

INVESTMENT FUND
CBL Russian Equity Fund

SEMIANNUAL REPORT 2019 (NON-AUDITED)
(for the six – month period ended 30 June 2019)

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, 2019

*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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INVESTMENT FUND INFORMATION

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:	<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. Council Member – 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 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):	Andris Kotāns – appointed on 26.01.2011. Igors 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

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.

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.

The first half of 2019 was very successful for the Russian stock market. The MSCI Russia stock index rose 28%, while the local RTS index added 29%. The Fund gained 25.96%, slightly below the key market indices. Significant support for Russian issuers' shares was provided by the favorable conditions in global financial markets, with strong stock price increases in virtually every region of the world following market correction at the end of 2018. On the commodity markets, sentiment was also positive, with Brent crude oil rising 24% in the first half of the year, pushing up Russian energy sector equities. Global optimism was initially fueled mainly by US President Donald Trump's announcements that trade agreement with the Chinese government is almost reached. The US-initiated trade war with China last year was one of the main causes of the global financial market downturn. However, expectations did not materialize, and in the spring contrary to all previous promises Trump announced once again new tariffs on Chinese imports. It became clear that even if a solution and a compromise were reached, it would certainly not be so soon. The current outbreak of geopolitical risks reduced investors' willingness to buy equities, followed by a slight correction that also affected the Russian stock market. It should be noted that even in the wake of global optimism, Russian issuers' shares showed surprisingly strong dynamics. One of the main reasons was Gazprom's unexpected announcement of last year's profit distribution. Gazprom doubled its dividend payout, giving investors a 7% dividend yield. This was a very pleasant surprise, because historically the company has not pampered investors with high dividend payments. Gazprom stock price rose 30% in May alone, and given the large weight of the company's shares in major Russian stock indices, it gave a strong boost to the overall Russian stock market. Gazprom's shares rose by more than 60% during the first half of the year, and given that it is one of the largest positions in the Fund, Gazprom contributed the most to the Fund's overall performance. During the reporting period, all Russian stock market sectors showed positive price dynamics. The Fund's largest contribution came from its investments in the oil and gas and financial sectors.

The Fund's net assets increased by 13.55% in the first half of 2019, or by EUR 487,310, and amounted to EUR 4,083,738 at the end of the period. Gross assets as of 30.06.2019 amounted to EUR 4,091,229. The Fund's share price increased during the reporting period by EUR 3.77 to EUR 18.46. The Fund's return in the first half of 2019 was positive at EUR 25.66% and EUR 24.91% in the Fund's base currency (USD).

In the reporting period, the total management amounted to EUR 46,841, which does not exceed the maximum amount of 4.00% specified in the Prospectus of the Fund. The remuneration of the investment management company amounted to EUR 38,089, the remuneration to the custodian bank was EUR 3,428, and other Fund management - EUR 5,324.

Looking ahead to the second half of the year, the manager of the Fund expects that the performance of Russian equities will be mainly driven by external factors such as geopolitics, oil price dynamics, as well as overall demand for risk assets, particularly emerging market equities.

For the Board of IPAS:

Kārlis Purgailis
Chairperson of the Board

Andris Kotāns
Fund Manager

Igors Lahtadirs
Fund Manager

Riga, 31 July 2019

STATEMENT OF ASSETS AND LIABILITIES

	Notes	<u>30.06.2019.</u>	<u>31.12.2018.</u>
Assets			
Due on demand from credit institutions	1	268,182	193,339
Financial assets at fair value through profit or loss			
Equity instruments	2	3,823,047	3,411,038
Total assets		<u>4,091,229</u>	<u>3,604,377</u>
Liabilities			
Accrued expenses		(7,491)	(7,949)
Total liabilities		<u>(7,491)</u>	<u>(7,949)</u>
Net assets		<u>4,083,738</u>	<u>3,596,428</u>

The accompanying notes on pages 8 to 9 form an integral part of these financial statements.
For the Board of IPAS:

Kārlis Purgailis
Chairperson of the Board

Riga, 31 July 2019

STATEMENT OF INCOME AND EXPENSE

	01.01.2019.- 30.06.2019.	01.01.2018.- 30.06.2018.
Income		
Dividend income	52,262	50,529
Total income	52,262	50,529
Expenses		
Remuneration to investment management company	(38,089)	(41,486)
Custodian Fee	(3,428)	(3,734)
Other Fund management expenses	(5,324)	(5,196)
Total expenses	(46,841)	(50,416)
Increase/(decrease) in investment value		
Realized/(decrease) in investment value	99,295	(42,066)
Unrealized increase in investments	775,599	33,066
Total increase/(decrease) in investments	874,894	(9,000)
Increase/(decrease) in net assets from investment	880,315	(8,887)

The accompanying notes on pages 8 to 9 form an integral part of these financial statements.
For the Board of IPAS:

Kārlis Purgailis
Chairperson of the Board

Riga, 31 July 2019



STATEMENT OF CHANGES IN NET ASSETS

	01.01.2019.- 30.06.2019.	01.01.2018.- 30.06.2018.
Net assets at the beginning of the reporting period	3,596,428	4,063,069
Increase/(decrease) in net assets from investment	880,315	(8,887)
Transactions with share certificates and units		
Inflow from subscription of share certificates and units	44,758	61,503
Outflow from redemption of share certificates and units	(437,763)	(308,261)
(Decrease) in net assets from transactions with share certificates	(393,005)	(246,758)
Increase/(decrease) in net assets in the reporting period	487,310	(255,645)
Net assets as at the end of the reporting period	4,083,738	3,807,424
Number of share certificates issued as at the beginning of the reporting period	244,813	269,011
Number of share certificates issued as at the end of the reporting period	221,176	253,513
Net assets per share certificate as at the beginning of the reporting period	14.69	15.10
Net assets pershare certificate as at the end of the reporting period	18.46	15.02

The accompanying notes on pages 8 to 9 form an integral part of these financial statements.
For the Board of IPAS:

Kārlis Purgailis
Chairperson of the Board

Riga, 31 July 2019

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 DUE ON DEMAND FROM CREDIT INSTITUTIONS

	30.06.2019.	% from net assets as at 30.06.2019.	31.12.2018.	% from net assets as at 31.12.2018.
Due on demand from credit institutions AS Citadele banka	268,182	6.57%	193,339	5.38%
Total demand deposits with credit institutions	268,182	6.57%	193,339	5.38%

NOTE 2 EQUITY INSTRUMENTS

All equity instruments are classified as financial assets at fair value through profit or loss. As at 30 June 2019, all equity instruments owned by the Fund are traded on regulated markets.

The following table presents the equity instruments distribution by the issuer's country of origin:

Financial instrument	ISIN code	Currency	Amount	Acquisition value (EUR)	Carrying amount 30.06.2019. (EUR)	% of the Fund's net assets 30.06.2019.
Financial instruments traded on regulated markets				3,147,438	3,823,047	93.62%
Equity instruments of Russian issuers				3,147,315	3,823,047	93.62%
Sberbank	US80585Y3080	USD	27200	300,433	372,148	9.11%
Gazprom OAO	US3682872078	USD	57000	209,618	368,146	9.01%
Lukoil	US69343P1057	USD	4400	177,563	328,337	8.04%
X5 RETAIL GROUP	US98387E2054	USD	7000	212,266	212,399	5.20%
NOVATEK OAO	US6698881090	USD	1119	135,320	209,444	5.13%
Mobile TeleSystems PJSC	US6074091090	USD	23200	208,710	189,800	4.65%
Yandex NV	NL0009805522	USD	5300	155,214	180,889	4.43%
Surgutneftegas OJSC	RU0009029524	RUB	300000	132,881	180,048	4.41%
MMC Norilsk Nickel PJSC	US55315J1025	USD	9000	142,151	179,921	4.41%
Tatneft PJSC	US8766292051	USD	2700	92,706	174,670	4.28%
Rosneft oil	US67812M2070	USD	30000	133,283	172,671	4.23%
Severstal OAO	US8181503025	USD	11500	130,166	171,995	4.21%
Alrosa PAO	RU0007252813	RUB	122500	167,464	147,501	3.61%
PhosAgro OAO	US71922G2093	USD	11050	129,884	129,629	3.17%
Moscow Exchange MICEX-RTS PJSC	RU000A0JR4A1	RUB	100500	125,875	126,289	3.09%
Magnit PJSC	US55953Q2021	USD	9000	111,220	116,019	2.84%
Mail.Ru Group Ltd	US5603172082	USD	4900	107,382	107,817	2.64%
Novolipetsk Steel OJSC	US67011E2046	USD	4800	51,336	107,304	2.63%
United Co RUSAL PLC	JE00B5BCW814	HKD	240000	137,764	86,422	2.12%
QIWI plc	US74735M1080	USD	4540	69,953	79,789	1.95%
Unipro PJSC	RU000A0JNGA5	RUB	1866603	103,144	68,488	1.68%
Magnitogorsk Iron & Steel Works	US5591892048	USD	8000	47,325	65,308	1.60%
Globaltrans Investment PLC	US37949E2046	USD	2616	17,988	21,103	0.52%
TMK OAO	US87260R2013	USD	4075	27,347	13,553	0.33%
Etalon Group Ltd	US29760G1031	USD	6786	20,322	13,357	0.33%
Volga Territorial Generating	RU000A0HML36	RUB	1	-	-	-%

Financial instrument	ISIN code	Currency	Amount	Acquisition value (EUR)	Carrying amount 30.06.2019. (EUR)	% of the Fund's net assets 30.06.2019.
Equity instruments of Kazakh issuers				123	-	-%
Kazakhstan Kagazy PLC	US48667M4015	USD	14000	123	-	-%
Total equity instruments:				3,147,438	3,823,047	93.62%

NOTE 3 PERFORMANCE DYNAMICS OF THE INVESTMENT FUND

	30.06.2019.	31.12.2018.	31.12.2017.	31.12.2016.
Net assets (EUR)	4,083,738	3,596,428	4,063,069	4,146,492
Number of share certificates	221,176	244,813	269,011	258,490
Value of the unit of the Investment Fund (EUR)	18.46	14.69	15.10	16.04
Profitability of the investment Fund**	25.66%	(2.72%)	(5.86)%	51.29%
Neto aktīvi (USD)*	4,647,294	4,117,910	4,868,464	4,363,755
Number of share certificates	221,176	244,813	269,011	258,490
Value of the unit of the Investment Fund (USD)	21.01	16.82	18.10	16.88
Profitability of the investment Fund**	24.91%	(7.07%)	7.23%	45.74%

* The net asset value in EUR is determined using the foreign exchange rates prevailing on the financial markets at the end of the day.

** Yield is calculated as the change in the value of the Fund unit over the reporting period in relation to its value at the beginning of the period. The profitability of the semi-annual report is presented in absolute terms. The Fund's annual performance is expressed as a multiple of 365 times the number of days in the period.