

**Investment Fund**  
**CBL Russian Equity Fund**  
**FUND RULES**

The Fund is registered in the Republic of Latvia

Registered with the Financial and Capital Market  
Commission:

Registration date of the Fund: 05.03.2004

Registration number of the Fund: F41

**Amendments to the Fund Rules:**

Registered on 18.10.2004, in effect from 18.11.2004  
Registered on 21.12.2004, in effect from 21.01.2005  
Registered on 17.02.2005, in effect from 17.02.2005  
Registered on 14.07.2005, in effect from 01.09.2005  
Registered on 10.10.2005, in effect from 11.10.2005  
Registered on 08.12.2005, in effect from 09.12.2005  
Registered on 02.08.2007, in effect from 03.09.2007  
Registered on 27.02.2008, in effect from 22.02.2008  
Registered on 08.09.2008, in effect from 09.10.2008  
Registered on 14.10.2008, in effect from 14.10.2008  
Registered on 05.10.2009, in effect from 05.10.2009  
Registered on 09.10.2009, in effect from 10.11.2009  
Registered on 29.01.2010, in effect from 29.01.2010  
Registered on 27.07.2010, in effect from 02.08.2010  
Registered on 10.08.2010, in effect from 10.08.2010  
Registered on 14.09.2011, in effect from 25.09.2011  
Registered on 31.10.2012, in effect from 10.11.2012  
Registered on 21.07.2014, in effect from 21.07.2014  
Registered on 19.03.2015, in effect from 30.03.2015  
Registered on 30.05.2017, in effect from 10.07. 2017

Custodian: Citadele banka AS

Auditor: KPMG Baltics SIA

Prospectus of the Fund, Fund Rules, Key Investor  
Information, annual and semi-annual reports of the Fund  
as well as other information on the Fund and the  
Company is available free of charge at the office of the  
CBL Asset Management IPAS at the following address:

Republikas laukums 2A,  
Rīga, LV-1010, Latvia,  
on business days from 08:30 to 17:30,  
as well as on the homepage:  
[www.cblam.lv](http://www.cblam.lv)

The distributor of the Share Certificates:

In Latvia: Citadele banka AS

Republikas laukums 2A, Rīga, LV-1010,  
Latvia, as well as branches and customer  
service centers of Citadele banka AS in  
Latvia

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**1. General information**

Prior to investing in the Fund, in order to make a reasoned decision on investing into the Fund and the potential risk inherent to such investment, an Investor must read the information stated in these Fund Rules, Prospectus of the Fund, Key Investor Information and laws and regulations of the Republic of Latvia applicable to the Fund, the Company and the Custodian.

The Fund Rules lay down the procedure for management of the Fund.

**2. Information about the Fund**

Name of the Fund: Investment fund CBL Russian Equity Fund

**3. Information about the Company Managing the Fund**

Name of the Company: CBL Asset Management IPAS

Legal address: Republikas laukums 2A, Riga, LV-1010, Latvia  
Phone: (+371)67010810, Fax: (+371)67778622

The location of the executive body of the Company is the same as its legal address.

Founded on: 11 January 2002

Unified registration number: 40003577500

Licenses: License for Investment Management Services  
No 06.03.07.098/367

License for Management of State Funded Pension Scheme  
Assets issued on 20 September 2002.

Alternative Investment Fund Manager license  
No 06.13.08.098/369

**4. Information about the Custodian**

Name of the Custodian: Joint Stock Company Citadele banka

Legal address: Republikas laukums 2A, Riga LV-1010, Latvia  
Phone: (+371)67010000, Fax: (+371)67010001

The location of the executive body of the Custodian is the same as its legal address.

Founded on: 30 June 2010

Unified registration number: 40103303559

Licenses: License for Credit Institution Activities No 06.01.05.405/280

**5. Terms and Abbreviations**

Terms used in these Rules correspond to the terms used in the Prospectus of CBL Russian Equity Fund, unless otherwise provided herein.

**6. General Principles and Procedures for Fund Management**

The investment fund CBL Russian Equity Fund founded by CBL Asset Management IPAS is a set of assets consisting of investments made against Share Certificates, as well as of assets acquired from transactions with the property of the Fund.

In accordance with the Law on Investment Management Companies of the Republic of Latvia, CBL Russian Equity Fund is an investment fund and operates in accordance with Directive 2009/65/EC, as well as with other binding legislation of the European Union.

The Company, on its own behalf, at the expense of the Investors of the Fund, solely in the interests of the Investors of the Fund, manages the Fund's assets and the rights arising thereof in accordance with the Law on Investment Management Companies of the Republic of Latvia, other Latvian laws and regulations, its Articles of Association, the Prospectus of the Fund, and the Fund Rules.

The Company does not need the consent of the Investors of the Fund for activities related to the Fund management, nor for the use of the voting rights attached to equity shares belonging to the property of the Fund.

Investment targets are selected in accordance with the investment policy of the Fund and investment limitations described in the Prospectus of the Fund and in accordance with the procedure prescribed in the Fund Rules.

The Company does not have the right to invest its funds in the share capital of other investment management companies as well as to purchase Share Certificates of the Fund managed by the Company.

The Company is liable for losses caused to the Investors or third parties by officials or authorized persons of the Company as a result of violation of the provisions of the Law, the Prospectus of the Fund and the Fund Rules, by abusing the powers granted to them or fulfilling their duties negligently.

The Company is responsible for accounting of the Fund and annual and semi-annual financial reporting. The Company is entitled to delegate accounting of the Fund to an authorized entity; however, the Company is responsible for the activities of such a person.

The Company keeps accounting of the Fund separate from the accounting of the property of the Company and other funds managed by the Company.

## **7. Procedure for Making Investment Decisions**

Decisions on handling the Fund's assets are made by the Fund Managers appointed by the Management Board of the Company in compliance with the terms of the Prospectus, the investment policy of the Fund and the procedure specified by the effective laws and regulations of the Republic of Latvia and herein.

The Fund Managers are responsible for compliance with the investment policy of the Fund.

The Fund Managers deal with issues concerning the investment strategy and tactics of the Fund and make the respective decisions when required, based on an unanimity principle. If unanimity cannot be achieved, each Fund Manager must inform the Board accordingly, which shall take the decision on further action,

Orders to the Custodian regarding transactions with the Fund's assets may be signed by any Fund Manager unilaterally.

Fund Managers are not responsible for the decisions taken and orders submitted in their absence until the time when the Manager is able to read and consider the decisions taken and transactions executed during his or her absence.

Any transaction with the Fund's assets must be based on an order submitted to the Custodian by a Fund Manager in accordance with the Custody Agreement and the procedure for submitting orders agreed by the Custodian. Where the order contradicts the Law, regulations of the Commission, the Prospectus of the Fund, these Fund Rules or the Custody Agreement, the Custodian does not execute such an order.

The Company's Management Board may request that the Fund Managers provide detailed explanation of decisions taken in respect of the Fund's assets.

## **8. Investment Limitations**

### **8.1 General Investment Limitations**

- The Fund's investments, excluding the Fund's investment referred to in Paragraph 3.1, subparagraph 2 of the Prospectus, in transferable securities or money market instruments of a single issuer may not exceed 5 percent of the Fund's assets. The above limit may be raised to 10 percent of the Fund's assets; however, in such a case, the total value of the investments exceeding five percent may not exceed 40 percent of the Fund's assets.
- The Fund's investments in transferable securities of a single issuer can be increased up to 25 percent of the Fund's assets if they are debt securities issued or guaranteed by a credit institution registered in a Member State and if the terms of such debt securities provide that the acquired funds will be invested in assets that during the entire duration of the debt security fully secure the liabilities arising out of such a debt security, and such liabilities must be settled on a priority basis if the issuer becomes insolvent.

- If the value of debt securities of a single issuer mentioned in Paragraph 3.1, sub-paragraph 2 of the Prospectus exceeds 5 percent of the Fund's assets, the total value of the Fund's investments that exceeds five percent may not exceed 80 percent of the Fund's assets.
- The Fund's investments in a single credit institution may not exceed 20 percent of the assets of the Fund. Such a limitation does not apply to claims on-demand against the Custodian.
- Investments of the Fund's assets in Share Certificates of a single investment fund or a similar or equivalent collective investment undertaking may not exceed 10 percent of the Fund's assets. Total investments of the Fund into Share Certificates (units) of collective investment undertakings referred to in Paragraph 3.1, sub-paragraph 5 of the Prospectus may not exceed 30 percent of the Fund's assets.
- Assets of the Fund may be invested in futures, plain vanilla options or swaps which are traded on the markets specified in Paragraph 5.1, sub-paragraphs 1 and 2 or on over-the-counter markets and simultaneously meet the following requirements:
  - 1) their underlying asset is the financial instrument referred to in Paragraphs 5.1 to 5.5 hereof, financial indices, interest rates, exchange rates or currencies in which it is intended to invest the Fund assets in accordance with the Prospectus or the Rules;
  - 2) the counterparty in a transaction with derivative financial instruments which are not traded on a regulated market is a credit institution that has obtained a license for credit institution operations in a Member State or OECD member state that is included in the Group of Ten or an investment brokerage company whose capital and reserves amount to EUR 10 million or more and which is registered in a Member State or OECD member state that is included in the Group of Ten and the operation of which is monitored by a competent financial supervisory authority;
  - 3) reliable and verifiable valuation of the derivative not traded on the regulated market takes place on a daily basis; and the derivative can be sold or liquidated at its fair value at any time at the initiative of the Company or a transaction can be performed as a result of which the respective position (receivables or liabilities in respect to the financial instrument) is closed.
- The total risk arising from transactions in derivatives, inter alia, in the derivatives included in transferable securities or money market instruments may not exceed the Fund's net asset value. In calculating the total risk, the value of the underlying assets of the derivative, counterparty risk, future changes in the market, and the time required for closing the relevant position must be taken into account. **In assessing the total risk of the Fund**, the Company applies the commitment approach.
- Risk position in transactions with over-the-counter derivatives with each counterparty may not exceed:
  - 1) ten percent of the Fund's assets if the counterparty is a credit institution that has obtained a license for credit institution operations in a Member State or OECD member state that is included in the Group of Ten;
  - 2) five percent of the Fund's assets if the counterparty is an investment brokerage company whose capital and reserves amount to EUR 10 million or more and which is registered in a Member State or OECD member state that is included in the Group of Ten, and the operation of which is monitored by a competent financial supervisory authority.
- Disregarding the investment limitations separately specified in Paragraph 3.1, Sub-paragraphs 1, 4, 6, and 7 of the Prospectus, the total Fund's investments in transferable securities and money market instruments, the Fund's deposits and transactions with derivatives, the issuer or guarantor, investment attractor or transaction counterparty of which is one and the same person may not exceed 20 percent of the Fund's assets. In applying the investment restriction specified in Paragraph 3.1 of the Prospectus, commercial companies belonging to one group must be considered as a single person.
- The investment limitations separately specified in Paragraph 3.1, Sub-paragraphs 1, 2, 3, 4, 5 and 7 of the Prospectus may not be combined and thus the total investments of the Fund in transferable securities and money market instruments, the Fund's deposits and transactions with derivative financial instruments the issuer or guarantor, investment attractor or transaction counterparty of which is one and the same person may not exceed 35 percent of the Fund's assets.

## 8.2 Investment Limitations as regards a Single Issuer

The investments of the Fund in separate assets may not exceed the following criteria:

- 1) 10% of the par value of the shares (without voting rights) of a single issuer;
- 2) 10% of the total amount of debt securities issued by one issuer and 25% of a single issue;
- 3) 10% of the total value of the money market instruments issued by a single issuer;
- 4) 25% of the number of Share Certificates of a single fund or collective investment undertaking.

Neither the total of all the investments of the funds managed by the Company, nor investments of each of the funds separately may directly or indirectly exceed 10 percent of either of the following indicators:

- 1) share capital of one issuer;
- 2) total voting rights of one issuer.

The Fund's assets may not be disbursed in loans or invested in real estate, precious metals and derivatives, the underlying asset of which are precious metals or commodities.

### **8.3 Loans at the expense of the Fund**

To accommodate requests to redeem Share Certificates or to meet other liabilities of the Fund, covering such expenses of the Fund that, if not paid on time, may cause losses to the Fund, the Company may borrow on the Fund's account in total up to 10 percent of the Fund's net asset value, but only for a short-term up to three months.

The decision as regards borrowing on the Fund's account is taken by the Investment Committee of the Fund in accordance with the Prospectus and the Fund Rules.

## **9. Exceeding or Infringing of Investment Restrictions**

Investment limits may be exceeded due to exercising subscription rights pertinent to transferable securities or money market instruments comprised in the Fund's assets or to other circumstances the Company was unable to foresee. In order to counteract exceeding the limitations, the Company must perform sales transactions in accordance with the risk mitigation principle and in the best interest of the Investors.

The investment limitations referred to in Paragraph 3.2, Sub-paragraph 1 of the Prospectus may be exceeded upon investing if at that moment it was not possible to determine or calculate the value or quantity of the issued securities with inherent liabilities or the value or number of the share certificates in circulation.

The Company must immediately inform the Commission about exceeding the investment limitations and the counteracting measures to be taken.

## **10. Procedure for Servicing Investors of the Fund**

### **10.1 Availability of the Prospectus of the Fund and Key Investor Information of the Fund**

The Prospectus of the Fund, as well as any subsequent amendments thereof, becomes effective as of the day when it is registered with the Commission.

If any amendments to the Prospectus of the Fund are made, the Company must, after their registration with the Commission, immediately ensure that the Investors of the Fund have access to the full Prospectus of the Fund with the amendments and reference to the day they became effective.

The Key Investor Information of the Fund is updated at least once a year.

Investors can get acquainted with and receive free of charge the Prospectus and Key Investor Information of the Fund at the office of CBL Asset Management IPAS (address: Republikas laukums 2A, Riga, LV-1010, Latvia) on business days from 08.30 to 17.30 or on the website of the Company: [www.cblam.lv](http://www.cblam.lv).

### **10.2 Procedure for Providing Information on Distribution of the Fund's Income**

Investors may read the information on changes in distribution of income received from transactions with the property of the Fund, having effect upon operations of the Fund, as well as information on other events related to the Fund's assets on the website of the Company: [www.cblam.lv](http://www.cblam.lv).

The Company has the right to change the procedure for distribution of the income from the Fund's assets only upon registration of the respective amendments to the Prospectus of the Fund with the Commission.



If amendments to the Prospectus are made, the Company must, after their registration with the Commission, immediately ensure that the Investors have access to the full Prospectus with amendments and reference to the day they became effective.

## **11. Procedure for Issue, Redemption and Repurchase of Share Certificates**

### **11.1 Issue of Share Certificates**

Share Certificates are issued in accordance with the procedure specified by the Law on Investment Management Companies, as well as other applicable laws and regulations of the Republic of Latvia including regulations issued by the Commission.

Share Certificates are issued in dematerialized form.

The number of Share Certificates and the issuance period are not limited.

Share Certificates of the Fund are considered publicly traded securities even if they are not admitted to trading on a regulated market.

To apply for acquisition of Share Certificates of the Fund, the Investor of the Fund must fill and submit to the Company or the Distributor an application for acquisition of Share Certificates of the Fund. The application for acquisition of Share Certificates is irrevocable.

In the application for acquisition of Share Certificates the Investor of the Fund must state the following information:

- 1) Identification data (the Investor's name, surname, personal ID code or, if not assigned, the date of birth, or the name and registration number);
- 2) The Investor's address, phone and/or fax number;
- 3) The number of the financial instruments account of the Investor in the country where the Share Certificates of the Fund are distributed and to which the purchased Share Certificates must be transferred;
- 4) The number of the Investor's settlement account;
- 5) The Fund's identification data (name and the ISIN code of the Share Certificates);
- 6) The number of the Share Certificates to be subscribed for or the amount to be invested.

The Company and/or Distributor have the right to request the Investor to certify the correctness of the information rendered by the Investor. The person who accepts the application for acquisition of Share Certificates (the Company, the Distributor, the Account Holder or another intermediary respectively) is responsible for identification of the applicant.

The Company registers applications for acquisition of Share Certificates in a separate book in the order in which they are received.

The applications may be submitted in person or via facsimile. Distributors may determine a different procedure for submission of applications, e.g. via Internet bank. An application shall be considered submitted and registered when it is signed by a representative of the Company or Distributor.

Neither the Company nor the Distributor is liable for losses incurred by the Investor if any authorized person has acted in abuse of the Investor's name and account number, except where otherwise provided by the legislation of the country in which Share Certificates of the Fund are distributed. The Company and the Distributor may accept the application by fax only when the customer identification procedure has been carried out.

If an application for acquisition, redemption or repurchase of Share Certificates of the Fund is submitted by a third party acting in its own name, but for the benefit of its customers, and such a person has the right to hold financial instruments for the benefit of other persons, it is considered that having submitted the application this person confirms that it has performed identification of the Investor in accordance with its customer identification procedures, effective laws and regulations of the Republic of Latvia or the corresponding Foreign State, in which Share Certificates of the Fund are sold.

### **11.2 Certification of Ownership Rights to Share Certificates**

Share Certificates are taken to a financial instruments account of each owner of Share Certificates.

The Investor's ownership right to Share Certificates arises when the corresponding entry in his/her financial instruments account is made. A statement of the financial instruments account of the

Investor of the Fund is the certification of ownership rights to Share Certificates; this statement is issued by the bank or the brokerage company which holds the Share Certificates of the Investor of the Fund.

Relations between the Investor and the holder of his/her Share Certificates account are regulated by the Agreement on Servicing of Securities Account concluded between the Investor and the holder of his/her financial instruments account. All expenses related to servicing of these accounts are borne by the Investor of the Fund.

### 11.3 Redemption and Repurchase of Share Certificates

In order to enable the Company to perform redemption of Share Certificates of the Fund owned by the Investor of the Fund, the Investor of the Fund or his/her authorized person must submit to the Company an application for redemption of Share Certificates of the Fund.

The Investor of the Fund must state the following information in the application for redemption of Share Certificates:

- 1) Identification data (the Investor's name, surname, personal ID code or, if not assigned, the date of birth, or the name and registration number);
- ;
- 2) The Investor's address, phone and/or fax number;
- 3) The number of the Investor's settlement account;
- 4) The Fund's identification data (name and the ISIN code of the Share Certificates);
- 5) The number of Share Certificates to be redeemed or the amount to be received for redemption of the Share Certificates.

Information about the redemption price of Share Certificates of the Fund is available at the locations listed in Chapter 11 of the Prospectus of the Fund and in accordance with the procedure stated therein.

The Company registers applications for redemption of the Share Certificates in a separate book in the order in which they are received.

The applications may be submitted in person or via facsimile. An application shall be considered submitted and registered when it is signed by a representative of the Company or a Distributor.

Where the application has been submitted in person, an authorized representative of the Company or Distributor signs it and returns one copy of the application to the Investor.

Neither the Company nor the Distributor is liable for losses incurred by the Investor if any authorized person has acted in abuse of the Investor's name and account number, except where otherwise provided by laws and regulations of the country in which Share Certificates of the Fund are distributed. The Company and the Distributor may accept the application by fax only when the customer identification procedure has been carried out.

The Company is obliged to execute only accurately filled and drawn up applications for the redemption of the Share Certificates in which the number of the Share Certificates stated is fully covered by securities.

The amount for the redeemed Share Certificates of the Fund is transferred to the settlement account of the Investor of the Fund after submission of the application for the redemption of the Share Certificates of the Fund not later than within six business days after the receipt of the Share Certificates in the issue account of the Fund with the Custodian. Where an Investor or Investors within 3 business days submit applications for the redemption of the Share Certificates of the Investment Fund that on aggregate exceed 10% of the Fund's value and their execution may substantially affect the interests of other Investors of the Fund, the settlement period for the redemption may be extended to ten business days. In such a case, the Company retains the rights to make payments for the Share Certificates to be redeemed also before the deadline specified in the confirmation of the respective transaction.

Derogation from the above terms is possible only on an exceptional basis under conditions described in Paragraph 11.5 of the Prospectus of the Fund which are related to exceptional circumstances when the redemption of the Share Certificates of the Fund is suspended.

The Company repurchases the Share Certificates if the Company is held responsible for losses incurred by the Investors due to incorrect or incomplete data provided in the Prospectus. Repurchase of the Share Certificates is carried out in accordance with the Law and Paragraph 11.4 of the Prospectus.



The Custodian ensures that Share Certificates are issued, sold, and redeemed on behalf of the Company and in accordance with the Law, the Prospectus of the Fund and the Fund Rules.

## **12. Notification on execution of application on acquisition or redemption of the Fund's Share Certificates**

Using a permanent information storage device, the Company shall send a notification confirming execution of the application to the Investor not later than on the next working day following the execution of the application or, shall the Company receive such confirmation from a third party, not later than on the next working day after receipt of the confirmation from the third party, unless the Company's notification contains the same information, which is provided in the confirmation sent to the Investor immediately by a third party.

The aforementioned application includes the following information:

- 1) Company's identification data;
- 2) Investor's identification data (name, surname, personal ID code or, if not assigned, the date of birth, or the name and registration number);
- 3) the date and time of receipt of the application and the settlement method;
- 4) the execution date;
- 5) Fund's identification data (the name and the ISIN code of the Fund's Share Certificates);
- 6) the type of application: purchase, redemption or repurchase;
- 7) the number of share certificates;
- 8) the value of a Share Certificate at the point of its purchase, redemption or repurchase;
- 9) the date on which the value of a Share Certificate is determined;
- 10) the gross value of the application, including the commission fee charged on the issue, or its net value, less the redemption fee;
- 11) the total amount of transaction-related commission fees and other collected charges.

## **13. Calculation of the Fund's Value**

The Fund's Value (also referred to as the Fund's net asset value) is the value of the assets of the Fund less the value of the Fund's liabilities. The value of the Unit of the Fund is the net asset value of the Fund divided by the number of Share Certificates of the Fund in circulation. The number of Share Certificates of the Fund in circulation is the number of the Share Certificates issued less the number of the Share Certificates withdrawn from circulation upon the receipt of the application for redemption.

The Company determines the value of the Unit of the Fund in the base currency of the Fund at the end of every business day after 17.30.

## **14. Information on Distribution of the Fund's Income**

The Investor of the Fund participates in distribution of income derived from transactions with the Fund's assets in proportion to the number of the Share Certificates owned. Income received from the Fund's assets is reinvested in the Fund. The income of the Investor is reflected in the increase or decrease in the value of Share Certificates.

The Investor can obtain the income from investments in the Fund's shares by requesting the Company to redeem the Share Certificates of the Fund or by selling these Share Certificates on the secondary market.

## **15. Procedure for Liquidation of the Fund**

The liquidation of the Fund is conducted in accordance with the Law on Investment Management Companies.

The Fund is liquidated by the liquidator. The liquidator may be the Company itself, the Custodian, or a person appointed by FCMC.

The Company liquidates the Fund if:

- on the next day after expiry of the Custody Agreement a new Custody Agreement has not taken effect;

- within a year after establishing of the Fund no Share Certificate of the Fund has been placed in circulation;
- all the Investors of the Fund have exercised their rights to redeem Share Certificates and the Company has resolved to liquidate the Fund;
- FCMC has taken a decision on commencing the liquidation of the Fund.

The liquidator immediately informs FCMC about the initiation of the liquidation of the Fund and publishes a respective announcement to that effect in the official gazette "Latvijas Vēstnesis" and/or makes an announcement in accordance with the legal requirements of the country in which the Share Certificates of the Fund are sold.

If the Company or the Custodian does not initiate the liquidation of the Fund within a month from the day when the liquidation should have been initiated, FCMC has the right to appoint the liquidator of the Fund. Such a liquidator has the same rights as the Company if it were performing the liquidation. The liquidator is only entitled to carry out activities related to the liquidation of the Fund.

During the liquidation, it is prohibited to issue and redeem Share Certificates, and to distribute to the Investors of the Fund the income of the Fund referred to in the Prospectus.

The liquidator must act in the interests of the Investors and creditors of the Fund. The liquidator is fully liable to the Investors of the Fund and third parties for any losses caused during the liquidation, if, willfully or due to negligence, the liquidator has violated the Law or the Fund Rules, or failed to comply with his obligations through negligence.

Upon initiation of the liquidation of the Fund, the liquidator organizes and performs the sale of the property of the Fund, except for the cash in the Fund. The Custodian or the liquidator distributes the proceeds derived from the sale of the Fund's assets under liquidation as well as the cash in the Fund (liquidation proceeds) in the following order:

- claims of the secured creditors;
- claims of the creditors who lodged their claims within the term prescribed in the liquidation announcement;
- claims of creditors who lodged their claims after the term prescribed in the liquidation announcement but prior to distribution of the liquidation proceeds.

All payments to creditors and the Investors of the Fund shall be made in cash.

The liquidator has the right to cover liquidation expenses from the liquidation proceeds during liquidation. The liquidation expenses may not exceed two percent of the liquidation proceeds.

## **16. Procedure for Transfer of Rights to Manage the Fund and the Fund's assets to the Custodian or Other Persons**

### **16.1 Termination of the Fund Management Rights of the Company**

The rights of the Company to manage the Fund expire:

- with transfer of the Fund management rights to another company;
- with withdrawal of the license;
- with completion of the liquidation of the Fund carried out by the Company;
- from the moment FCMC has appointed the liquidator of the Fund in accordance with the provisions of the Law on Investment Management Companies.

### **16.2 Transfer of Fund Management Rights and Property to the Custodian**

If the rights of the Company to manage the Fund terminate, the rights to manage the Fund are transferred to the Custodian, except where such rights are assigned to another company. The Custodian to which the rights to manage the Fund have been transferred enjoys all rights of the Company, except for the rights of issue and redemption of Share Certificates of the Fund.

The Custodian must transfer the Fund management rights to another investment company within three months from the date of assumption of the Fund management rights. FCMC may extend this period to six months from such date. The transfer of the Fund management rights is always subject to the permission of FCMC.

If the Custodian does not transfer the rights to manage the Fund to another investment company within the prescribed term, the Custodian must liquidate the Fund.

### **16.3 Transfer of Rights to Manage the Fund and the Fund's Assets to Other Persons**

The Company may transfer the Fund management rights to another investment company on a contractual basis.

The transfer of the Fund management rights is subject to permission of FCMC. After FCMC has granted the permission, the Company submits an announcement about the transfer of the Fund management rights to another company for publication in the official gazette "Latvijas Vēstnesis" and in one daily newspaper, stating the name, registration number, legal address and the location of the Management Board of the respective company.

The Contract on transferring the Fund management rights to another company comes into effect no sooner than after a month since the day of the publication of the announcement about the transfer of the Fund management rights to another company in the gazette "Latvijas Vēstnesis". With the contract coming into effect, all rights and obligations related to the Fund are transferred to the new company.

#### **17. Co-operation of the Company and the Custodian in Managing the Fund**

The Company performs transactions with the Fund's assets via the Custodian. To manage the property of the Fund, the Company concludes a contract with the Custodian whereby the Custodian undertakes to hold the property of the Fund, to service the accounts of the Fund and to perform other activities in accordance with the Law, the Custody Agreement, and instructions of the Company.

In performing the duties prescribed in the Law, the Custodian operates independently from the Company and only in the interests of the Investors of the Fund, provided that such interests are not contrary to laws and regulations of the Republic of Latvia, the Prospectus of the Fund and the Fund Rules.

The Custodian only makes payments from the account of the Fund on the basis of the Company's instructions and/or pursuant to the Custody Agreement. The Custodian may refuse to act on any Company's instructions, which are contrary to laws and regulations of the Republic of Latvia, the Prospectus of the Fund, the Fund Rules, and/or the Custody Agreement.

#### **18. Fees Charged to the Fund**

The Company receives a fee for the management of the Fund that is calculated and paid from the Fund's assets in accordance with the provisions specified in Chapter 15 of the Prospectus. The Custodian fee is paid in accordance with the provisions specified in Chapters 7 and 16 of the Prospectus.

The fee to the sworn auditor of the Fund is paid from the property of the Fund; the fee is accumulated and paid from the Fund's assets in accordance with the provisions specified in Chapters 7 and 8 of the Prospectus.

Payments to third parties are made in accordance with the source documents or the actual costs. The payments referred to in Paragraph 7.3 of the Prospectus are included in other payments.

The fee for processing of a transaction is determined in accordance with the effective pricelist of the respective service provider, processing the transaction.

#### **19. Procedure for Making Public Statements and Distribution of Publicly Available Information**

Any person can freely access information about the Fund:

- The Prospectus and Key Investor Information of the Fund;
- The Fund Rules;
- Annual and semi-annual reports of the Fund;
- Time and locations of distribution of Share Certificates;
- The Fund's Total Value and the value of the Unit of the Fund;
- Sale and redemption prices of Share Certificates;
- Information about the Company;
- Information about the Custodian;
- Other necessary information specified in the applicable laws and regulations.

in the office of CBL Asset Management IPAS located at Republikas laukums 2A, Riga, LV-1010, Latvia, Phone: (+371) 67010810, Fax: (+371) 67778622, on business days from 08.30 to 17.30 or on the website of the Company: [www.cblam.lv](http://www.cblam.lv) or in the office of the Distributor:

in Latvia: Citadele banka AS

Republikas laukums 2A, Riga, LV-1010, Latvia  
Phone: (+371)67010000  
Fax: (+371)67010001  
[www.citadele.lv](http://www.citadele.lv)

Information about the sale and redemption prices for Share Certificates of the Fund as well as other information is published in accordance with the legal requirements of the country in which Share Certificates of the Fund are distributed.

**20. Procedure for Amending the Fund Rules**

The Management Board of the Company makes the decision on approval of amendments to the Fund Rules and submits them to the Commission for registration. The amendments to the Fund Rules come into effect not earlier than 10 days after their registration with the Commission or within other such term determined by the Commission which shall not be longer than three months after registration of such amendments. The amendments to the Fund Rules regarding the Company's firm, registration number, legal address and license number should not be registered with the Commission and they come into effect upon their approval by the Management Board of the Company.