financial statements of the investment fund "CBL Global Emerging Markets Bond Fund" (hereinafter - the Fund).

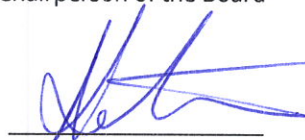
The financial statements on pages 7 through 27 are prepared based on source documents and present fairly the financial position of the Fund as at 31 December 2018 and the results of its operations in 2018.

Financial statements mentioned above are prepared in accordance with the International Financial Reporting Standards adopted by the European Union, as required by the regulation of the Financial and Capital Market Commission (FCMC) *On Preparation of Annual Reports, Consolidated Annual Reports and Semi-Annual Reports of Investment Fund and Open Alternative Investment Fund* on a going concern basis. Appropriate accounting methods have been consistently applied in the reporting period, except for the changes made to the accounting policies with regard to interest income and revaluation results. Prudent and reasonable judgments and estimates have been made by the Management in the preparation of the financial statements.

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



Kārlis Purgailis
Chairperson of the Board



Andris Kotāns
Fund Manager



Edgars Lao
Fund Manager

Riga, 29 April 2019

Riga,
25 February 2019

CUSTODIAN BANK REPORT

To the Share Certificates holders of IF 'CBL Global Emerging Markets Bond fund'
For the period from 1 January 2018 to 31 December 2018

AS Citadele banka, registered in the Register of Enterprises of the Republic of Latvia on 30 June 2010 with No 40103303559, registered office: Republikas laukums 2a, Riga, hereby confirms the following:

- in accordance with the Custody Agreement concluded on 7 April 2017 AS Citadele banka (hereinafter the Custodian) performs custodian's duties for the investment fund 'CBL Global Emerging Markets Bond fund' (hereinafter the Fund) established by IPAS 'CBL Asset Management' (hereinafter the Company);
- the Custodian has performed the functions of the Fund's custodian pursuant to the law "On Investment Management Companies" (hereinafter the Law), Regulations of Financial and Capital Market Commission and other applicable laws and regulations of the Republic of Latvia.

The Custodian is responsible for performance of obligations set forth in laws and regulations of the Republic of Latvia and in the Custodian Agreement. The main responsibilities of the Custodian include:

- holding of the Fund's assets as well as documents confirming ownership of the Fund's assets in accordance with the laws and regulations of the Republic of Latvia and Custody Agreement;
- ensuring the maintenance of the Fund's accounts, receiving and executing the Company's orders, as well as settlement of the orders according with requirements of laws and regulations of the Republic of Latvia, Custody Agreement and current market practice;
- ensuring the Company with regular reports on Fund's assets and its value (prices of the securities);
- ensuring that the value of the Fund and Fund's Share Certificates is estimated in accordance with requirements of the Law, Regulations of Financial and Capital Market Commission, Fund's prospectus and Fund Management Regulations.;
- ensuring that the issue, sale and repurchase of the Fund's Share Certificates is performed in accordance with the Law, Fund's prospectus and Fund Management Regulations.

During the period from 1 January 2018 to 31 December 2018:

- Issue, sale and repurchase of the Fund's Share Certificates were effected in compliance with requirements of the Law, Fund's prospectus and Fund Management Regulations;
- Fund assets were held in accordance with requirements of the Law and Custody Agreement;
- The value of the Fund's net assets was assessed in accordance with requirements of the Law, Regulations of Financial and Capital Market Commission, Fund's prospectus and Fund Management Regulations;
- the Company's orders, as well as transactions executed with the Fund's assets were performed in accordance with the Law, Fund's prospectus, Fund Management Regulations and the Custody Agreement.

During the reporting period, no errors or non-compliance with the applicable laws and regulations of the Republic of Latvia were detected in the Company's operations with the Fund's assets.

A handwritten signature in blue ink, appearing to read "Guntis Belavskis", written over a horizontal line.

Guntis Belavskis
Chairman of the Management Board, p.p.

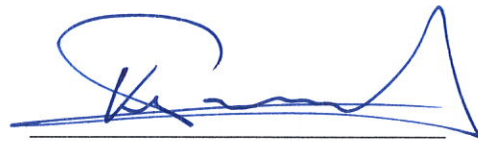
IF "CBL Global Emerging Markets Bond Fund"
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STATEMENT OF ASSETS AND LIABILITIES

	Notes	31.12.2018	31.12.2017
Assets			
Due on demand from credit institutions	3	1,493,080	1,319,091
Financial assets at fair value through profit or loss:			
Debt instruments	4	23,838,854	18,372,367
Share certificates of investment funds and similar securities	5	775,676	945,621
Derivative financial instruments	6	155,390	194,688
Total assets		26,263,000	20,831,767
Liabilities			
Financial liabilities at fair value through profit or loss :			
Derivative financial instruments	6	(192,011)	-
Accrued expenses	7	(37,486)	(31,443)
Total liabilities		(229,497)	(31,443)
Net assets		26,033,503	20,800,324

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

For the Board of IPAS:


 Kārlis Purgailis
 Chairperson of the Board

Riga, 29 April 2019

IF "CBL Global Emerging Markets Bond Fund"
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STATEMENT OF INCOME AND EXPENSES

	Notes	31.12.2018	31.12.2017
Income for the reporting period			
Interest income	8	1,393,130	1,310,259
Other income		-	15,937
Total income		1,393,130	1,326,196
Expenses for the reporting period			
Remuneration to investment management company		(367,201)	(305,290)
Custodian Fee		(44,064)	(36,635)
Other Fund management expenses		(10,891)	(8,761)
Total expenses		(422,156)	(350,686)
Increase/ (decrease) in investment value			
Realized increase/ (decrease) in investment value	9	(369,867)	222,770
Unrealized increase/ (decrease) in investment value	10	(590,591)	233,258
Total increase/ (decrease) in investments		(960,458)	456,028
Foreign currency revaluation result		(954,849)	(620,637)
Increase/(decrease) in net assets from investment		(944,333)	810,901

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

For the Board of IPAS:



Kārlis Purgailis
Chairperson of the Board

Riga, 29 April 2019

IF "CBL Global Emerging Markets Bond Fund"
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STATEMENT OF CHANGES IN NET ASSETS

CBL Global Emerging Markets Bond Fund	31.12.2018	31.12.2017
Net assets at the beginning of the reporting period	20,800,324	19,588,069
(Decrease)/ increase in net assets from investment	(944,333)	810,901
Transactions with share certificates		
<i>Inflow from sale of share certificates</i>	7,604,884	1,227,563
<i>Outflow on redemption of share certificates</i>	(1,427,372)	(826,209)
Increase/ (decrease) in net assets from transactions with share certificates	6,177,512	401,354
Net asset increase in the reporting period	5,233,179	1,212,255
Net assets at the end of the reporting period	26,033,503	20,800,324

CBL Global Emerging Markets Bond Fund: Class R Acc USD
ISIN : LV0000400968

	31.12.2018	31.12.2017
Number of share certificates issued as at the beginning of the reporting period	-	-
Number of share certificates issued at the end of the reporting period	366,599	-
Net assets per share certificate as at the beginning of the reporting period	-	-
Net assets per share certificate as at the end of the reporting period	8.59	-

CBL Global Emerging Markets Bond Fund: Class R Acc EUR (hedged)
ISIN : LV0000400828

	31.12.2018	31.12.2017
Number of share certificates issued as at the beginning of the reporting period	1,819,677	1,783,899
Number of share certificates issued at the end of the reporting period	2,103,071	1,819,677
Net assets per share certificate as at the beginning of the reporting period	11.43	10.98
Net assets per share certificate as at the end of the reporting period	10.91	11.43

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

For the Board of IPAS:



Kārlis Purgailis
Chairperson of the Board

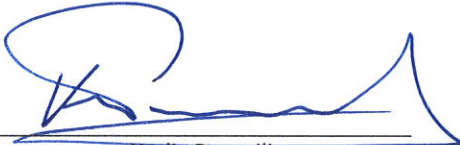
Riga, 29 April 2019

CASH FLOW STATEMENT

	31.12.2018	31.12.2017
Interest income	1,404,785	1,248,501
Other income	-	-
<i>Investment management expenses</i>	(415,433)	(349,988)
Acquisition of financial investments	(14,637,485)	(11,912,684)
Sale/ disposal of financial investments	8,544,196	10,061,003
Foreign currency translation result	(920,112)	645,430
(Decrease)/ increase in cash and cash equivalents from operating activities	(6,024,049)	(307,738)
Inflow from sale of share certificates	7,604,884	1,227,563
Outflow on redemption of share certificates	(1,427,372)	(826,209)
Increase in cash and cash equivalents from financing activities	6,177,512	401,354
Increase in cash and cash equivalents	153,463	93,616
Cash and cash equivalents at the beginning of the reporting period	1,319,091	1,291,325
Foreign currency revaluation result	20,526	(65,850)
Cash and cash equivalents at the end of the reporting period	1,493,080	1,319,091

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

For the Board of IPAS:



Kārlis Purgailis
Chairperson of the Board

Riga, 29 April 2019

IF "CBL Global Emerging Markets Bond Fund"
2018. gada pārskats

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 GENERAL INFORMATION

Name of the Fund:	CBL Global Emerging Markets Bond Fund (hereinafter - the Fund)
Type of the Fund:	Investment fund
Scope of the Fund:	Investments primarily in debt securities issued or guaranteed by the emerging countries' governments, local authorities, central banks, credit institutions and commercial undertakings. The Fund's investment portfolio is diversified between investments in different countries and sectors, with the aim of providing more protection against fluctuations in the value of the Fund's assets, compared with investments in securities of only one country or sector.
	The Fund's base currency is the U.S. dollar (USD).
Investment management company name:	IPAS CBL Asset Management (hereinafter - the Company) Republikas laukums 2a, Rīga, LV-1010, Latvia

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The financial statements of IF CBL Global Emerging Markets Bond Fund (hereinafter - the Fund) are prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS) and as required by the Regulation of the Financial and Capital Market Commission (FCMC) *On Preparation of Annual Reports, Consolidated Annual Reports and Semi-Annual Reports of Investment Fund and Open Alternative Investment Fund*.

The financial statements are prepared on a historical cost basis and adjusted for the fair value of the financial instruments held for trading.

The monetary unit used in the financial statements is the euro (EUR), the official currency of the Republic of Latvia. The financial statements cover the period 1 January 2018 through 31 December 2018.

Functional and reporting currency

The functional currency of the Fund is the U.S. dollar, but complying with the FCMC requirements, the Fund also maintains accounts in the euros.

Significant estimates and assumptions

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

The most significant estimates and assumptions refer to the measurement of the fair value of financial assets.

Income and expense recognition

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

Interest income and expenses are recognized in the statement of income and expenses, based on the effective interest rate method. The effective interest rate is the rate that is used for the exact discounting of future cash flows of the financial instrument over the expected useful life of the financial asset or liability.

Remuneration for the Fund's management and Custodian fee is calculated as a certain part of the value of the Fund's assets, accrued on a daily basis but paid out on a monthly basis (except for the variable remuneration to the asset manager for the Fund's performance which is paid once a year).

Foreign currency revaluation

Transactions in foreign currencies are revaluated into euro at the foreign exchange rate stated by the European Central Bank as at the transaction date. Monetary assets and liabilities denominated in foreign currencies are revaluated into euro according to the foreign exchange rate stated by the European Central Bank as at the end of the last day of the reporting period. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are revaluated into functional currency at the exchange rate at the date when the fair value was determined. The exchange rates (foreign currency units against the EUR) stated by the European Central Bank that were mainly applied when preparing the statement of assets and liabilities of the fund were as follows:

Currency	31.12.2018	31.12.2017
BRL	4.4440	3.9729
COP	3726.2700	3586.41
IDR	16500.0000	16239.1200
HUF	320.9800	310.3300
MXN	22.49210	23.6612
PLN	4.3014	4.1770
RUB	79.71530	69.3920
TRY	6.05880	4.5464

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Currency	31.12.2018	31.12.2017
USD	1.1450	1.1993
ZAR	16.45940	14.8054

Cash and cash equivalents

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

Financial instruments

The Company recognizes a financial asset when, and only when, the Company becomes a party to the contract. Financial assets are classified as either measured at amortized cost, at fair value through other comprehensive income or at fair value through profit or loss. The basis for classification is both business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. At acquisition the applicable classification is evaluated based on the guidelines established by the Company. To classify a financial asset to a particular category, the Company at inception determines whether the asset meets the relevant business model and contractual cash flow criteria. The business model is revealed through the activities of the Company. It stems from the Company's typical way of managing its financial assets in order to generate cash flows; thus, the assessment is not performed on the basis of scenarios that the Company does not reasonably expect to occur. In a stress case, if cash flows are recovered in a way that is different from the Company's expectations embedded in the business model, it does not give rise to a prior period error nor does it change the classification of the remaining financial assets held in that business model. However, for future acquisitions historical cash flows are considered and may give rise to changes in the business model.

All financial assets are recognized initially at fair value plus directly attributable transaction costs, except in the case of financial assets stated at fair value through profit or loss. All "regular way" purchases and sales of investments are recognized using settlement date accounting. The settlement date is the date when an asset is delivered to or by the Company. Settlement date accounting refers to the recognition of an asset on the day it is transferred to the Company and to the de-recognition of an asset, on the day that it is transferred by the Company.

Financial instruments at fair value through profit or loss

A financial asset is measured at fair value through profit or loss unless it is measured at amortized cost or at fair value through other comprehensive income. For equity instruments that would otherwise be measured at fair value through profit or loss an irrevocable election at initial recognition on instrument-by-instrument basis is made to present subsequent changes in fair value in other comprehensive income. Also a financial asset or liability, at initial recognition, may be irrevocably designated as measured at fair value through profit or loss if doing so eliminates or significantly reduces "accounting mismatch" that would otherwise arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases, or when a group of financial liabilities or a group of financial assets and financial liabilities are managed and its performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the management.

Excluding interest on interest rate swaps, interest on financial assets measured at fair value through profit or loss is included in net interest income. Revaluation and trading gains or losses arising from changes in fair value of financial assets or financial liabilities that are measured at fair value through profit or loss, as well as interest on interest rate swaps, are recognized directly in the statement of income as net financial income. Such financial assets and liabilities are subsequently re-measured at fair value based on available market prices or broker quotes.

Included in this category are (a) unit-linked investment contract liabilities and respective investments and (b) certain life insurance contract liabilities, which are managed and evaluated on a fair value basis in accordance with a documented risk management or investment strategy. According to unit-linked investment contract terms, the credit risk associated with the investments made by the insurance underwriter is fully attributable to the counterparty entering into the insurance agreement and not the underwriter. As such, by designating both assets acquired and liabilities undertaken at fair value through profit or loss, a potential accounting mismatch is avoided.

Financial assets and liabilities which are held for trading are measured at fair value through profit or loss. Financial assets and liabilities are held for trading if they are either acquired to generate profit from short-term fluctuations in price or dealer's margin or they are a part of the portfolio characterized by generating short-term profit. The Fund also has balances due on demand from credit institutions; however, given their structure and credit ratings, the expected credit loss allowances are not significant.

Derivative financial instruments

For the purposes of price risk management, the Fund can perform transactions in derivative financial instruments. For accounting purposes, all derivatives are classified as held for trading and are accounted for as follows.

Subsequent to initial recognition and measurement, the contracts are recognized at their fair value. The fair value of these contracts is recognized in the statement of assets and liabilities as derivative financial instruments. The notional value of these contracts is disclosed in the notes to the financial statements.

Profit or loss from changes in claims and liabilities that arise from the contracts are charged to the statement of income and expenses as the foreign currency revaluation result.

IF "CBL Global Emerging Markets Bond Fund" 2018. gada pārskats

Recognition and derecognition

All purchases and sales of financial assets are recognized on the settlement date. Financial assets are derecognized when the contractual rights to receive cash flows from the financial asset expire or when the Company has transferred substantially all the risks and benefits incidental to ownership of an asset. Financial assets at fair value through profit or loss are initially recognized at fair value and all transaction costs are carried to the statement of income and expenses. Other financial assets are initially recognized at fair value plus transaction costs.

Allowances for impairment of financial assets

The Company estimates expected credit losses to reflect the changes in credit risk since initial recognition of debt securities, balances due from credit institutions and central banks and financial commitments. Requirements for impairment allowances apply to financial assets at amortized cost, but do not apply to financial assets at fair value through profit or loss. For financial assets measured at fair value through other comprehensive income, the loss allowance is recognized in other comprehensive income and does not reduce their carrying amount in the balance sheet.

Impairment allowances are recognized based on forward-looking information, even if no credit loss event has occurred. The assessment considers a broad range of information, but as most of these types of exposures are assigned credit ratings, it relies heavily on external credit ratings and reported by rating agencies default rates derived by calculating multi-period rating transition matrices. If unavailable for evaluation purposes, external credit ratings may be substituted by internally calculated credit quality levels. Credit risk triggers (event of insolvency, any delay of payments, restructuring of debt) and individual credit risk analysis of the issuer are also considered. The Group deems investment grade rated exposures as low credit risk, thus these are assumed not to have experienced a significant increase in credit risk. For non-investment grade exposures decrease in external credit rating by more than 3 notches since acquisition is deemed significant increase in credit risk. Expected credit losses are recognized based on the stage in which the exposure is allocated at the reporting date. 12-month expected credit losses are recognized for Stage 1 exposures, where credit risk since initial recognition has not increased significantly. Lifetime expected credit losses are recognized for Stage 2 exposures, whose credit risk has increased significantly since initial recognition, and Stage 3 exposures which are credit impaired. Stage 3 exposures, if any identified, would additionally be subjected to comprehensive evaluation, including comparison to market valuations for similar exposures, analysis of market depth of the respective security, past trading performance and all other available information.

Fair value of financial assets and liabilities

Fair value is the price that would be received from selling an asset or paid to transfer a liability in an arm's length transaction between market participants at the measurement date in the principal market, or in its absence, the most advantageous market to which the Company has access at that date. The fair value of liabilities reflects the risk of default.

When possible, the Company measures the fair value of the Fund's financial instruments using the price of the respective financial instrument quoted in an active market. A market is regarded active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Securities are revaluated based on the bid prices available from Bloomberg and NASDAQ OMX Riga financial information. Securities purchase and sales transactions are recognized at the settlement date. The acquisition cost is measured using the FIFO (*first in, first out*) method.

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

As regards initial recognition, the best evidence of fair value is the transaction price, i.e., the fair value of remuneration given or received. If the Company determines that the fair value at initial recognition differs from the transaction price and the fair value is evidenced neither by the quoted market price of an identical asset or liability in an active market, nor by results of assessment methods that use only observable data, the financial instrument is initially carried at fair value which is adjusted to reflect the difference between the fair value at initial recognition and the transaction price. Later this difference is recognized in the profit or loss statement, taking into account the instrument's expected useful life, but no later than the time when the value may be fully justified by observable market data or when the transaction is completed.

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

The description of the methods used in determining the fair value by 3 levels based on the level of the observable inputs used in the valuation techniques is provided below.

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

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

Level 3 represents financial instruments whose fair value is determined using available market data and the Company's internal estimates.

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

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

Taxes

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

Changes in accounting policies

The Fund has consistently applied the accounting policies through all the periods presented in these financial statements, except for the changes described below.

New standards and interpretations

In 2018, a number of new IFRS came into effect which are applicable to the Fund.

The following guidelines with effective date of 1 January 2018 were adopted for these financial statements. The relevant impact, if any, is disclosed throughout these financial statements.

IFRS 9 'Financial Instruments' (replaces IAS 39). When implementing IFRS 9, the Company elected to do a full restatement for the prior periods. During the implementation process, the Company focused on upgrading the necessary processes, systems, models and capabilities. The new standard provides for different criteria for the classification of assets. To classify assets at amortized cost in accordance with the requirements of the new standard, the respective assets must be assessed under the 'solely payment of principal and interest (SPPI)' principle. Re-assessment of business models in the context of the new standard forms the basis for classification and measurement. As all the Company's assets are held for trading, there were no changes in classification at initial recognition.

As the Company's securities are measured at fair value through profit or loss, the adoption of the expected credit loss concept provided in the new standard did not change the allowance level. For assets at fair value through profit or loss no expected credit losses have to be estimated as they have already been included in the fair value of the assets. Such assets also need not be classified in stages depending on changes in their credit quality since initial acquisition or recognition. The Fund also has balances due on demand from credit institutions balances; however, given the current structure and credit ratings, the expected credit loss allowances are not significant.

IFRS 15 'Revenue from Contracts with Customers'. The new standard establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaced IAS 18 'Revenue', IAS 11 'Construction Contracts' and related interpretations. The Company initially applied IFRS 15 on 1 January 2018 retrospectively in accordance with IAS 8 without using any practical expedients. The timing or amount of the Company's fee and commission income from contracts with customers was not affected by the adoption of IFRS 15.

New standards, amendments to standards and interpretations which are effective for annual periods beginning on or after 1 January 2018 or which have not yet been endorsed by the EU and which are not expected to have a significant impact on the Company are as follows:

IFRS 16 'Leases' (replaces IAS 17, IFRIC interpretation 4, IFRIC interpretation 15, IFRIC interpretation 27). The standard is effective for annual periods beginning on or after 1 January 2019. Early application is permitted if the entity also applies IFRS 15.

IFRS 17 'Insurance Contracts'. The standard is effective for annual periods beginning on or after 1 January 2019. Early application is permitted if the entity also applies IFRS 9 and IFRS 15.

Amendments to IFRS 4: Applying IFRS 9 'Financial Instruments' with IFRS 4 'Insurance Contracts'. The amendments are effective for annual periods beginning on or after 1 January 2021; must be applied retrospectively.

Annual improvements to IFRS:

- Investments in Associates and Joint Ventures (amendments to IAS 28);
- Plan Amendment, Curtailment or Settlement (amendments to IAS 19);
- IFRIC Interpretation 23: Uncertainty over Income Tax Treatments;
- Revised Conceptual Framework for Financial Reporting.

The Company is in the process of evaluating the potential effect, if any, of these new standards and interpretations as well as of other changes on the financial statements.

NOTE 3 DUE ON DEMAND FROM CREDIT INSTITUTIONS

	31.12.2018	31.12.2017	% of the Fund's net assets 31.12.2018
Due on demand from credit institutions, AS Citadele Banka	1,493,080	1,319,091	5.74%
Total demand deposits with credit institutions	1,493,080	1,319,091	5.74%

NOTE 4 DEBT INSTRUMENTS AND OTHER FIXED INCOME SECURITIES

	31.12.2018	31.12.2017	Annual yield to maturity 31.12.2018	% of the Fund's net assets 31.12.2018
Debt instruments of credit institutions:	1,936,076	3,021,474	8.32%	7.44%
Debt instruments of credit institutions of non-OECD countries	1,936,076	3,021,474	8.32%	7.44%
Corporate debt instruments:	14,816,558	8,863,633	6.61%	56.91%
Corporate debt instruments of non-OECD countries	11,765,821	6,911,479	6.85%	45.19%
Corporate debt instruments of OECD countries	3,050,737	1,539,576	5.72%	11.72%
Latvian corporate debt instruments	-	412,578	-	-
Government debt instruments:	2,352,048	3,249,646	6.89%	9.04%
Government debt instruments of non-OECD countries	1,094,166	2,289,401	14.76%	4.20%
Government debt instruments of OECD countries	1,257,882	960,245	0.00%	4.84%
Financial institution debt instruments:	4,734,172	3,237,614	7.87%	18.18%
Debt instruments of financial institutions of non-OECD countries	2,088,087	1,667,239	7.86%	8.02%
Debt instruments of financial institutions of OECD countries	2,646,085	1,570,375	7.88%	10.16%
Total debt instruments and other fixed income instruments	23,838,854	18,372,367	7.03%	91.57%

All debt instruments and other fixed income instruments are classified as financial assets at fair value through profit or loss.

All fixed income securities held by the Fund are traded on regulated markets, except for not traded on regulated markets the fixed income securities worth EUR 912,699.

The following table presents the debt instruments broken down by the issuer's country of origin:

Financial instrument	ISIN code	Currency	Nominal amount	Acquisition value (EUR)	Carrying amount 31.12.2018	% of the Fund's net assets 31.12.2018
Financial instruments traded on regulated markets:				23,337,182	22,926,155	88.06%
Debt instruments of Indian issuers:				2,067,720	2,033,375	7.81%
ONGC Videsh Vankorneft Pte Ltd 3.75% 07/2026	XS1457499645	USD	1 000 000	787,587	823,273	3.16%
Bharti Airtel 5.35% 05/2024	USN1384FAB15	USD	900 000	767,845	776,354	2.98%
Vedanta Resources PLC 7.125% 05/2023	USG9328DAJ93	USD	550 000	512,288	433,748	1.67%
Debt instruments of Brazilian issuers:				2,089,001	2,008,605	7.71%
Embraer Overseas Ltd 5.696% 09/2023	USG30376AB69	USD	600 000	591,759	554,141	2.13%
JBS 7.25% 04/2024	USA29866AB53	USD	600 000	520,930	537,532	2.06%
Marfrig 8% 08/2023	USN54468AF52	USD	600 000	531,190	526,820	2.02%
Brazilian Government International Bond 10.25% 01/2028	US105756BN96	BRL	1 500 000	445,122	390,112	1.50%
Debt instruments of Russian issuers:				2,006,437	1,992,859	7.65%
Severstal 5.90% 10/2022	XS0841671000	USD	700 000	595,987	633,437	2.43%
NLMK 4.5% 06/2023	XS1405775617	USD	700 000	639,421	596,269	2.29%
PhosAgro 3.949% 04/2023	XS1752568144	USD	600 000	463,380	494,552	1.90%
Russian Railways 8.30% 04/2019	XS0764253455	RUB	21 000 000	307,649	268,601	1.03%
Debt instruments of Mexican issuers:				1,653,583	1,717,664	6.60%
Grupo KUO SAB De CV 5.75% 07/2027	USP4954BAF33	USD	650 000	565,119	531,406	2.04%
Credito Real SAB de CV SOFOM ER	USP32457AA44	USD	600 000	543,832	523,834	2.01%
Nemak SAB de CV 3.25% 03/2024	XS1533916299	EUR	500 000	517,757	494,530	1.90%
United Mexican States 6.50% 06/2022	MX0MGO0000Q0	MXN	4 000 000	26,875	167,894	0.64%
Debt instruments of South African issuers:				1,570,748	1,618,740	6.22%
SASOL Financing USA LLC 5.875% 03/2024	US80386WAA36	USD	900 000	786,712	792,902	3.05%

Financial instrument	ISIN code	Currency	Nominal amount	Acquisition value (EUR)	Carrying amount 31.12.2018	% of the Fund's net assets 31.12.2018
Sappi Papier 3.375% 04/2022	XS1117298676	EUR	500 000	481,857	508,242	1.95%
South Africa 7.25% 01/2020	ZAG000024738	ZAR	5 000 000	302,179	317,596	1.22%
Debt instruments issued by international financial institutions:				1,482,877	1,430,306	5.49%
IBRD 5.25% 10/2019	XS1503155068	MXN	10 000 000	422,277	436,308	1.68%
EBRD 7.375% 04/2019	XS1090177442	IDR	6 700 000 000	463,163	425,574	1.63%
IFC 16.0% 08/2023	XS1860980058	TRY	2 000 000	355,726	343,870	1.32%
IBRD 4.75% 01/2021	XS1757831216	COP	800 000 000	241,711	224,554	0.86%
Debt instruments of Indonesian issuers:				1,383,048	1,360,858	5.22%
Chandra Asri Petrochemical 4.95% 11/2024	USY7141GAA05	USD	900 000	713,591	690,728	2.65%
Listrindo Capital BV 4.95% 09/2026	USN5276YAD87	USD	850 000	669,457	670,130	2.57%
Debt instruments of Romanian issuers:				1,234,631	1,235,246	4.75%
Globalworth Real Estate Investments Ltd. 2.875% 06/2022	XS1577957837	EUR	650 000	668,362	657,781	2.53%
Digi Communications 5% 10/2023	XS1405770576	EUR	550 000	566,269	577,465	2.22%
Debt instruments of Turkish issuers:				1,224,050	1,167,707	4.49%
Turkey 6.0% 03/2027	US900123CL22	USD	800 000	677,784	668,705	2.57%
Arcelik 3.875% 09/2021	XS1109959467	EUR	500 000	546,266	499,002	1.92%
Debt instruments of Kazakh issuers:				1,045,772	1,000,941	3.84%
Halyk Savings Bank of Kazakhstan JSC 5.5% 12/2022	XS0867478124	USD	650 000	580,460	557,479	2.14%
Nostrum Oil & Gas 7.00% 02/2025	USN64884AD67	USD	800 000	465,312	443,462	1.70%
Debt instruments of Swedish issuers::				927,225	902,170	3.47%
DDM Debt AB 9.50% 01/2020	SE0009548332	EUR	500 000	526,131	519,812	2.00%
European Lingerie Group AB 7.75% 02/2021	SE0010831792	EUR	400 000	401,094	382,358	1.47%
Debt instruments of Ukrainian issuers::				789,738	735,714	2.83%
Kernel Holding 8.75% 01/2022	XS1533923238	USD	750 000	693,261	650,783	2.50%
First Ukrainian International Bank 11% 12/2018	XS0287015787	USD	95 182	96,477	84,931	0.33%
Debt instruments of Peruvian issuers:				683,135	681,076	2.62%
SAN Miguel Industrias Pet SA 4.50% 09/2022	USP84523AB85	USD	800 000	683,135	681,076	2.62%
Debt instruments of Georgian issuers:				658,890	652,655	2.51%
BGEO Group JSC 6% 07/2023	XS1405775880	USD	750 000	658,890	652,655	2.51%
Debt instruments of Panamanian issuers:				668,802	641,011	2.46%
Global Bank Corp 4.5% 10/2021	USP47718AC86	USD	750 000	668,802	641,011	2.46%
Debt instruments of Belarusian issuers:				610,971	619,982	2.38%
Eurotorg 8.75% 10/2022	XS1577952010	USD	700 000	610,971	619,982	2.38%
Debt instruments of Chilean issuers:				592,042	599,488	2.30%
Cencosud SA 5.15% 02/2025	USP2205JAK62	USD	700 000	592,042	599,488	2.30%
Debt instruments of Lithuanian issuers:				545,459	543,953	2.09%
Maxima Grupe UAB 3.25% 09/2023	XS1878323499	EUR	550 000	545,459	543,953	2.09%
Debt instruments of Norwegian issuers:				538,264	519,982	2.00%
B2Holding AS 7.50% 12/2020	NO0010753072	EUR	500 000	538,264	519,982	2.00%
Debt instruments of Paraguayan issuers:				514,461	486,324	1.87%
Telefonica Celular del Paraguay SA 6.75% 12/2022	USP90475AA57	USD	550 000	514,461	486,324	1.87%
Debt instruments of Polish issuers:				444,607	421,283	1.62%
Poland 3.25% 07/2025	PL0000108197	PLN	1 200 000	297,777	295,882	1.14%
Poland 5.25% 10/2020	PL0000106126	PLN	500 000	146,830	125,401	0.48%
Debt instruments of Argentinian issuers:				396,558	386,458	1.48%
Argentine Republic Government 5.0 % 01/2027	XS1503160498	EUR	500 000	396,558	386,458	1.48%
Debt instruments of USA issuers:				209,163	169,758	0.65%
Morgan Stanley 11.50% 10/2020	US61747WAA71	BRL	700 000	209,163	169,758	0.65%
Financial instruments not traded on regulated markets:				900,050	912,699	3.51%
Debt instruments of Estonian issuers:				900,050	912,699	3.51%
Mainor Ulemiste 5.5% 04/2023	EE3300111343	EUR	450 000	450,000	458,746	1.76%
Creditstar volakiri 11.00% 06/2019	EE3300111368	EUR	450 000	450,050	453,953	1.75%
Total debt instruments and other fixed income instruments:				24,237,232	23 838 854	91.57%

NOTE 5 SHARE CERTIFICATES OF INVESTMENT FUNDS AND SIMILAR CERTIFICATES

	31.12.2018	31.12.2017	% of the Fund's net assets 31.12.2018.
Share certificates of investment funds	775,676	945,621	2.98%
Share certificates of investment funds of OECD countries	775,676	945,621	2.98%
Total share certificates of investment funds	775,676	945,621	2.98%

All share certificates of investment funds are classified as held for trading.

As at 31 December 2018, no share certificates owned by the Fund (EUR 775,676 worth) were traded on regulated markets, while the manager provides their net asset value quotations on a daily basis.

The following table presents the breakdown of share certificates of investment funds and similar securities by the issuer's country of origin:

Financial instrument	ISIN code	Currency	Amount	Acquisition value (EUR)	Carrying amount 31.12.2018	% of the Fund's net assets 31.12.2018
Financial instruments not traded on regulated markets:				728,164	775,676	2.98%
Securities of Luxembourgian issuers:				728,164	775,676	2.98%
Schroder International Selection Fund - Asian Local Currency	LU0358730231	USD	6 600	728 164	775,676	2.98%
Total share certificates of investment funds and similar securities:				728,164	775,676	2.98%

NOTE 6 DERIVATIVE FINANCIAL INSTRUMENTS

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

	31.12.2018			31.12.2017			% of the Fund's net assets 31.12.2018
	Notional amount	Fair value		Notional amount	Fair value		
		Assets	Liabilities		Assets	Liabilities	
Foreign currency exchange transactions							
Swaps	31,501,091	155,390	(192,011)	11,379,731	194,688	-	(0.14%)
Total derivative financial instruments	31,501,091	155,390	(192,011)	11,379,731	194,688	-	(0.14%)

All derivative financial instruments are EUR and USD swaps concluded with AS Citadele Banka.

NOTE 7 ACCRUED EXPENSES

	2018	2017
Accrued expenses for investment management company fees	(29,958)	(24,562)
Accrued expenses for custodian fees	(3,595)	(2,948)
Accrued expenses for professional services	(3,933)	(3,933)
Total accrued expenses	(37,486)	(31,443)

NOTE 8 INTEREST INCOME

	2018	2017
From debt instruments and other fixed income instruments at fair value through profit or loss	1,393,130	1,310,259
Total interest income	1,393,130	1,310,259

NOTE 9 REALIZED INCREASE/ (DECREASE) IN INVESTMENT VALUE

	2018	2017
Proceeds from sale of investments in the reporting period*	8,425,015	10,202,169
Amortized cost of investments sold during the reporting period	(8,638,613)	(9,670,280)
Appreciation of sold investments recognized in prior reporting years	(156,269)	(309,119)
Total realized (decrease)/increase in investment value	(369,867)	222,770

* Proceeds from sales (disposal) of investments in the reporting period are recognized based on the exchange rate effective at the security acquisition date.

NOTE 10 UNREALIZED INCREASE/ (DECREASE) IN INVESTMENT VALUE

	2018	2017
From debt securities and other fixed income instruments	(587,960)	126,164
From share certificates of investment funds and similar securities	(2,631)	107,094
Total unrealized (decrease)/increase in investment value	(590,591)	233,258

NOTE 11 CHANGES IN INVESTMENTS

The following table shows the changes in investments in 2018:

	31.12.2017	Increase during the reporting period	Decrease during the reporting period*	Fair value adjustment	31.12.2018
Financial assets at fair value through profit or loss:					
<i>Debt instruments and other fixed income instruments</i>	18,372,367	14,637,485	(9,740,937)	569,939	23,838,854
<i>Share certificates of investment funds and similar securities</i>	945,621	-	(208,044)	38,099	775,676
<i>Derivative financial instruments, net</i>	194,688	-	-	(231,309)	(36,621)
Total investments	19,512,676	14,637,485	(9,948,981)	376,730	24,577,909

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

The following table shows the changes in investments in 2017:

	31.12.2016	Increase during the reporting period	Decrease during the reporting period*	Fair value adjustment	31.12.2017
Financial assets at fair value through profit or loss:					
<i>Debt instruments and other fixed income instruments</i>	17,748,077	11,912,684	(11,194,243)	(94,151)	18,372,367
<i>Share certificates of investment funds and similar securities</i>	1,055,307	-	(99,695)	(9,991)	945,621
<i>Derivative financial instruments, net</i>	(475,895)	-	-	670,583	194,688
Total investments	18,327,489	11,912,684	(11,293,938)	566,441	19,512,676

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

NOTE 12 PLEDGED ASSETS

In the reporting period, the Fund has neither issued any assurances or guarantees nor has it pledged or encumbered any assets.

NOTE 13 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

The following table analyzes the estimated fair value of financial instruments at the end of the reporting period by levels of the fair value hierarchy under which the fair value assessment has been categorized.

2018	Level 1:	Level 2:	Level 3:	Total
Financial assets				
Financial assets at fair value through profit or loss:				
<i>Debt instruments and other fixed income instruments</i>	22,543,797	841,104	453,953	23,838,854
<i>Share certificates of investment funds and similar securities</i>	775,676	-	-	775,676
<i>Derivative financial instruments, net</i>	-	155,390	-	155,390
	23,319,473	996,494	453,953	24,769,920
Financial liabilities				
Financial instruments at fair value through profit or loss		(192,011)		(192,011)
	23,319,473	804,483	453,953	24,577,909
2017	Level 1:	Level 2:	Level 3:	Total
Financial assets				
Financial assets at fair value through profit or loss:				
<i>Debt instruments and other fixed income instruments</i>	17,558,905	412,578	400,884	18,372,367
<i>Share certificates of investment funds and similar securities</i>	945,621	-	-	945,621
<i>Derivative financial instruments, net</i>	-	194,688	-	194,688
	18,504,526	607,266	400,884	19,512,676
Financial liabilities				
Financial instruments at fair value through profit or loss	-	-	-	-
	18,504,526	607,266	400,884	19,512,676

The table compares the opening and closing balances for Level 3 of the fair value assessment hierarchy.

EUR	Financial investments held for trading	Total
Balance as at 1 January 2018	400,884	400,884
Total profit or loss:		
in the statement of income and expenses	70,788	70,788
Acquisition	450,050	450,050
Settlement	(467,769)	(467,769)
Balance as at 31 December 2018	453,953	453,953

EUR	Financial investments held for trading	Total
Balance as at 1 January 2017	801,859	801,859
Total profit or loss:		
in the statement of income and expenses	49,591	49,591
Acquisition	-	-
Settlement	(44,000)	(44,000)
Reclassification from Level 3	(406,566)	(406,566)
Balance as at 31 December 2017	400,884	400,884

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The following table presents the valuation methods used to arrive at the fair values of Level 2 and Level 3 as well as the significant unobservable inputs:

Type	Valuation method	Significant unobservable data	Relationship between the relevant unobservable data and the fair value measurement
Financial investments held for trading (derivative financial instruments) – Level 2	Discounted cash flow method	n/a	n/a
Financial investments held for trading (debt securities and other fixed income securities) – Level 3	Discounted cash flow method	Discount rate	The estimated fair value would increase (decrease) if: the discount rate were lower (higher)

If at the end of the reporting period there were changes in any of the relevant unobservable input data used for the fair value measurement of financial instruments held for trading and all other input data held constant, the impact of such changes would be as follows:

	Impact on the profit or loss statement	
	Increase	(Decrease)
As at 31 December 2018		
Discount rate (2% change)	3,693	(3,742)
	Impact on the profit or loss statement	
	Increase	(Decrease)
As at 31 December 2017		
Discount rate (2% change)	3,291	(3,249)

NOTE 14 RISK MANAGEMENT

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

Risk management framework

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

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

The Manager of Investment Fund follows risk diversification and hedging principles whose objective is to reduce the investment risk that are developed in accordance with the Management Policy. When making investments on the Fund's account, the Company obtains sufficient information on potential or acquired 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.

When developing the Fund's investment strategy and setting risk limits, the Company performs an analysis of the Fund's distribution of investments by maturity, geographic location and currency assessing the risk level for each of these factors. The Company acts in strict compliance with the Prospectus of the Fund, Fund Management Regulations as well as regulations and restrictions prescribed in laws and regulations of the Republic of Latvia.

Market risk

Market risk is the probability that the Fund's value may decrease when any of the market factors changes, for example, in case of changes in interest rates (interest rate risk), prices of securities (price risk), foreign currency exchange rates (foreign currency risk) or other market risk factors. The assessment of each of these market risk sources is provided below, however, they cannot be fully diversified.

Interest rate risk

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

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

Changes in the market value of fixed income securities and interest income
(2018, EUR)

Currency	Changes in the base rates, bp	Changes in the annual interest income	Changes in market value	Impact of the base rate changes on the total value of the portfolio
EUR	100	6 579	(189 909)	(183 330)
IDR	100	-	(1 133)	(1 133)
ZAR	100	-	(3 002)	(3 002)
BRL	100	-	(22 804)	(22 804)
MXN	100	-	(8 599)	(8 599)
PLN	100	-	(18 470)	(18 470)
USD	100	-	(660 879)	(660 879)
RUR	100	-	(659)	(659)
TRY	100	-	(10 170)	(10 170)
COP	100	-	(5 263)	(5 263)
Total		6 579	(920 888)	(914 309)

Changes in the market value of fixed income securities and interest income
(2018, % of net assets)

Currency	Changes in the base rates, bp	Changes in the annual interest income	Changes in market value	Impact of the base rate changes on the total value of the portfolio
EUR	100	0	-0.73%	-0.70%
IDR	100	-	0.00%	0.00%
ZAR	100	-	-0.01%	-0.01%
BRL	100	-	-0.09%	-0.09%
MXN	100	-	-0.03%	-0.03%
PLN	100	-	-0.07%	-0.07%
USD	100	-	-2.53%	-2.53%
RUR	100	-	0.00%	0.00%
TRY	100	-	-0.04%	-0.04%
COP	100	-	-0.02%	-0.02%
Total		0.03%	-3.52%	-3.49%

Changes in the market value of fixed income securities and interest income
(2018, EUR)

Currency	Changes in the base rates, bp	Changes in the annual interest income	Changes in market value	Impact of the base rate changes on the total value of the portfolio
EUR	-100	(6 579)	189 909	183 330
IDR	-100	-	1 133	1 133
ZAR	-100	-	3 002	3 002
BRL	-100	-	22 804	22 804
MXN	-100	-	8 599	8 599
PLN	-100	-	18 470	18 470
USD	-100	-	660 879	660 879
RUR	-100	-	659	659
TRY	-100	-	10 170	10 170
COP	-100	-	5 263	5 263
Total		(6 579)	920 888	914 309

Changes in the market value of fixed income securities and interest income
(2018, % of net assets)

Currency	Changes in the base rates, bp	Changes in the annual interest income	Changes in market value	Impact of the base rate changes on the total value of the portfolio
EUR	-100	(0)	0.73%	0.70%
IDR	-100	-	0.00%	0.00%
ZAR	-100	-	0.01%	0.01%
BRL	-100	-	0.09%	0.09%
MXN	-100	-	0.03%	0.03%
PLN	-100	-	0.07%	0.07%
USD	-100	-	2.53%	2.53%
RUR	-100	-	0.00%	0.00%
TRY	-100	-	0.04%	0.04%
COP	-100	-	0.02%	0.02%
Total		-0.03%	3.52%	3.49%

Changes in the market value of fixed income securities and interest income
(2017, EUR)

Currency	Changes in the base rates, bp	Changes in the annual interest income	Changes in market value	Impact of the base rate changes on the total value of the portfolio
EUR	100	-	(253 165)	(253 165)
IDR	100	-	(4 990)	(4 990)
ZAR	100	-	(4 381)	(4 381)
BRL	100	-	(28 018)	(28 018)
MXN	100	-	(13 265)	(13 265)
PLN	100	-	(3 163)	(3 163)
HUF	100	-	-	-
USD	100	-	(270 687)	(270 687)
RUR	100	-	(3 518)	(3 518)
TRY	100	-	(1 180)	(1 180)
COP	100	-	-	-
Total		-	(582 365)	(582 365)

Changes in the market value of fixed income securities and interest income
(2017, % of net assets)

Currency	Changes in the base rates, bp	Changes in the annual interest income	Changes in market value	Impact of the base rate changes on the total value of the portfolio
EUR	100	-	-1.22%	-1.22%
IDR	100	-	-0.02%	-0.02%
ZAR	100	-	-0.02%	-0.02%
BRL	100	-	-0.13%	-0.13%
MXN	100	-	-0.06%	-0.06%
PLN	100	-	-0.02%	-0.02%
HUF	100	-	0.00%	0.00%
USD	100	-	-1.30%	-1.30%
RUR	100	-	-0.02%	-0.02%
TRY	100	-	-0.01%	-0.01%
COP	100	-	0.00%	0.00%
Total		0.00%	-2.80%	-2.80%

Changes in the market value of fixed income securities and interest income
(2017, EUR)

Currency	Changes in the base rates, bp	Changes in the annual interest income	Changes in market value	Impact of the base rate changes on the total value of the portfolio
EUR	-100	-	253 165	253 165
IDR	-100	-	4 990	4 990
ZAR	-100	-	4 381	4 381
BRL	-100	-	28 018	28 018
MXN	-100	-	13 265	13 265
PLN	-100	-	3 163	3 163
HUF	-100	-	-	-
USD	-100	-	270 687	270 687
RUR	-100	-	3 518	3 518
TRY	-100	-	1 180	1 180
COP	-100	-	-	-
Total		-	582 365	582 365

Changes in the market value of fixed income securities and interest income
(2017, % of net assets)

Currency	Changes in the base rates, bp	Changes in the annual interest income	Changes in market value	Impact of the base rate changes on the total value of the portfolio
EUR	-100	-	1.22%	1.22%
IDR	-100	-	0.02%	0.02%
ZAR	-100	-	0.02%	0.02%
BRL	-100	-	0.13%	0.13%
MXN	-100	-	0.06%	0.06%
PLN	-100	-	0.02%	0.02%
HUF	-100	-	0.00%	0.00%
USD	-100	-	1.30%	1.30%
RUR	-100	-	0.02%	0.02%
TRY	-100	-	0.01%	0.01%
COP	-100	-	0.00%	0.00%
Total		0.00%	2.80%	2.80%

Foreign currency risk

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

The following table shows the breakdown of assets and liabilities of the Fund by currency profile as at 31 December 2018:

	USD	EUR	Other	Total
Assets				
Due on demand from credit institutions	564,882	928,198	-	1,493,080
Financial assets through profit or loss:				
Debt instruments and other fixed income instruments	14,671,022	6,002,282	3,165,550	23,838,854
Share certificates of investment funds and similar securities	775,676	-	-	775,676
Derivative financial instruments	14,041,062	(13,885,672)	-	155,390
Total assets	30,052,642	(6,955,192)	3,165,550	26,263,000
Liabilities				
Financial instruments through profit or loss:				
Derivative financial instruments	1,144,496	(1,336,507)	-	(192 011)
Accrued expenses		(37,486)	-	(37,486)
Total liabilities	1,144,496	(1,373,993)	-	(229,497)
Net assets	31,197,138	(8,329,185)	3,165,550	26,033,503
<i>Net long/(short) position</i>	<i>119.83%</i>	<i>(31.99%)</i>	<i>12.16%</i>	<i>100.00%</i>

As at 31 December 2018, the other currency distribution was as follows: BRL - 559,870 EUR, COP - 224,554 EUR, IDR- 425,574 EUR, MXN- 604,202 EUR, PLN- 421,283 EUR, RUR- 268,601 EUR, TRY- 343,870 EUR, ZAR- 317,596 EUR.

The following table shows the breakdown of assets and liabilities of the Fund by currency profile as at 31 December 2017:

	USD	EUR	Other	Total
Assets				
Due on demand from credit institutions	211,402	1,107,689	-	1,319,091
Financial assets through profit or loss:				
Debt instruments and other fixed income instruments	8,155,223	7,608,527	2,608,617	18,372,367
Share certificates of investment funds and similar securities	945,621	-	-	945,621
Derivative financial instruments	(11,379,731)	11,574,419	-	194,688
Total assets	(2,067,485)	20,290,635	2,608,617	20,831,767
Liabilities				
Financial instruments through profit or loss:				
Derivative financial instruments	-	-	-	-
Accrued expenses		(31,443)	-	(31,443)
Total liabilities	-	(31,443)	-	(31,443)
Net assets	(2,067,485)	20,259,192	2,608,617	20,800,324
<i>Net long/(short) position</i>	<i>(9.94%)</i>	<i>97.40%</i>	<i>12.54%</i>	<i>100.00%</i>

As at 31 December 2017, the other currency distribution was as follows: BRL - EUR 618,519, IDR - EUR 443,208, MXN - EUR 569,068, PLN - EUR 131,443, RUR - EUR 310,572, TRY - EUR 291,819, ZAR - EUR 243,988.

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

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Effect of exchange rate fluctuations (2018)			
Currency	Share in the Fund (% of net assets)	Change in the exchange rate against USD	Impact on the Fund's value
USD	119.83%	0.00%	0.00%
EUR	-31.99%	7.22%	-2.31%
MXN	2.32%	13.05%	0.30%
BRL	2.15%	15.82%	0.34%
IDR	1.63%	6.36%	0.10%
PLN	1.63%	9.84%	0.16%
TRY	1.32%	27.54%	0.36%
ZAR	1.22%	16.52%	0.20%
RUB	1.03%	13.58%	0.14%
COP	0.86%	12.13%	0.10%
Total	100.00%		-0.59%

Effect of exchange rate fluctuations (2017)			
Currency	Share in the Fund (% of net assets)	Change in the exchange rate against USD	Impact on the Fund's value
EUR	97.40%	0.00%	0.00%
IDR	2.13%	7.22%	0.15%
ZAR	1.17%	15.56%	0.18%
BRL	2.97%	13.82%	0.41%
MXN	2.74%	12.72%	0.35%
PLN	0.64%	4.66%	0.03%
HUF	0.00%	3.99%	0.00%
USD	-9.94%	7.35%	-0.73%
RUR	1.49%	12.29%	0.18%
TRY	1.40%	12.66%	0.18%
COP	0.00%	10.46%	0.00%
Total	100.00%		0.75%

Credit risk

Credit risk refers to the probability that the value of the Fund may decrease if the Fund's counterparty or the issuer of debt securities is unable or refuses to meet the obligations. Consequently, only safe counterparties with a good reputation are selected when performing transactions with the Fund's assets. The Fund manager regularly monitors the solvency of the Fund's counterparties, analyzes their credit rating, financial situation and information in mass media. The Fund's asset credit quality is managed based on the international rating agencies Standard & Poor's, Moody's and Fitch credit ratings. In addition, issuers' financial statements, financial position and future prospects are also analyzed. The table shows the classification of debt securities issuers and credit institutions in which the Fund has deposits by credit ratings according to the following classification:

- High-quality financial instruments: MA - AA- (Standard & Poor's); Aaa - Aa3 (Moody's Investors Service); AAA - AA- (Fitch);
- Investment grade financial instruments: A+ - BBB- (Standard & Poor's); A1 - Baa3 (Moody's Investors Service); A+ - BBB- (Fitch);
- High risk financial instruments: BB+ - BB- (Standard & Poor's); Ba1 - Ba3 (Moody's Investors Service); BB+ - BB- (Fitch);
- Speculative financial instruments: B+ - C (Standard & Poor's); B1 - C (Moody's Investors Service); B+ - C (Fitch).

The following table shows the breakdown of the Fund's assets by credit ratings as at 31 December 2018:

	Investment				No rating	Total
	High-quality financial instruments	Investment grade financial instruments	Higher risk financial instruments	Speculative financial instruments		
Due on demand from credit institutions	-	-	1,493,080	-	-	1,493,080
Financial assets through profit or loss:						
Debt instruments and other fixed income instruments	1,430,306	6,938,963	9,931,067	3,638,718	1,899,800	23,838,854
Share certificates of investment funds and similar securities	-	-	-	-	775,676	775,676
Derivative financial instruments	-	-	(36,621)	-	-	(36,621)
Total investments	1,430,306	6,938,963	11,387,526	3,638,718	2,675,476	26,070,989

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The following table shows the breakdown of the Fund's assets by credit ratings as at 31 December 2017:

	High-quality financial instruments	Investment grade financial instruments	Higher risk financial instruments	Speculative financial instruments	No rating	Total
Due on demand from credit institutions	-	-	1,319,091	-	-	1,319,091
Financial assets through profit or loss:						
<i>Debt instruments and other fixed income instruments</i>	1,142,034	3,198,304	5,945,100	6,338,113	1,748,816	18,372,367
<i>Share certificates of investment funds and similar securities</i>	-	-	-	-	945,621	945,621
<i>Derivative financial instruments</i>	-	-	194,688	-	-	194,688
Total investments	1,142,034	3,198,304	7,458,879	6,338,113	2,694,437	20,831,767

Concentration risk

The business sector of the issuer and its geographical position are additional credit risk factors that can influence both the price of the securities issued and the issuer's solvency. Therefore it is important to identify concentration risk - i.e., the extent to which the Fund's value depends on changes in certain regions and/or sectors. Geographical distribution of credit risk concentration (based on the country whose position most affects the issuer's solvency) and distribution across sectors are presented in the table below.

The following table shows the geographical profile of assets and liabilities of the Fund as at 31 December 2018:

	Latvia	Other OECD countries	Non-OECD countries	Total
Assets				
Due on demand from credit institutions	1,493,080	-	-	1,493,080
Financial assets through profit or loss:				
<i>Debt instruments and other fixed income instruments</i>	-	6,954,704	16,884,150	23,838,854
<i>Share certificates of investment funds and similar securities</i>	-	775,676	-	775,676
<i>Derivative financial instruments</i>	155,390	-	-	155,390
Total assets	1,648,470	7,730,380	16,884,150	26,263,000
Liabilities				
Derivative financial instruments	(192,011)	-	-	(192,011)
Accrued expenses	(37,486)	-	-	(37,486)
Total liabilities	(229,497)	-	-	(229,497)
Net assets	1,418,973	7,730,380	16,884,150	26,033,503

The following table shows the geographical profile of assets and liabilities of the Fund as at 31 December 2017:

	Latvia	Other OECD countries	Non-OECD countries	Total
Assets				
Due on demand from credit institutions	1,319,091	-	-	1,319,091
Financial assets through profit or loss:				
<i>Debt instruments and other fixed income instruments</i>	412,578	4,070,196	13,889,593	18,372,367
<i>Share certificates of investment funds and similar securities</i>	-	945,621	-	945,621
<i>Derivative financial instruments</i>	194,688	-	-	194,688
Total assets	1,926,357	5,015,817	13,889,593	20,831,767
Liabilities				
Accrued expenses	-	(31,443)	-	(31,443)
Total liabilities	-	(31,443)	-	(31,443)
Net assets	1,926,357	4,984,374	13,889,593	20,800,324

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

Country	Carrying amount 31.12.2018	Carrying amount 31.12.2017	% of the Fund's net assets 31.12.2018
India	2,033,375	493,851	7.81%
Brazil	2,008,605	2,016,666	7.71%
Russia	1,992,859	1,434,750	7.65%
Mexico	1,717,664	1,709,704	6.60%
South Africa	1,618,740	756,840	6.22%
International financial institution	1,430,306	1,142,034	5.49%
Latvia	1,418,973	1,894,914	5.45%
Indonesia	1,360,858	765,319	5.22%
Romania	1,235,246	1,119,208	4.75%
Turkey	1,167,707	1,202,938	4.49%
Kazakhstan	1,000,941	938,838	3.84%
Estonia	912,699	400,884	3.51%
Sweden	902,170	429,933	3.47%
Luxembourg	775,676	945,621	2.98%
Ukraine	735,714	1,026,771	2.83%
Peru	681,076	514,120	2.62%
Georgia	652,655	533,920	2.51%
Panamas	641,011	470,685	2.46%
Belarus	619,982	-	2.38%
Chile	599,488	-	2.30%
Lithuania	543,953	-	2.09%
Norway	519,982	-	2.00%
Paraguay	486,324	473,582	1.87%
Poland	421,283	131,443	1.62%
Argentina	386,458	856,869	1.48%
USA	169,758	195,294	0.65%
Bulgaria	-	904,567	-
Sri Lank	-	441,573	-
Total	26,033,503	20,800,324	100.00%

The following table shows the breakdown of the Fund's net assets by sectors:

Sector	Carrying amount 31.12.2018	Carrying amount 31.12.2017	% of the Fund's net assets 31.12.2018
Financial services	4,734,172	3,237,614	18.18%
Commodities	4,149,878	1,615,682	15.94%
Consumer staples	3,478,558	1,560,840	13.36%
Government	2,352,048	3,249,646	9.03%
Manufacturing	2,035,224	1,859,637	7.82%
Commercial banks	1,936,076	3,021,474	7.44%
Telecommunications services	1,840,143	1,470,605	7.07%
Consumption services	1,375,890	1,058,582	5.29%
Energy	1,266,735	384,162	4.87%
Utilities	670,130	501,547	2.57%
IT services	-	412,578	-
Other	2,194,649	2,427,957	8.43%
Total	26,033,503	20,800,324	100.00%

Liquidity risk

Liquidity risk can occur if the Fund has difficulty in meeting its financial obligations. The Fund Manager strives to maintain such asset structure which ensures a possibility of selling securities in due time and with no significant losses. The following table shows the maturity profile of the Fund's assets and liabilities as at 31 December 2018:

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	Up to 1 month	1-3 months	3-6 months	6-12 months	1-5 years	More than 5 years and indefinite	Total
Assets							
Due on demand from credit institutions	1,493,080	-	-	-	-	-	1,493,080
Financial assets through profit or loss:							
<i>Debt instruments and other fixed income instruments</i>	84,931	902,340	1,148,128	436,308	13,166,185	8,100,962	23,838,854
<i>Share certificates of investment funds and similar securities</i>	-	-	-	-	-	775,676	775,676
<i>Derivative financial instruments</i>	24,036	131,354	-	-	-	-	155,390
Total assets	1,602,047	1,033,694	1,148,128	436,308	13,166,185	8,876,638	26,263,000
Liabilities							
Financial assets at fair value:							
<i>Derivative financial instruments</i>	(134,875)	(57,136)	-	-	-	-	(192,011)
Accrued expenses	(33,553)	-	(3,933)	-	-	-	(37,486)
Total liabilities	(168,428)	(57,136)	(3,933)	-	-	-	(229,497)
Net assets	1,433,619	976,558	1,144,195	436,308	13,166,185	8,876,638	26,033,503
<i>Net position, %</i>	<i>5.51%</i>	<i>3.75%</i>	<i>4.40%</i>	<i>1.67%</i>	<i>50.57%</i>	<i>34.10%</i>	<i>100.00%</i>

The following table shows the maturity profile of the Fund's assets and liabilities as at 31 December 2017:

	Up to 1 month	1-3 months	3-6 months	6-12 months	1-5 years	More than 5 years and indefinite	Total
Assets							
Due on demand from credit institutions	1,319,091	-	-	-	-	-	1,319,091
Financial assets through profit or loss:							
<i>Debt instruments and other fixed income instruments</i>	-	-	502,199	1,447,675	9,711,791	6,710,702	18,372,367
<i>Share certificates of investment funds and similar securities</i>	-	-	-	-	-	945,621	945,621
<i>Derivative financial instruments</i>	67,607	127,081	-	-	-	-	194,688
Total assets	1,386,698	127,081	502,199	1,447,675	9,711,791	7,656,323	20,831,767
Liabilities							
Financial assets at fair value:							
<i>Derivative financial instruments</i>	-	-	-	-	-	-	-
Accrued expenses	(27,510)	-	(3,933)	-	-	-	(31,443)
Total liabilities	(27,510)	-	(3,933)	-	-	-	(31,443)
Net assets	1,359,188	127,081	498,266	1,447,675	9,711,791	7,656,323	20,800,324
<i>Net position, %</i>	<i>6.53%</i>	<i>0.61%</i>	<i>2.40%</i>	<i>6.96%</i>	<i>46.69%</i>	<i>36.81%</i>	<i>100.00%</i>

NOTE 15 INFORMATION ON THE FUND'S SHARE CERTIFICATE HOLDERS

The following table shows the proportion of the share certificates held by the Company's shareholder of a significant influence in the Company and other related parties of the Fund as well as other investors in the total number of the share certificates issued:

	% of the total number		
IF CBL Global Emerging Markets Bond Fund: Class R Acc EUR (hedged)	31.12.2018	31.12.2017	31.12.2018
Share certificates held by the Company's shareholder, AS Citadele Banka	550,000	550,000	26.15%
Share certificates held by third parties	1,553,071	1,269,677	73.85%
Number of share certificates issued at the end of the reporting period	2,103,071	1,819,677	100.00%

NOTE 16 RELATED PARTY TRANSACTIONS

The majority of the Fund's investments are acquired through the custodian bank. AS Citadele Banka receives a custodian fee, which is disclosed in the statement of income and expenses; the cash of the Fund is also placed with AS Citadele Banka (see Note 3). Besides, all the derivative financial instruments are concluded with AS Citadele Banka (see Note 6). During the reporting period the related parties did not conduct any transactions with the Fund's share certificates. Purchase and re-selling transactions of the Fund's share certificates are calculated taking into account only the share certificates held by those related parties which have been classified as related parties of the Fund in 2018 and 2017. In the reporting period, the Fund had no investments in debt securities issued by the custodian and investment funds which are managed by the associated investment management company.

NOTE 17 PERFORMANCE DYNAMICS OF THE INVESTMENT FUND

CBL Global Emerging Markets Bond Fund: Class R Acc USD	31.12.2018		
Net assets (EUR)	3,150,523		
Number of share certificates	366,599		
Value of the unit of the investment fund (EUR)	8.59		
Profitability of the investment fund *	3.02%		
Net assets (USD)**	3,607,348		
Number of share certificates	366,599		
Value of the unit of the investment fund (EUR)	9.84		
Profitability of the investment fund *	(1.60%)		

CBL Global Emerging Markets Bond Fund: Class R Acc EUR (hedged)	31.12.2018	31.12.2017	31.12.2016
Net assets (EUR)	22,947,788	20,800,324	19,588,069
Number of share certificates	2,103,071	1,819,677	1,783,899
Value of the unit of the investment fund (EUR)	10.91	11.43	10.98
Profitability of the investment fund *	(4.55%)	4.10%	10.69%
Net assets (USD)**	22,947,788	20,766,672	19,612,792
Number of share certificates	2,103,071	1,819,677	1,783,899
Value of the unit of the investment fund (EUR)	10.91	11.41	10.99
Profitability of the investment fund *	(4.38%)	3.82%	10.56%

The total assets of CBL Global Emerging Markets Bond Fund consist of the total net assets of both classes in the Fund's measurement currency; when revaluating the total assets of CBL Global Emerging Markets Bond Fund at the exchange rate published by the European Central Bank, an exchange rate difference between the total amounts of both classes arises which leads to the difference from the net assets presented elsewhere in the financial statements. Profitability of CBL Global Emerging Markets Bond Fund: Class R Acc EUR (hedged) of the previous reporting periods refers to the fund CBL Global Emerging Markets Bond Fund.

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

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



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Independent Auditors' Report

To the shareholders of "CBL Global Emerging Markets Bond Fund"

Our Opinion on the Financial Statements

We have audited the accompanying financial statements of Investment Fund "CBL Global Emerging Markets Bond Fund" ("the Fund") set out on pages 7 to 27 of the accompanying Annual Report, which comprise:

- the statement of assets and liabilities as at 31 December 2018,
- the statement of income and expenses for the year then ended,
- the statement of changes in net assets for the year then ended,
- the cash flow statement for the year then ended, and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Investment Fund "CBL Global Emerging Markets Bond Fund" as at 31 December 2018, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Basis for Opinion

In accordance with the 'Law on Audit Services' of the Republic of Latvia we conducted our audit in accordance with International Standards on Auditing adopted in the Republic of Latvia (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibility for the Audit of the Financial Statements* section of our report.

We are independent of the Fund in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and independence requirements included in the 'Law on Audit Services' of the Republic of Latvia that are relevant to our audit of the financial statements in the Republic of Latvia. We have also fulfilled our other professional ethics responsibilities and objectivity requirements in accordance with the IESBA Code and the 'Law on Audit Services' of the Republic of Latvia.

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

Reporting on Other Information

The Fund's management is responsible for the other information. The other information comprises:

- Information on the Investment Fund, as set out on page 3 of the accompanying Annual Report,
- The Investment Management Company's Report, as set out on page 4 of the accompanying Annual Report,



- the Statement of Responsibility of the Board of the Investment Management Company, as set out on page 5 of the accompanying Annual Report.

Our opinion on the financial statements does not cover the other information included in the Annual Report, and we do not express any form of assurance conclusion thereon, except as described in the *Other Reporting Responsibilities in Accordance with the Legislation of the Republic of Latvia Related to Other Information* section of our report.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed and in light of the knowledge and understanding of the Fund and its environment obtained in the course of our audit, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Other Reporting Responsibilities in Accordance with the Legislation of the Republic of Latvia Related to Other Information

In addition, in accordance with the 'Law on Audit Services' of the Republic of Latvia with respect to the Investment Management Report, our responsibility is to consider whether the Investment Management Report is prepared in accordance with the requirements No 99 "Regulations on Preparation of the Annual Report, Consolidated Annual Report and Half-Year Report of the Investment Fund and the Open-end Alternative Investment Fund".

Based solely on the work required to be undertaken in the course of our audit, in our opinion:

- the information given in the Investment Management Company's Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Investment Management Company's Report has been prepared in accordance with the requirements of the Republic of Latvia regulation No 99 "Regulations on Preparation of the Annual Report, Consolidated Annual Report and Half-Year Report of the Investment Fund and the Open-end Alternative Investment Fund".

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of the financial statements that give a true and fair view in accordance with IFRSs as adopted by the European Union and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.



Auditors' Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a fair presentation.



We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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Licence Nr.55

/Ondrej Fikrle/

/Marina Iljina/

Ondrej Fikrle
Partner pp KPMG Baltics SIA
Rīga, Latvia
29 April 2019

Marina Iljina
Sworn auditor
Certificate No. 193

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