

**INVESTMENT FUND
“CBL Russian Equity 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.



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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
Fund number:	F41
Name of the investment management company:	“CBL Asset Management” IPAS
Registered office:	Republikas laukums 2a, Riga, LV-1010, Latvia
Registration number:	40003577500
License number:	06.03.07.098/367
Name of the custodian bank:	“Citadele banka”, AS
Registered office:	Republikas laukums 2a, Riga, LV-1010, Latvia
Registration number:	40103303559
Investment management company's Board and Council members and their positions:	<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.
Fund managers (Members of Investment Committee):	Kristiāna Janvare – appointed on 15.08.2008., released 19.08.2016. 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”
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Investment management company’s report

The manager of the investment fund CBL Russian Equity Fund (hereinafter the Fund) is investment management company CBL Asset Management, registered office Republikas laukums 2a, Riga, LV-1010 (hereinafter the Company). The Company was founded on 11 January 2002. The Company's registration number is 40003577500. The Company's operating license number is 06.03.07.098/367, which was last re-registered on 19 January 2015.

The Fund aims to achieve long-term capital appreciation by investing primarily in equities of companies that are registered or carry out principal activities in the Russian Federation. Income of the Fund consists of appreciation of equity shares and dividends received. The base currency of the Fund is US dollar.

Russian equities suffered a decline in the first half of 2017. MSCI Russia index lost 15.4%, while local RTS index gave up more than 13.1%. It is important to note that weakness of the Russian equity market has not been related to performance of broader emerging markets, as their respective index MSCI EM gained 17.2% in the same period. Overall, economic background has been beneficial for emerging markets, but weak oil price (-15.5%) and ambiguous policy of newly elected US president Trump towards Russia were the main factors behind Russia equities correcting after a decent performance back in 2016.

The Fund managed to substantially outperform the market, but still suffered a decline, giving up 5.5%. The Fund exhibited superior performance mainly due to smaller exposure to Energy sector, active tactical trading with turnover reaching around 100% of the Fund's assets, as well as generally successful security selection. During the period the largest negative contribution came from Energy, Telecommunication, and Financial sectors. From the other hand, the largest positive contribution was delivered by Information Technology companies.

During the first half of 2017, the Fund's net assets declined by 16.68% or EUR 691,757 and by the end of the period stood at EUR 3,454,735 (gross assets 3,461,723). During the reporting period, the Fund's unit price dropped by EUR 2.07 to EUR 13.97. The Fund's return in the first half of 2017 was -12.91% in EUR terms (-24.32% annualized) and -5.51% (-10.80% annualized) in the Fund's base currency.

During the period management fee stood at USD 52,117 or 2.50% from the average of net assets, which does not exceed the maximum 4.00% outlined in the Fund's prospectus.

The Fund's financial position was heavily influenced by the important event which took place after the closing of the period, but before the day of its approval. On 10th July 2017 the Fund “CBL Eastern European Select Equity Fund” (ISIN LV0000400851) was merged into “CBL Russian Equity Fund” (ISIN LV0000400190). As a result, net assets of CBL Russian Equity Fund increased by around EUR 0.9mn, reaching EUR 4.6mn. After the merger, the Fund's cash position increased by around 15%, which was gradually allocated to individual securities. At the moment of writing, the weight of cash in the Fund stood at around 3.5%.

Looking forward to the second half of the year, the manager expects that performance of Russian equities will be mostly driven by such external factors as oil price movement, as well as demand for risk assets and Emerging Markets equities in particular.

Uldis Upenieks
Chairperson of the Board

Andris Kotāns
Member of Investment
Committee

Elchin Jafarov
Member of Investment
Committee

Igoris Lahtadirs
Member of Investment
Committee

**IF “CBL Russian Equity Fund”
Half-year report 2017
Statement of assets and liabilities
(EUR)**

Note	30.06.2017.	31.12.2016.
Assets		
1	99,097	256,555
2	3,362,626	3,898,351
	-	379
Total assets	3,461,723	4,155,285
Liabilities		
	(6,988)	(8,793)
Total liabilities	(6,988)	(8,793)
Net assets	3,454,735	4,146,492

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

Uldis Upenieks
Chairperson of the Board

Riga, 27 July 2017



IF "CBL Russian Equity Fund"
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Statement of income and expense
(EUR)

	01.01.2017.- 30.06.2017.	01.01.2016.- 30.06.2016.
Income		
Interest income	-	289
Dividend income	49,488	56,306
Other income	-	243
Total income	49,488	56,838
Expenses		
Remuneration to investment management company	(36,971)	(39,633)
Remuneration to custodian bank	(3,166)	(3,379)
Other fund management expenses	(5,841)	(4,173)
Total expenses	(45,978)	(47,185)
Increase in investment value		
Realized (decrease)/ increase in investment value	(69,398)	116,509
Unrealized (decrease)/increase in investments	(451,697)	441,989
Total (decrease)/increase in investments	(521,095)	558,498
(Decrease)/increase in net assets from investment	(517,585)	568,151

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

Uldis Upenieks
Chairperson of the Board

Riga, 27 July 2017

**IF “CBL Russian Equity Fund”
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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	4,146,492	3,765,847
(Decrease)/increase in net assets from investment	(517,585)	568,151
Transactions with investment certificates		
<i>Inflow from sale of investment certificates</i>	<i>145,757</i>	<i>105,742</i>
<i>(Outflow) on redemption of investment certificates</i>	<i>(319,929)</i>	<i>(224,646)</i>
Net decrease in assets from transactions with investment certificates	(174,172)	(118,904)
(Decrease) / increase in net assets for the period	(691,757)	449,247
Net assets as at the end of the period	3,454,735	4,215,094
Issued investment certificates as at the beginning of the period	258,490	355,707
Issued investment certificates as at the end of the period	247,271	345,957
Net assets per investment certificate as at the beginning of the period	16.04	10.59
Net assets per investment certificate as at the end of the period	13.97	12.18

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

Uldis Upenieks
Chairperson of the Board

Riga, 27 July 2017

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Notes
(EUR)

1. Due on demand from credit institutions

	30.06.2017.	31.12.2016.	% from net assets as at 30.06.2017.
Due on demand from credit institutions			
AS Citadele banka	99,097	256,555	2.87%
Total demand deposits with credit institutions	99,097	256,555	2.87%

2. Shares

All commercial company shares are classified as held for trading securities. 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 30.06.2017. (EUR)	% from net assets as at 30.06.2017.
Financial instruments traded in regulated markets				3,305,584	3,362,626	97.33%
Shares of Russian issuers				3,165,924	3,218,778	93.17%
X5 RETAIL GROUP	US98387E2054	USD	10,000	277,118	305,643	8.84%
LUKOIL	US69343P1057	USD	6,670	234,739	282,651	8.17%
SBERBANK	US80585Y3080	USD	30,300	279,004	273,210	7.91%
ROSNEFT OIL MAGNITOGORSK IRON & STEEL WORKS	US67812M2070	USD	51,000	259,051	242,666	7.02%
ALROSA PAO	RU0007252813	RUB	116,500	155,465	150,297	4.35%
NOVATEK OAO MOSCOW EXCHANGE MICEX- RTS PJSC	US6698881090	USD	1,500	137,602	147,739	4.28%
NOVOLIPETSK STEEL OJSC	RU000A0JR4A1	RUB	92,000	112,479	142,349	4.12%
MAGNIT PJSC MOBILE	US67011E2046	USD	8,000	85,561	134,735	3.90%
TELESYSTEMS PJSC	US55953Q2021	USD	4,500	145,846	132,098	3.82%
YANDEX NV MAIL.RU GROUP LTD	US6074091090	USD	18,000	154,449	130,757	3.78%
SURGUTNEFTEGAS OJSC	NL0009805522	USD	5,000	80,905	116,675	3.38%
TATNEFT PJSC UNITED CO RUSAL PLC	US5603172082	USD	5,000	114,411	115,054	3.33%
	RU0009029524	RUB	250,000	120,435	106,059	3.07%
	US8766292051	USD	3,000	112,477	100,210	2.90%
	JE00B5BCW814	HKD	230,000	111,445	98,386	2.85%

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Notes
(EUR)

Financial instrument	ISIN code	Currency	Amount	Purchase value (EUR)	Carrying value as at 30.06.2017. (EUR)	% from net assets as at 30.06.2017.
MMC NORILSK						
NICKEL PJSC	US55315J1025	USD	7,500	122,146	90,431	2.62%
GAZPROM OAO	US3682872078	USD	20,000	98,660	69,383	2.01%
UNIPRO PJSC	RU000A0JNGA5	RUB	1866,603	103,144	69,005	2.00%
SEVERSTAL OAO	US8181503025	USD	5,800	51,525	65,512	1.90%
QIWI PLC	US74735M1080	USD	2,800	27,323	60,014	1.74%
SISTEMA JSFC	US48122U2042	USD	15,000	82,258	54,482	1.58%
TMK OAO	US87260R2013	USD	9,075	60,868	41,669	1.21%
GLOBALTRANS INVESTMENT PLC	US37949E2046	USD	5,616	20,443	36,859	1.07%
MEGAFON PJSC	US58517T2096	USD	4,000	41,443	32,072	0.93%
ETALON GROUP LTD	US29760G1031	USD	9,786	29,316	30,228	0.87%
LENTA LTD	US52634T2006	USD	5,800	28,279	29,579	0.86%
VOLGA TERRITORIAL GENERATING	RU000A0HML36	RUB	1	-	-	0.00%
Shares of Switzerland issuers				139,660	143,848	4.16%
LUXOFT HOLDING INC	VGG572791041	USD	2,700	139,660	143,848	4.16%
Akcijas kopā:				3,305,584	3,362,626	97.33%

3. Dynamics of investment fund's performance

	30.06.2017.	31.12.2016.	31.12.2015.	31.12.2014.
Net assets (EUR)	3,454,735	4,146,492	3,765,847	3,583,380
Number of investment certificates	247,271	258,490	355,707	385,544
Investment fund share value (EUR)	13.97	16.04	10.59	9.29
Profitability of the investment fund**	(24.32%)	51.29%	13.99%	(43.46%)
Net assets (USD)*	3,945,136	4,363,755	4,116,147	4,383,882
Number of investment certificates	247,271	258,490	355,707	385,544
Investment fund share value (USD)	15.95	16.88	11.57	11.37
Profitability of the investment fund**	(10.80%)	45.74%	1.76%	(49.49%)

*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.