

INVESTMENT FUND

“CBL Global Emerging Markets Bond Fund”

HALF-YEAR REPORT 2017 (UNAUDITED)

(at June 30th, 2017)

PREPARED IN ACCORDANCE WITH

FCMC “NORMATIVE REGULATIONS ON PREPARATION OF ANNUAL REPORTS AND CONSOLIDATED ANNUAL REPORTS OF INVESTMENT FUND AND OPEN ALTERNATIVE INVESTMENT FUND” AND INTERNATIONAL FINANCIAL REPORTING STANDARDS AS ADOPTED BY THE EUROPEAN UNION

Translation from Latvian original*

Riga, 2017

*This version of financial statements is a translation from the original, which was prepared in Latvian. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of financial statements takes precedence over this translation.

General information on the investment fund	3
Investment management company’s report	4
Financial statements:	
Statement of assets and liabilities	6
Statement of income and expense	7
Statement of changes in net assets	8
Notes	9

IF "CBL Global Emerging Markets Bond Fund"
Half-year report 2017

General information on the investment fund

Name of the fund:	„CBL Global Emerging Markets Bond Fund“
Type of fund:	Investment fund
Registration date:	23 May 2013
Fund number:	FL130
Name of the investment management company:	“CBL Asset Management” IPAS
Registered office:	Republikas laukums 2a, Riga, LV-1010, Latvia
Registration number:	40003577500
Licence number:	06.03.07.098/367
Name of the custodian bank:	“Citadele banka” JSC
Registered office:	Republikas laukums 2a, Riga, LV-1010, Latvia
Registration number:	40103303559
Investment management company's Board and Council members and their positions:	<p><i>Council of the investment management company:</i> Chairperson of the Council – Juris Jākobsons – appointed on 30.09.2010. Deputy Chairperson of the Council – Vladimirs Ivanovs – appointed on 01.11.2012. Council Member – Peter Meier – appointed on 30.09.2015. Council Member – Aldis Paegle – appointed on 04.07.2014., released 24.08.2016.</p> <p><i>Board of the investment management company:</i> Chairperson of the Board – Uldis Upenieks – appointed on 01.11.2012. Board Member – Zigurds Vaikulis – appointed on 30.03.2007. Board Member - Andris Kotāns – appointed on 11.05.2015. Board Member - Lolita Sičeva – appointed on 11.05.2015.</p>
Rights and responsibilities related to management of Investment fund	Council and Board members shall perform all duties specified in Latvian laws and Investment Management Company's Statutes.
Managers:	Andris Kotāns – appointed on 15.03.2013. Edgars Lao – appointed on 15.03.2013.
Rights and responsibilities related to Fund management	Fund managers shall perform all duties specified in Latvian laws, Investment Management Company's Statutes and Fund prospectus.
Auditor:	“KPMG Baltics” SIA Vesetas iela 7, Riga Riga, LV-1013 Licence No. 55 Latvia



IF "CBL Global Emerging Markets Bond Fund"
Half-year report 2017
Investment management company's report

Investment fund "CBL Global Emerging Markets Bond Fund" (hereinafter - the Fund) is a debt security investment fund and its base currency is EUR. The assets of the Fund are managed by the asset management company „CBL Asset Management" IPAS with registered office at Republikas laukums 2a, Riga, LV-1010 and registration No. 40003577500. The number of Investment Company's operating license, which was last re-registered on 19 January 2015, is 06.03.07.098/367.

The Fund aims to achieve 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 to the Fund's policy during the reporting period.

At the end of the reporting period, the net assets of the Fund amounted to EUR 20,546,979. As at 30.06.2017, gross assets amounted to EUR 20,577,198. The Fund's share value during the reporting period increased by 27 cents and at the end of the reporting period it amounted to EUR 11.25. The return of the Fund over the reporting period was 2.46% (annualized 5.02%) or 2.37% (annualized 4.83%), given the foreign exchange rates fixed by the financial markets at the end of the day.

At the beginning of 2017, financial markets around the globe continued their rally, stemming from the past year, with equity markets reaching new highs and high yield bond spreads narrowing further, as investors were ready to take on additional risks, as well as metal and commodity prices were having a gradual rebound. Emerging market Eurobonds finished the first half of the year with a gain of almost 6%, while the dynamics of the local currency segment were even more profound, as it managed to grow by 10.5%, in USD terms. Regionally, the top performance came from Latin America as both hard and local currency segments outperformed in Mexico, amid the fading concerns over the new US administration and the impact it may have over the local companies, as well as the less damaging collaboration within the bounds of potential trade deal. Moreover, investments in Brazil also had a strong performance, despite the political and corruption related scandals that have plagued the country. Less positive contribution came from the Middle East, as issuers within the region are still trying to find a way to cope with the low oil prices that stood at USD48/bbl as at the end of June.

During the reporting period, the exposure to Indonesia was cut down to 4.31% from 7.47%; Azerbaijan was sold out completely (from 3.06%, as at the end of 2016), while Poland was cut rather substantially, down to 0.65%. Exposure to Kazakhstan was trimmed by slightly more than two percentage points, from 5.97% to 3.81%. On the other hand, Turkey saw the main increase, as exposure to the country rose from 4.15% to 7.43%. Besides, several of the markets were re-entered once again; Fund re-opened its positions in Ukraine, while also initiating a position in Sweden-based distressed asset manager with its operations mainly in Eastern Europe. At the end of the reporting period, as a result of transactions, Brazil and Mexico had the largest exposures within the Fund's portfolio (9.56% and 8.14%, respectively). The Fund had an average yield-to-maturity of 4.8%, an average duration of 3.0 and a weighted-average credit rating of Ba1.

During the reporting period, management costs amounted to EUR 173,475 or 1.74% of the average value of net assets, which does not exceed the maximum value of 4.00% provided in the Fund's prospectus.

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



**IF “CBL Global Emerging Markets Bond Fund”
Half-year report 2017
Investment management company’s report**

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

Uldis Upenieks
Chairperson of the Board

Andris Kotāns
Member of Investment
Committee

Edgars Lao
Member of Investment
Committee

Riga, 27 July 2017



IF „CBL Global Emerging Markets Bond Fund”
Half-year report 2017
Statement of assets and liabilities
(EUR)

Note		<u>30.06.2017.</u>	<u>31.12.2016.</u>
Assets			
1	Due on demand from credit institutions	2,560,319	1,291,325
<i>Financial assets held for trading:</i>			
2	Debt securities and other fixed income securities	16,521,723	17,748,077
3	Investment securities of investment funds and similar securities	947,458	1,055,307
4	Derivatives	547,698	12,910
Total assets		<u>20,577,198</u>	<u>20,107,619</u>
Liabilities			
<i>Financial liabilities held for trading:</i>			
4	Derivatives	—	(488,805)
	Accrued expenses	(30,219)	(30,745)
Total liabilities		<u>(30,219)</u>	<u>(519,550)</u>
Net assets		<u>20,546,979</u>	<u>19,588,069</u>

The accompanying notes on pages 9 to 12 form an integral part of these financial statements.

Uldis Upenieks
Chairperson of the Board

Riga, 27 July 2017



IF „CBL Global Emerging Markets Bond Fund”
Half-year report 2017
Statement of income and expense
(EUR)

	<u>01.01.2017.-</u> <u>30.06.2017.</u>	<u>01.01.2016.-</u> <u>30.06.2016.</u>
Reporting period income		
Interest income	578,088	510,733
Other income	-	5,000
Total income	578,088	515,733
Reporting period expenses		
Remuneration to investment management company	(151,144)	(145,409)
Remuneration to custodian bank	(18,137)	(17,449)
Other fund management expenses	(4,194)	(4,405)
Total expenses	(173,475)	(167,263)
Impairment of investment value		
Realized increase of investment value	48,431	327,027
Unrealised increase in investment value	31,482	694,327
Total increase in investment	79,913	1,021,354
Increase in net assets from investment	484,526	1,369,824

The accompanying notes on pages 9 to 12 form an integral part of these financial statements.

 Uldis Upenieks
 Chairperson of the Board

Riga, 27 July 2017



IF „CBL Global Emerging Markets Bond Fund”
Half-year report 2017
Statement of changes in net assets
(EUR)

	01.01.2017.- 30.06.2017.	01.01.2016.- 30.06.2016.
Net assets as at the beginning of the period	19,588,069	19,192,046
Increase in net assets from investment	484,526	1,369,824
Transactions with investment certificates:		
<i>Inflow from sale of investment certificates</i>	556,937	670,659
<i>(Outflow) on redemption of investment certificates</i>	(82,553)	(2,175,276)
Net increase/(decrease) in assets from transactions with investment certificates	474,384	(1,504,617)
Increase/(decrease) in net assets for the period	958,910	(134,793)
Net assets as at the end of the period	20,546,979	19,057,253
Issued investment certificates as at the beginning of the period	1,783,899	1,933,897
Issued investment certificates as at the end of the period	1,826,174	1,789,894
Net assets per investment certificate as at the beginning of the period	10.98	9.92
Net assets per investment certificate as at the end of the period	11.25	10.65

The accompanying notes on pages 9 to 12 form an integral part of these financial statements.

Uldis Upenieks
Chairperson of the Board

Riga, 27 July 2017

IF „CBL Global Emerging Markets Bond Fund“
Half-year report 2017
Notes
(EUR)
1. Due on demand from credit institutions

	30.06.2017.	31.12.2016.	% from net assets 30.06.2017.
Balances due from credit institutions, JSC “Citadele banka”	2,560,319	1,291,325	12.46%
Total demand deposits with credit institutions	2,560,319	1,291,325	12.46%

2. Debt securities and other securities with fixed income

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

All fixed income securities are listed on regulated market stock exchanges, except for securities with a book value of 398,032 EUR (31.12.2016: EUR 0).

The following table presents debt securities classified by the issuer’s country of origin:

Financial instrument	ISIN code	Currency	Amount	Purchase value (EUR)	Carrying value as at 30.06.2017.	% from net assets 30.06.2017..
Financial instruments traded in regulated markets				16,521,723	16,123,691	78.47%
Debt securities of Brazilian issuers:				1,810,380	1,763,174	8.58%
EMBRAER OVERSEAS LTD	USG30376AB69	USD	600	591,759	576,606	2.80%
MARFRIG HOLDINGS			600	531,190		
EUROPE BV	USN54468AF52	USD			536,177	2.61%
JBS	USA29866AA70	USD	600	539,600	503,090	2.45%
BRAZILIAN GOVERNMENT INTERNATIONAL BOND	US105756BN96	BRL	500	147,831	147,301	0.72%
Debt securities of Mexican issuers:				1,730,918	1,674,736	8.14%
CEMEX SAB DE CV	XS1198002690	EUR	450	476,224	481,746	2.33%
GRUPO KUO SAB DE CV	USP4954BAE67	USD	500	476,044	458,020	2.23%
PETROLEOS MEXICANOS MEXICA	XS0213101073	EUR	350	384,403	406,380	1.98%
MEXICAN BONOS	MX0MGO0000Q0	MXN	4,000	225,226	193,986	0.94%
CEMEX SAB DE CV	MX0MGO0000F3	MXN	2,750	169,021	134,604	0.66%
CEMEX SAB DE CV	XS1198002690	EUR	450	476,224	481,746	2.33%
Debt securities of Russian issuers:				1,393,405	1,394,069	6.78%
NOVOLIPETSK STEEL VIA STEEL FUNDING DAC	XS1405775617	USD	700	639,422	626,764	3.04%
HOME CREDIT & FINANCE BANK OOO VIA EURASIA CAPITAL SA	XS0846652666	USD	600	551,590	556,413	2.71%
RUSSIAN RAILWAYS	XS0764253455	RUB	14,000	202,393	210,892	1.03%

**IF „CBL Global Emerging Markets Bond Fund“
Half-year report 2017**

**Notes
(EUR)**

Financial instrument	ISIN code	Currency	Amount	Purchase value (EUR)	Carrying value as at 30.06.2017.	% from net assets 30.06.2017..
Debt securities of Turkish issuers:						
				1,198,227	1,189,994	5.79%
TURKEY	XS1057340009	EUR	600	651,960	646,759	3.15%
ARCELIK	XS1109959467	EUR	500	546,267	543,235	2.64%
Debt securities of South African issuers:						
				1,001,421	1,074,792	5.23%
SAPPI PAPIER HOLDING GMBH	XS1117298676	EUR	500	481,857	516,772	2.52%
ESKOM HOLDINGS	XS0579851949	USD	350	269,342	317,060	1.54%
SOUTH AFRICA	ZAG000024738	ZAR	3,500	250,222	240,260	1.17%
Debt securities of Bulgarian issuers:						
				881,476	914,419	4.45%
BULGARIAN ENERGY HOLDING EAD	XS1405778041	EUR	450	469,929	505,014	2.46%
VIVACOM	XS0994993037	EUR	400	411,547	409,405	1.99%
Debt securities issued by international financial institutions:						
				886,029	786,993	3.83%
INTERNATIONAL BANK FOR RECONSTRUCTION & DEVELOPMENT	XS1097575192	COP	1,000,000	298,789	299,348	1.46%
EUROPEAN INVESTMENT BANK	XS0648456167	TRY	850	308,303	228,529	1.11%
EUROPEAN BANK FOR RECONSTRUCTION & DEVELOPMENT	XS1090177442	IDR	2,200,000	158,070	149,816	0.73%
EUROPEAN INVESTMENT BANK	XS0877809375	TRY	450	120,867	109,300	0.53%
Debt securities of Kazakhstan issuers:						
				763,359	781,563	3.81%
NOSTRUM OIL & GAS	USN64884AA29	USD	450	354,321	404,201	1.97%
KAZKOMMERTSBANK JSC	XS0867478124	USD	450	409,038	377,362	1.84%
Debt securities of Indonesia issuers:						
				758,933	735,855	3.58%
INDONESIA GOVERNMENT INTERNATIONAL BOND	XS1432493879	EUR	700	758,933	735,855	3.58%
Debt securities of Romania issuers:						
				566,269	583,317	2.84%
CABLE COMM SYST NV	XS0954673777	EUR	550	566,269	583 317	2.84%
Debt securities of India issuers:						
				355,388	575,011	2.80%
VEDANTA RESOURCES	USG9328DAG54	USD	600	355,388	575,011	2.80%
Debt securities of Namibia issuers:						
				622,068	570,341	2.79%
REPUBLIC OF NAMIBIA	XS0686701953	USD	600	622,068	570,341	2.79%

**IF „CBL Global Emerging Markets Bond Fund“
Half-year report 2017**

**Notes
(EUR)**

Financial instrument	ISIN code	Currency	Amount	Purchase value (EUR)	Carrying value as at 30.06.2017.	% from net assets 30.06.2017..
Debt securities of Argentine issuers:				543,450	558,087	2.72%
ARGENTINE REPUBLIC GOVERNMENT	XS1503160225	USD	550	543,450	558,087	2.72%
Debt securities of Bahrain issuers:				532,370	529,729	2.58%
BATELCO INTERNATIONAL FINANCE NO. 1 LTD	XS0927183441	USD	600	532,370	529,729	2.58%
Debt securities of Paraguay issuers:				514,461	497,258	2.61%
TELEFONICA CELULAR DEL PARAGUAY SA	USP90475AA57	USD	550	514,461	497,258	2.61%
Debt securities of issuers from Sri Lanka:				493,212	474,819	2.31%
NATIONAL SAVINGS BANK	USY62526AA99	USD	500	493,212	474,819	2.31%
Debt securities of issuers from Ukraine:				389,698	427,424	2.08%
FIRST UKRAINIAN INTERNATIONAL BANK	XS0287015787	USD	700	389,698	427,424	2.08%
Debt securities of Sweden issuers:				420,425	423,833	2.06%
DDM DEBT AB	SE0009548332	EUR	400	420,425	423,833	2.06%
Debt securities of Croatian issuers:				404,329	420,373	2.05%
ZAGREBACKI HOLDING	XS0309688918	EUR	8	404,329	420,373	2.05%
Debt securities of Latvian issuers:				404,329	406,566	1.98%
AS ELKO GRUPA	LV0000801892	EUR	4000	404,329	406,566	1.98%
Debt securities of American issuers:				209,163	202,053	0.98%
MORGAN STANLEY	US61747WAA71	BRL	700	209,163	202,053	0.98%
Debt securities of Polish issuers:				146,830	133,699	0.65%
POLAND GOVERNMENT BOND	PL0000104543	PLN	500	146,830	133,699	0.65%
<u>Financial instruments not traded in regulated markets</u>				<u>391,376</u>	<u>398,032</u>	<u>1.94%</u>
Debt securities of Estonian issuers:				391,376	398,032	1.94%
CREDITSTAR INTERNATIONAL OU	EE3300111046	EUR	400	391,376	398,032	1.94%
Total debt securities and other fixed income securities				16,413,387	16,521,723	80.41%

**IF „CBL Global Emerging Markets Bond Fund“
Half-year report 2017**

**Notes
(EUR)**

3. Investment certificates of investment funds and similar securities

All investment fund investment certificates are classified as securities held for trading.

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

Financial instrument	ISIN code	Currency	Amount	Purchase value (EUR)	Carrying value as at 30.06.2017.	% from net assets 30.06.2017.
Financial instruments not traded in regulated markets				882,534	947,458	4.61%
Securities of Luxembourgish issuers				882,534	947,458	4.61%
SCHRODER ISF - ASIAN LC	LU0358730231	USD	8,400	882,534	947,458	4.61%
Total investment certificates of investment funds and similar securities				882,534	947,458	4.61%

4. Derivatives

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

	30.06.2017.			31.12.2016.			% from net assets 30.06.2017.
	Nominal basic value	Fair value		Nominal basic value	Fair value		
		Assets	Liabilities		Assets	Liabilities	
Foreign exchange transactions							
Swaps	10,748,493	547,698	-	12,508,335	12,910	(488,805)	(2.67%)
Total derivatives	10,748,493	547,698	-	12,508,335	12,910	(488,805)	(2.67%)

All derivatives are concluded with "Citadele banka" JSC

5. Dynamics of investment fund's performance

	30.06.2017.	31.12.2016.	31.12.2015.	31.12.2014.
Net assets (EUR)	20,546,979	19,588,069	19,192,046	10,979,782
Number of investment certificates	1,826,174	1,783,899	1,933,897	1,090,760
Investment fund share value (EUR)	11.25	10.98	9.92	10.07
Profitability of the investment fund **	5.02%	10.66%	(1.49%)	(0.20%)
Net assets (EUR)*	20,538,321	19,612,792	19,229,930	11,009,984
Number of investment certificates	1,826,174	1,783,899	1,933,897	1,090,760
Investment fund share value (EUR)	11.25	10.99	9.94	10.09
Profitability of the investment fund **	4.83%	10.53%	(1.49%)	0.50%

* Net asset value is determined using exchange rates that are determined in financial markets at the end of the day.

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