

**INVESTMENT FUND
“CBL Russian Equity Fund”**

ANNUAL REPORT FOR 2015
(12th financial year)

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, 2016

*This version of financial statements is a translation from 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.

**IF “CBL Russian Equity Fund”
Annual Report for 2015
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IF "CBL Russian Equity Fund"
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General information on the investment fund

Name of the fund:	"CBL Russian Equity Fund"
Type of fund:	Investment fund
Registration date:	5 March 2004 (date of re-registration: 20 March 2015)
Fund number:	F41-06.03.04.098/41
Name of the investment management company:	"CBL Asset Management" IPAS (previously "Citadele Asset Management" IPAS)
Registered office:	Republikas laukums 2a, Riga, LV-1010, Latvia
Registration number:	40003577500
License number:	06.03.07.098/285
Name of the custodian bank:	"Citadele banka", AS
Registered office:	Republikas laukums 2a, Riga, LV-1010, Latvia
Registration number:	40103303559
Investment management company's Board and Council members and their positions:	<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 06.11.2012 Council Member – Aldis Paegle – appointed on 04.07.2014 Council Member – Peter Meier – appointed on 30.09.2015</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.
Fund managers (Members of Investment Committee):	Kristiāna Janvare – appointed on 15.08.2008 Andris Kotāns – appointed on 26.01.2011 Elchin Jafarov – appointed on 25.09.2011 Igoris Lahtadirs – appointed on 21.11.2013
Rights and responsibilities related to Fund management	Fund managers shall perform all duties specified in Latvian laws, Investment Management Company's Statutes and Fund prospectus.
Auditor:	"KPMG Baltics" SIA Vesetas iela 7 Riga, LV-1013 Licence No. 55 Latvia

IF "CBL Russian Equity Fund"
Annual Report for 2015
Statement of responsibility of the Board of the investment company

The manager of investment fund "CBL Russian Equity Fund" (hereinafter - the Fund) is investment management company "CBL Asset Management", legal address Republikas laukums 2a, Riga, LV-1010 (hereinafter - the Company). The Company was established on 11 January 2002. Company's Registration number is 40003577500. The number of Company's operating licence is 06.03.07.098/285, which was last re-registered on 19 February 2014.

The Fund aims to achieve long-term capital appreciation by investing mainly in the shares of companies which are registered or carry out principal activities in the Russian Federation. The Fund's earnings are made of capital gains and dividends. The currency of the Fund is US dollar.

2015 was a difficult year both for equity and raw material markets. Regardless of highly supportive monetary policy of the leading central banks, developed equity markets concluded the year with a 2.7% loss. Investors were concerned about the economic growth slowdown and return of deflationary pressure. The situation was further hampered by the sharp decline in prices of resources and economic slowdown in the largest developing country - China. Due to these circumstances markets of developing countries experienced a significant drop making an overall loss of 17% in US dollars terms. Growing overproduction under relatively weak demand created pressure on both oil and metals markets, where Brent oil price decreased by 35% reaching 37 US dollars per barrel, whereas the industrial metal prices represented by the London Metal Exchange index fell by 24%. Highly accommodative monetary policy of the European Central Bank resulted in decrease of 11% in euro value against US dollar, while the US dollar strengthened significantly against the currencies of developing countries, thus creating pressure on country asset prices and balance of payments.

In the previous year Russian stocks showed a strong resistance to negative external background, and during the year RTS index, which represents Russia's 50 largest listed companies, lost only 4.3%, also gaining support from the low base effect. If during the first half of the year investors focused on the development of political events around Ukraine, in the second half the global economic growth and drop in oil prices played a key role. Although Western economic sanctions are still effective; Russia's political dialogue with Western countries (especially with Europe) improved during the year. However, relations experienced a new challenge in September 2015, when Russia unexpectedly engaged in the Syrian war, which unfortunately led to deterioration of relations with Turkey, as Russian military aircraft was shot down by Turkish Air Force close to the Syrian border. In response, Russia introduced certain economic restrictions against Turkish products and companies. Both Russian and Turkish investors reacted negatively to this step. Thus in the last year the investors' attention gradually moved from geopolitical tensions to economic challenges that were already evident by the middle of the year. According to data of Rosstat, in 2015 Russia's GDP decreased by 3.7%, thus showing the first decrease on an annual basis since 2009. Drop in GDP was mainly driven by the sharp decrease in domestic demand due to decline in household income and limited availability of credits. At the same time, inflation accelerated to 12.9%, compared with 11.4% in 2014.

In terms of sectors, following a significant price adjustment of Russian oil and gas companies, the share of the Fund's investments in energy sector was increased. In response to the significant price adjustment, the share of investments in telecommunication and financial service sectors was also increased. On the other hand, during the reporting period the share of the Fund's investments in raw material sector was reduced as the valuations of local steel and industrial metals producers became relatively unattractive after they had managed to attract investors' attention by lowering costs due to the fall in the value of the rouble. The share of logistic companies was also reduced, as the low prices for raw materials had a negative impact on the service price dynamics of this sector and the fundamental characteristics. Changes in the Fund's investments in other sectors have been relatively minor. During the reporting year the Fund manager substantially reduced the share of cash, which as at the end of 2014 exceeded 15% of the Fund's net assets, by placing these funds in stocks of fundamentally attractive companies. Gradual stabilization of the Russian financial markets, economy and, above all, geopolitical arena reduced the need to hold such enormous cash position in the Fund. Throughout the year all sectors except for telecommunication, information technology and energy sectors contributed positively to the Fund's value. The largest contribution was delivered by investments in financial services, consumer goods, and raw materials, followed by utilities and industrial sectors.

In 2015 the Fund's net assets increased by 4.85% or EUR 182,467 and at the end of the year amounted to EUR 3,765,846. As at 31 December 2015 gross assets amounted to EUR 3,774,159. Meanwhile, the share value of the Fund during the year increased by EUR 1.30, reaching EUR 10.59. The Fund's total profitability for 2015 was 13.99% in terms of euro and 1.76% in terms of its base currency (USD).

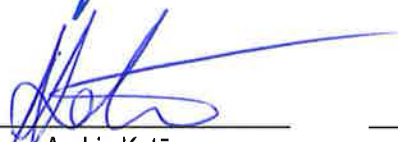
IF "CBL Russian Equity Fund"
Annual Report for 2015
Statement of responsibility of the Board of the investment company

During the reporting period the Fund's assets covered management costs amounting to USD 118,516 (EUR 107,300) or 2.45% of net assets, which does not exceed the maximum amount of 4.00% set out in the Fund's prospectus.

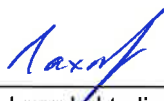
Looking ahead to 2016, the Manager expects that the volatility of the Russian stock market will remain elevated, and the geopolitical tension together with oil price dynamics will continue to determine the overall direction of the Russian stock market. Should the oil price stabilize around USD 40-50 per barrel and the geopolitical tension continue to reduce, 2016 might be the lowest point of the Russian economy. Further pressure on the value of the rouble is also expected, which is likely to play a major role in balancing the state budget, given falling income from the energy sector which is of high importance to the state.



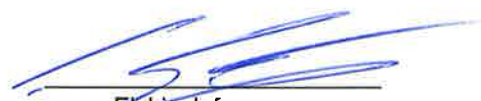
Uldis Upenieks
Chairperson of the Board



Andris Kotāns
Member of Investment Committee



Igors Lahtadirs
Member of Investment Committee



Elchin Jafarov
Member of Investment Committee



Kristiāna Janvare
Member of Investment Committee

Rīga
29 April 2016


IF "CBL Russian Equity Fund"
Annual Report for 2015
Statement of responsibility of the Board of the investment company

The Board of Investment Management Company (hereinafter - the Company) is responsible for preparation of financial statements of investment fund "CBL Russian Equity Fund" (hereinafter - the Fund).

The financial statements on pages 8 to 22 are prepared based on source documents and present fairly the financial position of the Fund as at 31 December 2015, the results of its operations in 2015.

Financial statements mentioned above are prepared in accordance with the International Financial Reporting Standards as adopted by the European Union, as required by the regulation of the Financial and Capital Market Commission (FCMC) "On preparation of annual reports and consolidated 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. 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 Russian Equity Fund" assets and the prevention and detection of fraud and other irregularities. They are also responsible for operating the Fund in compliance with the Law on Investment Management Companies, regulations of the Financial and Capital Market Commission and other laws and regulations of the Republic of Latvia.



Uldis Upenieks
Chairperson of the Board

Riga
29 April 2016

CUSTODIAN BANK REPORT

For holders of IF "CBL Russian Equity fund"
Investment fund applications

With this Citadele Bank JSC, which is registered in LR Enterprise register on June 30, 2010 with No. 40103303559 and located at 2a Republikas square, Riga, certifies, that:

According to the law "On investment companies" of Republic of Latvia, regulations of Financial and Capital Market Commission (FCMC), other requirements of LR legislation and contract with Custodian bank, which is concluded on the April 13, 2007, Citadele Bank JSC, (further in the text - Custodian) carries out functions of custodian bank for the IF "CBL Russian Equity fund" (further in the text – Fund) founded by IPAS "CBL Asset Management";

Custodian is responsible for fulfilling of Custodian bank contract and requirements of LR legislation related to custodian banks. The main obligations of the Custodian are the following:

- to store assets of the Fund, as well as documents, which confirm title according to the requirements of LR legislation;
- to ensure maintenance of the Fund account, reception and execution of Company's orders, as well as performance of transactions according with requirements of LR legislation and current market practice;
- to ensure the Company with regular reports on assets of the Fund and its value (prices of the securities);
- to follow the correctness of the value of the Fund and its certificates set by the Company and its conformity with LR legislation acts;
- to follow the correctness and legal status of issuing, sales and repurchasing of investment certificates performed by the Company;

Issuing, sales and repurchasing of the investment certificates is performed according to the requirements of the law "On investment companies", fund prospect and Fund management regulations; Storage of the Fund assets is performed according to the requirements of the law "On investment companies" and Custodian bank contract;

Calculation of the net value of the Fund assets is performed according to the requirements of the law "On investment companies", regulations of Financial and Capital Market Commission (FCMC), Fund prospect and Fund management regulations;

Orders of the Company, as well as transactions with the assets of IF "CBL Russian Equity fund" are performed according to the requirements of the law "On investment companies", Fund prospect and Fund management regulations and Custodian bank contract .

In the accounting period no mistakes and illegal matters were observed in performance of the Company with Fund assets. Citadele bank JSC is very satisfied with co-operation in performing of the functions of Custodian bank.



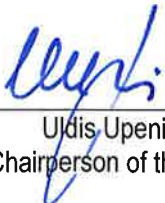
Guntis Belavskis
Chairman of the Board, p.p.

Riga, February 29, 2016

IF "CBL Russian Equity Fund"
Annual Report for 2015
Statement of assets and liabilities
(EUR)

Note	<u>31.12.2015.</u>	<u>31.12.2014.</u>
Assets		
3	236,208	555,783
4	<i>Financial assets held for trading</i>	
	Shares	3,035,758
	<u>3,537,951</u>	<u>3,035,758</u>
	Total assets	3,591,541
	<u>3,774,159</u>	<u>3,591,541</u>
Liabilities		
5	Accrued expenses	(8,161)
	<u>(8,312)</u>	<u>(8,161)</u>
	Total liabilities	(8,161)
	<u>(8,312)</u>	<u>(8,161)</u>
	Net assets	3,583,380
	<u>3,765,847</u>	<u>3,583,380</u>

The accompanying notes on pages 12 to 22 form an integral part of these financial statements.




 Uldis Upenieks
 Chairperson of the Board

Riga
 29 April 2016

IF "CBL Russian Equity Fund"
Annual Report for 2015
Statement of income and expense
(EUR)

Note	2015	2014
Income		
6	952	616
	198,759	210,929
	199,711	211,545
Expenses		
	(87,828)	(107,478)
	(7,402)	(8,747)
	(12,070)	(5,347)
	(107,300)	(121,572)
Increase/(decrease) in investment value		
7	(307,574)	(1,165,313)
8	670,861	(1,719,021)
	363,287	(2,884,334)
	113,134	(64,038)
	568,832	(2,858,399)

The accompanying notes on pages 12 to 22 form an integral part of these financial statements.




 Uldis Upenieks
 Chairperson of the Board

Riga
 29 April 2016

IF "CBL Russian Equity Fund"
Annual Report for 2015
Statement of changes in net assets
(EUR)

	<u>2015</u>	<u>2014</u>
Net assets as at the beginning of the period	3,583,379	7,828,562
Increase/(decrease) in net assets from investment	568,832	(2,858,399)
Transactions with investment certificates		
<i>Inflow from sale of investment certificates</i>	203,414	1,393,956
<i>(Outflow) on redemption of investment certificates</i>	<u>(589,779)</u>	<u>(2,780,740)</u>
Net decrease in assets from transactions with investment certificates	<u>(386,365)</u>	<u>(1,386,784)</u>
Decrease in net assets for the period	<u>182,467</u>	<u>(4,245,183)</u>
Net assets as at the end of the period	<u>3,765,846</u>	<u>3,583,379</u>
Issued investment certificates as at the beginning of the period	<u>385,544</u>	<u>476,487</u>
Issued investment certificates as at the end of the period	<u>355,707</u>	<u>385,544</u>
Net assets per investment certificate as at the beginning of the period	<u>9.29</u>	<u>16.43</u>
Net assets per investment certificate as at the end of the period	<u>10.59</u>	<u>9.29</u>

The accompanying notes on pages 12 to 22 form an integral part of these financial statements.



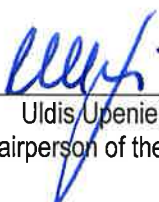
 Uldis Upenieks
 Chairperson of the Board

Riga
 29 April 2016

IF "CBL Russian Equity Fund"
Annual Report for 2015
Statement of cash flows
(EUR)

	2015	2014
Interest income	952	616
Dividend income	198,759	210,929
Investment management expenses	(107,450)	(128,537)
Additions of financial investments	(2,218,914)	(2,619,504)
Sale of financial investments	2,154,998	4,140,029
Foreign currency translation result	209	(3,875)
Increase in cash and cash equivalents from operating activities	28,554	1,599,658
Income from the sale of investment certificates	203,414	1,393,956
Expenses of investment certificate redemption	(589,779)	(2,780,740)
(Decrease) in cash and cash equivalents from financing activities	(386,365)	(1,386,784)
(Decrease)/increase in cash and cash equivalents for the reporting period	(357,811)	212,874
Cash at the beginning of the reporting period	555,783	330,749
Result of revaluation of foreign currency	38,236	12,160
Cash at the end of the reporting period	236,208	555,783

The accompanying notes on pages 12 to 22 form an integral part of these financial statements.



 Uldis Upeniaks
 Chairperson of the Board

Riga
 29 April 2016

IF "CBL Russian Equity Fund"
Annual Report for 2015
Notes
(EUR)

1. General information

Name of the fund:	"CBL Russian Equity Fund "
Type of fund:	Investment fund
Line of business:	Investment primarily in the shares of those companies that are registered or whose principal activities are carried out in the Russian Federation.
Name of the investment management company:	"CBL Asset Management" IPAS (hereinafter - the Company) Republikas laukums 2a, Riga, LV-1010, Latvia

2. Summary of significant accounting policies

Basis of preparation

Financial statements of IF "CBL Russian Equity Fund" (hereinafter – the Fund) are prepared in accordance with the International Financial Reporting Standards as adopted by the European Union (IFRS), as required by the regulation of the Financial and Capital Market Commission (FCMC) "On preparation of annual reports and consolidated annual reports of investment fund and open alternative investment fund".

The financial statements are prepared on a historical cost basis, except for the fair value basis for trading and available-for-sale financial instruments.

The functional and presentation currency in the financial statements is euro (EUR), the monetary unit of the Republic of Latvia. The financial statements cover the period from 1 January 2015 to 31 December 2015.

Opening balances of Statement of assets and liabilities as at 1 January 2015 agree with the prior year closing balances.

Functional and Presentation Currency

The functional currency of the Fund is US dollar, but in accordance with FCMC requirements, the Fund ensures accounting in Latvian currency - euro.

Significant estimates and assumptions

The preparation of financial statements in conformity with IFRS as adopted by EU requires making of substantial assumptions. Moreover, when preparing the financial statements, the management of the Company has to make assumptions and judgements when applying the Fund's accounting policy. Preparation of financial statements in compliance with IFRS as adopted by EU 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.

Significant estimates and assumptions relate to determination of fair value for 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 income statement based on the effective interest rate of on the asset/liability. Interest income and expenses include discount or premium amortization or other difference between the book value of an interest bearing instrument and its value on the maturity date calculated based on the effective interest rate method.

Income from dividends is recognized as received; in certain cases income from dividends may be recognized following a decrease in stock prices after the issuer has announced the dividend payment.

Remuneration for Fund management and performance of custodian bank's functions is calculated as a certain part of the value of Fund's assets and accrued on a daily basis and paid out on a monthly basis.

Foreign currency revaluation

Transactions in foreign currencies are translated into euros at the foreign exchange rate published by the European Central Bank as at the transaction date. All monetary assets and liabilities denominated in foreign currencies are translated to euros according to the foreign exchange rate published by the European Central Bank as at the end of the last day of the reporting

IF "CBL Russian Equity Fund"
Annual Report for 2015
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(EUR)

year. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated to both functional and presentation currency at the exchange rate at the date that the fair value was determined. Profit or loss arising from changes in foreign exchange rate is charged to the profit and loss statement as profit or loss on revaluation of foreign exchange positions.

The exchange rates (EUR against foreign currency unit) established by the European Central Bank that were mainly applied when preparing the Statement of Assets and Liabilities of the Fund can be specified as follows:

<u>Currency</u>	<u>31.12.2015.</u>	<u>31.12.2014.</u>
USD	1.0887	1.2141
GBP	0.73395	0.7789
RUB	80.6736	72.337
HKD	8.43760	9.417

Cash and cash equivalents

The Fund's cash represent all balances due from credit institutions.

Fair value of financial assets and liabilities

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

Financial instruments

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

Financial instruments at fair value through profit and loss

Financial assets at fair value through profit and loss are such financial assets that are acquired or incurred for the purpose of selling in the near future or that are upon initial recognition, designated by the entity as at fair value through the profit or loss. All securities are classified as securities held for trading. The result of re-measuring trading securities at fair value is included in the statement of income and expense as increase/ (decrease) in investment.

Securities are revaluated on the basis of financial information provided by Bloomberg and Russian Stock Exchange on the market demand (bid) prices of these securities. Unlisted securities are assessed according to the custodian bank's information on transactions, but in case such information is not available, the securities are assessed at amortized cost. Purchase and sales of securities is recognized at the settlement date. The historical cost is measured using the FIFO (first in, first out) method.

IFRS as adopted by EU determines the hierarchy of financial instrument fair value assessment techniques, based on whether observable market data are used when determining the fair value of financial instruments or whether such data are unavailable. All financial assets at fair value are classified in the 1st level category of this assessment technique. In order to determine the fair value, quoted market prices in an active market are used (unadjusted). This level includes stocks, debt securities quoted on the stock exchange, as well as other financial instruments traded on the stock exchange.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables include due from credit institutions. Fund's claims against credit institutions shall be carried at their amortized cost using the effective interest rate method less impairment, if any.

Allowance for impairment of receivables is established when there is objective evidence that the Fund will not be able to collect the full amount due according to the original terms. Impairment allowance is determined as the difference between the amortized cost and recoverable amount.

IF "CBL Russian Equity Fund"
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(EUR)

Derivatives

For risk management purposes the Fund may conduct transactions with derivatives. For accounting purposes, all derivatives are classified as held for trading and are accounted for as follows.

Subsequent to initial recognition and determination of value, agreements are recognized in the balance sheet at their fair value. The fair value of these agreements is included in the statement of assets and liabilities as "Derivatives" and their notional amount is presented in the Notes to the financial statements.

Profit or loss arising from changes in claims and liabilities that arise from the agreements are included in the profit or loss statement as the result of foreign exchange revaluation.

Taxes

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

Changes in accounting policies

The Fund has consistently applied the accounting policies set out in Note 2 to all periods presented in these financial statements.

The Fund has considered the following new standards and amendments to standards, including the consequent amendments in other standards the initial application date of which was 1 January 2015, and have concluded that they do not apply to the Fund:

- *IFRIC 21 guidance on a levy imposed by government;*
- *Annual amendments to IFRS.*

New standards and interpretations

Several new standards, amendments to standards and interpretations effective for periods starting after 1 January 2015 have not been applied to these financial statements. Standards and interpretations application of which will not affect the financial statements are listed below.

- *IFRS 11 Accounting for Acquisition of Interests in Joint Operations (effective for annual periods beginning on or after 1 January 2016);*
The Fund is not a part of any joint arrangement.
- *IAS 1: Presentation of Financial Statements (effective for annual periods beginning on or after 1 January 2016);*
- *IAS 16: Property, Plant and Equipment and IAS 38: Intangible Assets (effective for annual periods beginning on or after 1 January 2016);*
- *IAS 16: Property, Plant and Equipment and IAS 41: Agriculture (effective for annual periods beginning on or after 1 January 2016);*
- *IAS 19: Property, Plant and Equipment and IAS 41: Benefit Plans: Employee Benefits (effective for annual periods beginning on or after 01 February 2015);*
- *IAS 27: Separate Financial Statements (effective for annual periods beginning on or after 1 January 2016);*
- *Annual amendments to IFRS.*

IF "CBL Russian Equity Fund"

Annual Report for 2015

Notes
(EUR)

3. Due on demand from credit institutions

	31.12.2015.	31.12.2014.	% from net assets as at 31.12.2015
Due on demand from credit institutions			
AS Citadele banka	236,208	555,783	6.27%
Total demand deposits with credit institutions	236,208	555,783	6.27%

For cash on demand the Fund receives interest income that is calculated at fixed rates.

4. Shares

	31.12.2015.	31.12.2014.	% from net assets as at 31.12.2015
Corporate shares	3,537,951	3,035,758	93.95%
Shares of non-OECD region companies	3,537,951	3,035,758	93.95%
Total shares	3,537,951	3,035,758	93.95%

All commercial company shares are classified as held for trading securities.

As at 31 December 2015 all shares owned by the Fund are traded on regulated markets.

The following table presents shares classified by the issuer's country of origin:

Financial instrument	ISIN code	Currency	Amount	Purchase value (EUR)	Carrying value as at 31.12.2015	% from net assets 31.12.2015.
Financial instruments traded in regulated markets				3,593,825	3,537,951	93.95%
Shares of Russian issuers				3,593,825	3,537,951	93.95%
LUKOIL	US69343P1057	USD	10,850	37,292	323,198	8.57%
MAGNIT OAO	US55953Q2021	USD	8,000	349,465	292,753	7.77%
PHOSAGRO	US71922G2093	USD	24,863	228,305	286,608	7.60%
NOVATEK OAO	US6698881090	USD	3,660	291,686	278,022	7.38%
GAZPROM OAO	US3682872078	USD	52,800	279,672	178,764	4.75%
NORILSK NICKEL	US55315J1025	USD	15,000	-	173,877	4.62%
SBERBANK	US80585Y3080	USD	32,000	174,607	172,948	4.59%
SURGUTNEFTEGAZ	RU0009029524	RUR	310,000	151,497	169,499	4.50%
MOSCOW EXCHANGE MICEX-RTS OAO	RU000A0JR4A1	RUR	145,000	181,083	165,735	4.40%
OGK-4 OJSC	RU000A0JNGA5	RUR	3,866,603	202,155	151,312	4.02%
MOBILE TELESYSTEMS OJSC	US6074091090	USD	27,000	196,697	151,281	4.02%
BASHNEFT OAO	RU0007976957	RUR	5,700	181,803	140,674	3.74%
MEGAFON	US58517T2096	USD	12,800	227,608	135,795	3.61%
QIWI PLC	US74735M1080	USD	8,200	139,131	131,809	3.50%
SURGUTNEFTEGAZ	US8688612048	USD	25,000	132,636	107,215	2.85%
MAIL.RU GROUP LTD	US5603172082	USD	5,000	134,787	100,808	2.68%
MAGNITOGORSK IRON & STEEL WORKS	US5591892048	USD	30,000	58,031	90,934	2.41%
YANDEX NV	NL0009805522	USD	6,000	86,184	84,982	2.26%
SEVERSTAL OAO	US8181503025	USD	10,600	67,443	81,347	2.16%
SISTEMA JSFC	US48122U2042	USD	13,500	88,960	77,129	2.05%
NOVOLIPETSK STEEL OJSC	US67011E2046	USD	8,000	85,561	62,754	1.67%
ALROSA AO	RU0007252813	RUR	83,500	84,155	58,221	1.55%
GLOBALTRANS INVESTMENT PLC	US37949E2046	USD	13,616	104,906	54,842	1.46%

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Financial instrument	ISIN code	Currency	Amount	Purchase value (EUR)	Carrying value as at 31.12.2015	% from net assets 31.12.2015.
TMK OAO	US87260R2013	USD	9,075	60,868	27,091	0.72%
X5 RETAIL GROUP	US98387E2054	USD	1,500	19,977	25,971	0.69%
ETALON GROUP LTD	US29760G1031	USD	9,786	29,316	14,382	0.38%
Total shares:				3,593,825	3,537,951	93.95%

5. Accrued expenses

	31.12.2015.	31.12.2014.
Accrued expenses for investment management company's commissions	(6,491)	(6,601)
Accrued expenses for custodian bank's commissions	(555)	(560)
Accrued expenses for professional services	(1,266)	(1,000)
Total accrued expenses	(8,312)	(8,161)

6. Interest income

	2015	2014
Due on demand from credit institutions	952	616
Total interest income	952	616

7. Realized decrease in investment value

	2015	2014
Proceeds from sales of investments in the reporting period*	1,953,669	4,524,624
Increase/(decrease) in disposed investment recognized in prior reporting years	1,100,343	(858,560)
Cost of investments sold during the reporting period	(3,361,586)	(4,831,377)
Total realized decrease in investment	(307,574)	(1,165,313)

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

8. Unrealized increase/(decrease) in investment value

	2015	2014
From shares	670,861	(1,719,021)
Total non-realized increase/(decrease) in investments	670,861	(1,719,021)

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9. Changes in investment value

The table below reflects changes in investments in 2015:

	31.12.2014.	Increase during the period	Decrease during the period*	Total changes in investment	31.12.2015.
Financial investments held for trading					
Shares	3,035,758	2,218,914	(2,154,998)	438,277	3,537,951
Total investments	3,035,758	2,218,914	(2,154,998)	438,277	3,537,951

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

The table below reflects changes in investments in 2014:

	31.12.2013	Increase during the period*	Decrease during the period	Total changes in investment	31.12.2014.
Financial investments held for trading					
Shares	7,512,594	2,495,926	(4,140,029)	(2,832,733)	3,035,758
Options	-	123,578	-	(123,578)	-
Total investments	7,512,594	2,619,504	(4,140,029)	(2,956,311)	3,035,758

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

10. Pledged assets

During the reporting period, the Fund has not issued any kind of guarantees or pledged any assets.

11. Fair value of financial assets and liabilities

The Management believes that the book value of financial assets and liabilities corresponds to their fair value.

The Company classifies all financial assets under the 1st level category of fair value hierarchy. The assessment technique uses quoted market prices in an active market (unadjusted). This level includes stocks, debt securities quoted on the stock exchange, as well as other financial instruments traded on the stock exchange.

12. 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 minimising the aforementioned risks, however, the Company cannot guarantee that these risks can be completely avoided in 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 need 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. The Management of the Fund acquires sufficient information on potential or current investment objects, as well as supervises financial and economic position of issuers of the securities in which the Fund's property has been or is to be invested.

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

Market risk

As market risk is understood the probability that the Fund's value may decrease when any market factors change, for example, in case of changes in interest rates (interest rate risk), prices of securities (price change risk), foreign currency exchange rates (exchange rate risk) or other market risk factors. Below are assessed sources of market risk that have been listed, however, they cannot be fully diversified.

Price change risk

Changes in equity securities (shares) depend on two variables - changes in national stock index (for Russian companies these are changes in the stock market index - RTS), and the particular issuer's financial situation (in terms of capacity to generate profit), which in turn affects the fluctuations between the balance of supply and demand. The first variable is also often referred to as the systematic risk; whereas the second - as specific risk.

The systematic risk is managed based on forecasts regarding the overall economic development in the specific geographical region and the potential economic development in the sector. The specific risk is managed on the basis of detailed analysis of issuer's financial situation and capacity to generate profit, as well as other factors affecting the price of the security mainly based on the reports published by the issuer, information in the mass media etc. Here the focus is on both security price volatility (deviations) and correlations. As a result it is possible to calculate the price for securities included in the overall risk portfolio, given their historical profitability.

As at the end of the reporting period the beta factor (which reflects the change in the Fund's profitability relative to the market profitability) was 0.72. Beta factor is calculated the data of the reporting year. Selected market index - RTS (Russian stock market index). Market index volatility is calculated as the standard deviation of the particular period.

Market volatility	Fund value volatility
31.24%	22.64%

As at the end of 2014, the beta factor was 0.75. Beta factor is calculated using 2014 data. In 2014, RTS index (Russian stock market index) was selected as the market index. Market index volatility is calculated as the standard deviation of the particular period.

Market volatility	Fund value volatility
47.52%	37.70%

Currency rate risk

Exchange rate risk arises when the nominal currency of securities and other financial instruments in the Fund differs from the Fund's currency (US dollar). Exchange rate fluctuations may cause profit or loss depending on the direction of exchange rate fluctuations and the currency's position in the Fund. Exchange rate risk can be limited by the effect of diversification, which occurs when the Fund has several currencies and the exchange rate changes for these currencies are not closely linked.

The following table shows the classification of Fund's assets and liabilities by currency as at 31 December 2015:

	EUR	USD	GBP	RUB	HKD	Total
Assets						
Due on demand from credit institutions	115	234,017	1,200	876	-	236,208
Financial assets held for trading						
Shares	-	2,852,510	-	685,441	-	3,537,951
Total assets	115	3,086,527	1,200	686,317	-	3,774,159
Liabilities						
Accrued expenses	(1,266)	(7,046)	-	-	-	(8,312)
Total liabilities	(1,266)	(7,046)	-	-	-	(8,312)
Net assets	(1,151)	3,079,481	1,200	686,317	-	3,765,847
<i>Net / (short) long position</i>	(0.03%)	81.77%	0.03%	18.22%	0.00%	100.00%

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The following table shows the classification of Fund's assets and liabilities by currency as at 31 December 2014:

	EUR	USD	GBP	RUB	HKD	Total
Assets						
Due on demand from credit institutions	2,387	521,164	1,221	31,011	-	555,783
Financial assets held for trading						
Shares	-	2,519,918	-	452,125	63,715	3,035,758
Total assets	2,387	3,041,082	1,221	483,136	63,715	3,591,541
Liabilities						
Accrued expenses	(1,000)	(7,161)	-	-	-	(8,161)
Total liabilities	(1,000)	(7,161)	-	-	-	(8,161)
Net assets	1,387	3,033,921	1,221	483,136	63,715	3,583,380
<i>Net / (short) long position</i>	0.04%	84.67%	0.03%	13.48%	1.78%	100.00%

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

Effects of changes in exchange rate (2015)				Effects of changes in exchange rate (2014)			
Currency	Share in Fund (% of net assets)	Change in exchange rate against USD	Impact on the Fund's value	Currency	Share in Fund (% of net assets)	Change in exchange rate against USD	Impact on the Fund's value
USD	81.78%	0.00%	0.00%	USD	84.67%	0.00%	0.00%
RUR	18.22%	25.65%	4.67%	RUR	13.48%	28.03%	3.78%
EUR	(0.03%)	12.26%	0.00%	HKD	1.78%	0.31%	0.01%
GBP	0.03%	8.55%	0.00%	EUR	0.04%	6.26%	0.00%
				GBP	0.03%	5.69%	0.00%
Total	100.00%		4.67%	Total	100.00%		0.62%

Concentration risk

Issuer's line of business and geographical position represent additional risk factors that may affect the price of issuer's securities or 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 classification of risk concentration (based on the country whose state affects the issuer's solvency the most) and classification of sectors are presented in tables below.

The following table presents the geographical classification of Fund's assets and liabilities as at 31 December 2015:

	Latvia	Other non-OECD countries	Total
Assets			
Due on demand from credit institutions	236,208	-	236,208
Financial assets held for trading			
Shares	-	3,537,951	3,537,951
Total assets	236,208	3,537,951	3,774,159
Liabilities			
Accrued expenses	(8,312)	-	(8,312)
Total liabilities	(8,312)	-	(8,312)
Net assets	227,896	3,537,951	3,765,847

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The following table presents the geographical classification of Fund's assets and liabilities as at 31 December 2014:

	Latvia	Other non-OECD countries	Total
Assets			
Due on demand from credit institutions	555,783	-	555,783
Financial assets held for trading			
Shares	-	3,035,758	3,035,758
Total assets	555,783	3,035,758	3,591,541
Liabilities			
Accrued expenses	(8,161)	-	(8,161)
Total liabilities	(8,161)	-	(8,161)
Net assets	547,622	3,035,758	3,583,380

The following table shows the classification of Fund's assets and liabilities by countries:

Country	Carrying value as at 31.12.2015	Carrying value as at 31.12.2014	% from net assets 31.12.2015.
Russia	3,537,951	3,035,758	93.95%
Latvia	227,896	547,622	6.05%
Total	3,765,847	3,583,380	100.00%

The following table shows the sectorial classification of Fund's securities' portfolio.

Sector	31.12.2015.	31.12.2014.	% from net assets as at 31.12.2015
Energy resources	1,197,372	949,363	31.80%
Raw materials	780,832	809,949	20.73%
Telecommunication services	364,205	184,894	9.67%
Financial services	353,065	278,434	9.38%
Consumer goods	318,724	300,033	8.46%
IT services	317,599	267,169	8.43%
Utilities	151,312	120,055	4.02%
Logistics	54,842	98,037	1.46%
Consumption services	-	27,824	-
Total	3,537,951	3,035,758	93.95%

Liquidity risk

Liquidity risk may arise if the Fund faces difficulties in meeting its financial liabilities. Fund Manager strives to maintain such asset structure which ensures a possibility of selling securities in due time and with no significant losses.

Investments in the Russian market are subject to increased risk that the market for various assets may be temporarily illiquid. This may lead to a situation where it is not possible to sell financial instruments or other assets or they are sold at a lower value.

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The following table presents the contractual maturities of Fund's assets and liabilities as at 31 December 2015:

	Up to 1 month	1 – 6 months	No maturity	Total
Assets				
Due on demand from credit institutions	236,208	-	-	236,208
Financial assets held for trading Shares	-	-	3,537,951	3,537,951
Total assets	236,208	-	3,537,951	3,774,159
Liabilities				
Accrued expenses	(7,046)	(1,266)	-	(8,312)
Total liabilities	(7,046)	(1,266)	-	(8,312)
Net assets	229,162	(1,266)	3,537,951	3,765,847
<i>Net position %</i>	6.08%	(0.03%)	93.95%	100.00%

The following table presents the terms structure of Fund's assets and liabilities as at 31 December 2014:

	Up to 1 month	1 – 6 months	No maturity	Total
Assets				
Due on demand from credit institutions	555,783	-	-	555,783
Financial assets held for trading Shares	-	-	3,035,758	3,035,758
Total assets	555,783	-	3,035,758	3,591,541
Liabilities				
Accrued expenses	(7,161)	(1,000)	-	(8,161)
Total liabilities	(7,161)	(1,000)	-	(8,161)
Net assets	548,622	(1,000)	3,035,758	3,583,380
<i>Net position %</i>	15.31%	(0.03%)	84.72%	100.00%

13. Information on holders of investment certificates

The following table presents the share of investment certificates held by related parties and others in proportion of total investment certificates issued:

	31.12.2015.	31.12.2014.	% from the total amount as at 31.12.2014
Investment certificates held by related parties	70	70	0.02%
Investment certificates held by others	355,637	385,474	99.98%
Issued investment certificates as at the end of the period	355,707	385,544	100.00%

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14. Related party transactions

The majority of Fund's investments are acquired through custodian bank. AS "Citadele banka" receives also custodian bank's remuneration which is included in the profit or loss, and the funds are also placed in AS "Citadele banka" (see. Note 3).

Remuneration paid to the Investment Management Company in the reporting year is disclosed in the profit or loss statement. As of 26.10.2012 the amount of remuneration to the custodian bank is determined to be 0.18%. Since the entry into force of amendments to the Fund's principal documents, in accordance with the requirements of the Latvian legislation and Directive 2009/65/EC, commission fees shall be determined as a percentage of average value of the Fund's net assets with two decimal places.

During the reporting period and in 2014 related parties did not conduct any transactions with the Fund's investment certificates. Purchase and re-selling transactions of the Fund's investment certificates are calculated taking into account only those investment certificates held by related parties, which were classified as related parties of the Fund in 2015 and in 2014.

15. Dynamics of investment fund's performance

	31.12.2015.	31.12.2014.	31.12.2013
Net assets (EUR)	3,765,847	3,583,380	7,828,562
Number of investment certificates	355,707	385,544	476,487
Investment fund share value (EUR)	10.59	9.29	16.43
Profitability of the investment fund**	13.99%	(43.46%)	(3.13%)
Net assets (USD)*	4,383,882	4,383,882	10,727,485
Number of investment certificates	355,707	385,544	476,487
Investment fund share value (USD)	11.57	11.37	22.51
Profitability of the investment fund**	1.76%	(49.49%)	0.27%

* Net asset value in US dollars 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.



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Independent Auditors' Report

To the shareholders of Investment fund "CBL Russian Equity Fund"

Report on the Financial Statements

We have audited the accompanying financial statements of Investment fund "CBL Russian Equity Fund" ("the Fund"), which is managed by the investment management company "CBL Asset Management" ("the Company"). These financial statements comprise the statement of assets and liabilities as at 31 December 2015, the statements of income and expense, changes in net assets and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory notes, as set out on pages 12 to 22.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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



Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Investment fund "CBL Russian Equity Fund" as at 31 December 2015, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Report on Other Legal and Regulatory Requirements

In addition, our responsibility is to assess whether the accounting information included in the investment management company's report, as set out on pages 4 to 5, the preparation of which is the responsibility of the Company, is consistent with the financial statements. Our work with respect to the investment management company's report was limited to the aforementioned scope and did not include a review of any information other than drawn from the financial statements of the Fund. In our opinion, the investment management company's report is consistent with the financial statements.

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Ondřej Fikrle

Ondřej Fikrle
Partner pp
KPMG Baltics SIA
Riga, Latvia

29 April 2016

Armine Movsisjana

Armine Movsisjana
Sworn auditor
Certificate No 178