



INVESTMENT FUND CBL Russian Equity Fund

SEMIANNUAL REPORT 2020 (NON-AUDITED) (for the six – month period ended 30 June 2020)

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, 2020

*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.



TABLE OF CONTENTS

Investment Fund information	3
Investment Management company's report	4
Financial Statements:	
Statement of assets and liabilities	5
Statement of income and expense	6
Statement of changes in net assets	7
Notes of Financial Statements	8



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):	Andrejs Pilka – appointed on 29.08.2019. 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” AS 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.

In the first half of 2020, Russian equities exhibited very volatile performance and closed the period with losses, as did the most of the world's stock markets. MSCI Russia stock index plummeted by 25.3%, and the local RTS index declined by 21.7% during the period. These results were primarily explained by the outbreak of new coronavirus in China and its subsequent spread worldwide. The uncontrolled COVID-19 outbreak in March reached global scale, sowing panic in financial markets. As a result, investors succumbed to the selling instinct, massively disposing of risk assets. Although the moods improved already in April, as the stabilization of new infections at major outbreaks took place, the restrictive measures triggered by COVID-19 had a sharply negative impact on the economy. As a result of dramatic plunge in demand, oil prices fell by 37.7% in the first half of the year. At one point, for the first time in history WTI oil contracts were even sold at deeply negative prices, as traders avoided physical settlement due to insufficient storage capacity in the US. In response to the unprecedented economic challenges, authorities around the world have announced huge monetary and fiscal stimulus measures. The Central Bank of Russia also reduced its key rate, which reached 4.5% in June, and is the lowest level since the fall of the Soviet Union. Meanwhile, in the oil market, OPEC+ countries agree to reduce oil output by 10mn barrels per day. All these developments provided substantial support to Russian stocks, which managed to rebound sharply from the March lows, recovering most of the losses. At the same time, however, the pandemic situation in Russia remained tough. Even Prime Minister Mikhail Mishustin fell ill with the virus and was therefore forced to temporarily hand over responsibilities to his deputy, Andrei Belousov.

During the period, the Fund slightly outperformed the market, but still lost 20% of its value. During the reporting period, the largest negative contribution to the Fund came from its investments in the energy sector, raw materials and financial services sectors. On the other hand, investments in consumer goods sector, where food retailers in general, and convenience store formats in particular, were immune to quarantine measures and changes in consumer behavior, had a positive impact on the Fund.

The Fund's net assets decreased by 10.03% in the first half of 2020, or by EUR 306,272, and amounted to EUR 3,054,758 at the end of the period. Gross assets as of 30.06.2020 amounted to EUR 3,061,553. The Fund's share price decreased during the reporting period by EUR 3.89 to EUR 15.80. The Fund's return in the first half of 2020 was negative at EUR 19.76% and minus EUR 20.03% in the Fund's base currency (USD).

In the reporting period, the total management amounted to EUR 37,172, 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 30,646, the remuneration to the custodian bank was EUR 2,758, and other Fund management - EUR 3,768.

Looking ahead to the second half of the year, the manager expects the performance of Russian equities to be determined primarily by external factors such as further development of the COVID pandemic, oil price dynamics, geopolitics and overall demand for risk assets, especially emerging market equities. It should be noted that the macroeconomic situation in Russia is stable, with international reserves being close to the highest level in modern history and external debt at the lowest levels of the decade.

For the Board of IPAS:

Kārlis Purgailis
Chairperson of the Board

Andrejs Piļka
Fund Manager

Igors Lahtadirs
Fund Manager

Riga, 31 July 2020

STATEMENT OF ASSETS AND LIABILITIES

	Notes	<u>30.06.2020.</u>	<u>31.12.2019.</u>
Assets			
Due on demand from credit institutions	1	56,232	271,300
Financial assets at fair value through profit or loss			
Equity instruments	2	3,005,321	3,097,761
Total assets		<u>3,061,553</u>	<u>3,369,061</u>
Liabilities			
Accrued expenses		(6,795)	(8,031)
Total liabilities		<u>(6,795)</u>	<u>(8,031)</u>
Net assets		<u><u>3,054,758</u></u>	<u><u>3,361,030</u></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 2020



STATEMENT OF INCOME AND EXPENSE

	<u>01.01.2020.- 30.06.2020.</u>	<u>01.01.2019.- 30.06.2019.</u>
Income		
Dividend income	53,885	52,262
Total income	<u>53,885</u>	<u>52,262</u>
Expenses		
Remuneration to investment management company	(30,646)	(38,089)
Custodian Fee	(2,758)	(3,428)
Other Fund management expenses	(3,768)	(5,324)
Total expenses	<u>(37,172)</u>	<u>(46,841)</u>
(Decrease)/increase in investment value		
Realized (decrease)/increase in investment value	(294,249)	99,295
Unrealized (decrease)/increase in investments	(568,573)	775,599
Total (decrease)/increase in investments	<u>(862,822)</u>	<u>874,894</u>
(Decrease)/increase in net assets from investment	<u>(846,109)</u>	<u>880,315</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 2020



STATEMENT OF CHANGES IN NET ASSETS

	01.01.2020.- 30.06.2020.	01.01.2019.- 30.06.2019.
Net assets at the beginning of the reporting period	3,361,030	3,596,428
Increase/(decrease) in net assets from investment	(846,109)	880,315
Transactions with share certificates and units		
Inflow from subscription of share certificates and units	927,555	44,758
Outflow from redemption of share certificates and units	(387,718)	(437,763)
Increase/(decrease) in net assets from transactions with share certificates	539,837	(393,005)
(Decrease)/increase in net assets in the reporting period	(306,272)	487,310
Net assets as at the end of the reporting period	3,054,758	4,083,738
Number of share certificates issued as at the beginning of the reporting period	170,712	244,813
Number of share certificates issued as at the end of the reporting period	193,364	221,176
Net assets per share certificate as at the beginning of the reporting period	19.69	14.69
Net assets pershare certificate as at the end of the reporting period	15.80	18.46

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 2020

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 DUE ON DEMAND FROM CREDIT INSTITUTIONS

	30.06.2020.	% from net assets as at 30.06.2020.	31.12.2019.	% from net assets as at 31.12.2019.
Due on demand from credit institutions AS Citadele banka	56,232	1.84%	271,300	8.07%
Total demand deposits with credit institutions	56,232	1.84%	271,300	8.07%

NOTE 2 EQUITY INSTRUMENTS

All equity instruments are classified as financial assets at fair value through profit or loss. As at 30 June 2020, 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				3,168,200	3,005,321	98.38%
Equity instruments of Russian issuers:				3,168,077	3,005,321	98.38%
X5 RETAIL GROUP	US98387E2054	USD	9,200	243,292	289,851	9.49%
MMC Norilsk Nickel PJSC	US55315J1025	USD	11,400	246,910	267,031	8.74%
Lukoil	US69343P1057	USD	4,000	200,564	266,405	8.72%
Rosneft oil	US67812M2070	USD	57,000	322,536	256,341	8.40%
Mail.Ru Group Ltd	US5603172082	USD	7,370	156,325	147,097	4.82%
Yandex NV	NL0009805522	USD	3,290	94,731	145,844	4.77%
Magnit PJSC	US55953Q2021	USD	12,400	145,177	142,736	4.67%
QIWI plc	US74735M1080	USD	8,900	149,255	138,293	4.53%
Sberbank	US80585Y3080	USD	13,000	171,140	131,707	4.31%
Gazprom OAO	US3682872078	USD	27,000	150,847	130,154	4.26%
PhosAgro OAO	US71922G2093	USD	11,050	129,884	122,164	4.00%
Gazprom Neft PJSC	US36829G1076	USD	5,900	166,601	121,709	3.98%
Surgutneftegaz ADR	US8688612048	USD	24,850	176,542	118,391	3.88%
Mobile TeleSystems PJSC	US6074091090	USD	14,050	122,320	115,557	3.78%
Severstal OAO	US8181503025	USD	10,200	121,895	109,852	3.60%
NOVATEK OAO	US6698881090	USD	860	163,644	109,286	3.58%
Magnitogorsk Iron & Steel Works	US5591892048	USD	18,000	135,655	108,662	3.56%
Tatneft PJSC	US8766292051	USD	2,600	101,003	108,477	3.55%
Novolipetsk Steel OJSC	US67011E2046	USD	4,800	51,336	85,001	2.78%
Sistema JSFC	US48122U2042	USD	15,600	73,085	66,103	2.16%
Globaltrans Investment PLC	US37949E2046	USD	2,616	17,988	12,615	0.41%
TMK OAO	US87260R2013	USD	4,075	27,347	12,045	0.39%
Volga Territorial Generating	RU000A0HML36	RUB	1	-	-	-%
Equity instruments of Kazakh issuers:				123	-	-%
Kazakhstan Kagazy PLC	US48667M4015	USD	14,000	123	-	-%
Total equity instruments:				3,168,200	3,005,321	98.38%

NOTE 3 PERFORMANCE DYNAMICS OF THE INVESTMENT FUND

	30.06.2020.	31.12.2019.	31.12.2018.	31.12.2017.
Net assets (EUR)	3,054,758	3,361,030	3,596,428	4,063,069
Number of share certificates	193,364	170,712	244,813	269,011
Value of the unit of the Investment Fund (EUR)	15.80	19.69	14.69	15.10
Profitability of the investment Fund**	(19.76%)	34.04%	(2.72%)	(5.86)%
Neto aktīvi (USD)*	3,420,719	3,775,782	4,117,910	4,868,464
Number of share certificates	193,364	170,712	244,813	269,011
Value of the unit of the Investment Fund (USD)	17.69	22.12	16.82	18.10
Profitability of the investment Fund**	(20.03%)	31.51%	(7.07%)	7.23%

* 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.