

**Investment Fund**  
**CBL Strategic Allocation Funds**  
**FUND RULES**

The Fund is registered with the Republic of Latvia

Registered with the Financial and Capital Market Commission:

Registration date of the Fund: 24.08.2007

Registration number of the Fund: 06.03.05.098/36

Amendments to the Fund Rules:

Registered on 14.10.2008, in effect from 14.10.2008

Registered on 06.05.2009, in effect from 08.06.2009

Registered on 05.10.2009, in effect from 05.10.2009

Registered on 08.10.2009, in effect from 09.11.2009

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 29.10.2013, in effect from 08.11.2013

Registered on 19.03.2015, in effect from 30.03.2015

Custodian: Citadele banka AS

Auditor of the Fund: KPMG Baltics SIA

The Prospectus of the Fund, Fund Rules, Key Investor Information, annual and semi-annual reports of the Fund, information on the value of the Fund and sales and redemption price of the Share Certificates 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,

Riga, LV-1010, Latvia,

on business days from 08:30 to 17:30,

as well as on the homepage: [www.cbl.lv](http://www.cbl.lv).

Custodian and distributor of the Share Certificates:

In Latvia: Citadele banka AS

Republikas laukums 2A, Riga, LV-1010,

Latvia, as well as branches and customer

service centers of Citadele banka AS

[www.citadele.lv](http://www.citadele.lv)

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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 and the Company.

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

**2. Information about the Fund**

Name of the Fund: Investment fund CBL Strategic Allocation Funds  
 Names of the Sub-funds: CBL Universal Strategy Fund - USD  
 CBL Universal Strategy Fund - EUR  
 CBL Balanced Strategy Fund - USD  
 CBL Balanced Strategy Fund - EUR  
 CBL Active Strategy Fund - USD  
 CBL Active Strategy Fund - EUR

**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 06.03.07.098/285.1  
 License for Management of State Funded Pension Scheme No 06.03.09.098/284  
 Alternative Investment Fund Manager license No 06.13.08.098/354

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

The investment fund CBL Strategic Allocation Funds 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 investment fund and the rights arising thereof.

The Sub-funds of the CBL Strategic Allocation Funds are separate parts of the investment Fund's assets consisting of investments made against Share Certificates, as well as of assets acquired from transactions with this property and the rights arising thereof.

In accordance with the Law on Investment Management Companies of the Republic of Latvia, CBL Strategic Allocation Funds is an investment fund and operates in accordance with Directive 85/611/EEK, Directive 2009/65/EC, as well as with other binding legislation of the European Union.

The terms used in the Rules correspond to the terms used in the Prospectus of the Fund.

The Company, on its own behalf, at the expense of the Investors of the Sub-funds of the Fund, solely in the interests of the Investors of the Sub-funds of the Fund, manages the assets of the Sub-funds of the Fund and the rights arising thereof in accordance with the Law on the 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 Sub-funds of the Fund and annual and semi-annual financial reporting. The Company is entitled to delegate accounting of the Sub-funds 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 Sub-funds of the Fund separate from the accounting of the property of the Company and other investment funds managed by the Company.

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

Decisions on handling the assets of the Sub-funds of the Fund are made by the Investment Committee appointed by the Management Board of the Company that performs functions of the Fund Manager in compliance with the terms of the Prospectus, the investment policy of the Sub-funds and the procedure specified by the effective laws and regulations of the Republic of Latvia and the Fund Rules.

The Investment Committee is responsible for compliance with the investment policy of the Sub-funds.

The Investment Committee deals with issues concerning the investment strategy and tactics of the Sub-funds and makes the respective decisions at the meetings of the Investment Committee which are convened when necessary. The meetings of the Investment Committee are valid if at least more than half of its members participate at the meeting. A decision is taken by the affirmative vote of not less than half of all members of the Investment Committee. The decisions are drawn up in writing and signed by all members of the Investment Committee that are present. If any of the present members of the Investment Committee votes against the taken decision, he/she shall not be held responsible for it.

Based on the decisions taken by the Investment Committee, orders to the Custodian regarding transactions with the Sub-funds' assets may be signed by a single member of the Investment Committee. In the absence of a decision of the Investment Committee, orders for transactions with the Sub-fund's assets to the Custodian are signed by at least half of the members of the Investment Committee.

Any transaction with the Sub-funds' assets must be based on an order submitted to the Custodian by a member of the Investment Committee, and it must be approved by an authorized person of 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.

If the transaction with the Sub-fund's assets (e.g. placement of term deposits with credit institutions) requires signing an agreement with a third party, such an agreement is signed by the Management Board of the Company based on the decision of the Investment Committee and in compliance with the Articles of Association of the Company.

The Management Board of the Company has the veto power with regard to decisions of the Investment Committee on concluding transactions with third parties and the right to request the Investment Committee to provide a detailed explanation with regard to any such decision.

## 7. Investment limitations

### 7.1. General Investment Limitations

- The Sub-fund's investments, excluding the Sub-fund's investments referred to in Paragraph 3.1, sub-paragraph 2 of the Prospectus, in transferable securities or money market instruments of a single issuer may not exceed 5 percent of the Sub-fund's assets. The above limit may be raised to 10 percent of the Sub-fund's assets; however, in such case, the total value of the investments exceeding five percent may not exceed 40 percent of the Sub-fund's assets.
- The Sub-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.
- The Sub-fund's investments in a single credit institution may not exceed 20 percent of the assets of the Sub-fund. Such limitation does not apply to claims on-demand against the Custodian.
- Investments of the Sub-fund's assets in Share Certificates of a single investment fund or similar or equivalent collective investment undertaking may not exceed 10 percent of the Sub-fund's assets.
- The Sub-fund will only invest in the investment funds or similar or equivalent collective investment undertakings whose maximum management costs do not exceed 5% of the fund's asset value per annum.
- **Up to 35% of the Sub-fund's assets may be invested in share certificates of investment funds managed by companies of the same group – the funds managed by CBL Asset Management IPAS and its subsidiaries.**
- 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 Sub-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 Sub-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 Sub-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 Sub-fund's assets if the counterparty is an investment brokerage company whose capital and reserves amount to at least EUR 10 million or to equivalent amount in Latvian lats according to the exchange rate set by the Bank of Latvia 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.
- Considering that derivative transactions with an aim to generate profit may be carried out at the expense of the Sub-fund, the limitations set forth in paragraph 3.1 of the Prospectus apply to the underlying asset of the derivative financial instrument.
- Disregarding the investment limitations separately specified in Sub-paragraphs 1, 5, 9 and 10 of the Prospectus, the total Fund's investments in transferable securities and money market instruments, the Sub-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 Sub-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 Sub-paragraphs 1, 2, 4, 5, 9 and 10 of the Prospectus may not be combined and thus the total investments of the Sub-fund in transferable securities and money market instruments, the Investment 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.

## **7.2. Investment Limitations as regards a Single Issuer**

The investments of the Sub-fund in separate assets may not exceed the following criteria:

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

The Sub-funds' 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.

## **7.3. Loans at the Expense of the Sub-fund**

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

The decision regarding the borrowing on the Sub-fund's account may be taken by the Fund Manager in accordance with the Prospectus and the Fund Rules.

## **8. 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 Sub-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.

Infringements of the investment limits are admissible if they are related to launching or termination of the operations of the Fund or any changes in the operations of the Fund, including those within one year following the registration of the Fund, as well as in the stage of reorganization or liquidation of the Fund. The Company must immediately inform the Commission about exceeding the investment limitations and the counteracting measures to be taken.

## **9. Procedure for Servicing Investors**

### **9.1. Availability of the Prospectus of the Fund and Key Investor Information of the Fund**

The Prospectus of the Fund 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 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.cbl.lv](http://www.cbl.lv).

### **9.2. 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.cbl.lv](http://www.cbl.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.

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

### 10.1. Issue of Share Certificates

Share Certificates are issued in accordance with the procedure specified by the Law on the Financial Instruments Market, the Law as well as the 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 Sub-funds 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 Sub-fund, the Investor of the Sub-fund must fill and submit to the Company or the Distributor an application for acquisition of Share Certificates of the Sub-fund. The application for acquisition of Share Certificates is irrevocable.

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

- 1) For natural persons - the Investor's name, surname, personal ID code (or the date of birth if no personal ID code is assigned),  
For legal entities - the Investor's 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 name of the Sub-fund and the ISIN code of the Share Certificates of the Sub-fund;
- 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 him/her. 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 Sub-fund 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 Sub-fund 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 respective Foreign Country, in which Share Certificates of the Sub-fund of the Fund are sold.

### 10.2. 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; these statements are issued by the bank or the brokerage company holding the securities 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 the Financial Instruments 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.

### 10.3. Redemption and Repurchase of Share Certificates

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

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

- 1) For natural persons - the Investor's name, surname, personal ID code (or the date of birth if no personal ID code is assigned),  
For legal entities - the Investor's 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 name of the Sub-fund of the Fund 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 Sub-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 Sub-funds 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 Sub-fund is transferred to the settlement account of the Investor after submission of the application for the redemption of the Share Certificates of the Sub-fund of the Fund not later than within six business days after the receipt of the Share Certificates in the issue account of the Sub-fund with the LCD. Where an Investor or Investors within 3 business days submit applications for the redemption of the



Share Certificates of the open-end Investment Fund that on aggregate exceed 10% of the Sub-fund's net asset value and their execution may substantially affect the interests of other Investors of the Sub-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 Sub-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.

### **11. Calculation of the Sub-fund's Value**

The Sub-fund's Value (also referred to as the Sub-fund's net asset value) is the value of the assets of the Sub-fund less the value of the Sub-fund's liabilities. The value of the Unit of the Sub-fund is the net asset value of the Sub-fund divided by the number of Share Certificates of the Sub-fund in circulation. The number of Share Certificates of the Sub-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 Sub-fund at the end of every business day after 17.30.

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

The Investor of the Sub-fund participates in distribution of income derived from transactions with the Sub-fund's assets in proportion to the number of the Share Certificates owned. Income received from the Sub-fund's assets is reinvested in the Sub-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 the Sub-fund's shares in cash only by requesting the Company to redeem the Share Certificates owned by him/her or by selling these Share Certificates in the secondary market.

### **13. Procedure for Liquidation of the Sub-funds**

The liquidation of the Sub-fund is conducted in accordance with the Law.

The Sub-fund is liquidated by the liquidator. The liquidator may be the Company itself, the Custodian, or a person appointed by the Commission.

The Company liquidates the Sub-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 Sub-fund has been placed in circulation;
- all the Investors of the Sub-Fund(s) have exercised their rights to redeem Share Certificates and the Company has resolved to liquidate the Sub-fund(s);
- the Commission has taken a decision on commencing the liquidation of the Fund.

The liquidator immediately informs the Commission about the initiation of the liquidation of the Sub-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 Sub-fund of the Fund are sold.

If the Company or the Custodian does not initiate the liquidation of the Sub-fund within a month from the day when the liquidation should have been initiated, the Commission has the right to appoint the liquidator of the Sub-fund. Such a liquidator of the Sub-fund 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 Sub-fund.

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

The liquidator must act in the interests of the Investors and creditors of the Sub-fund. The liquidator is fully liable to the Investors 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 Sub-fund, the liquidator organizes and performs the sale of the property of the Sub-fund, except for the cash in the Sub-fund. The Custodian or the liquidator distributes the proceeds derived from the sale of the Sub-fund's assets under liquidation as well as the cash in the Sub-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.

If the liquidation proceeds are insufficient to satisfy the above claims, the unsatisfied claims shall be satisfied from the property of the Company, except for the claims incurred after the expiry of the management rights of the Company. The remaining liquidation proceeds shall be distributed among the Investors of the Sub-fund in proportion to the number of Share Certificates held.

All payments to creditors and the Investors of the Sub-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.

The liquidator submits to the Commission a report on the liquidation process once a month. The liquidator submits to the Commission a statement on completion of the liquidation and the final liquidation report within 10 days after the completion of the liquidation.

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

##### **14.1. 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 the Commission has appointed the liquidator of the Fund in accordance with the provisions of the Law.

##### **14.2. 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 management company within three months from the date of assumption of the Fund management rights. The Commission may extend this period to six months from such date. The transfer of the Fund management rights is always subject to the permission of the Commission.

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

##### **14.3. 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 management company on a contractual basis.

The transfer of the Fund management rights is subject to permission of the Commission. After the Commission 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.

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

The Company performs transactions with the assets of the Sub-fund of the Fund via the Custodian. To manage the property of the Sub-fund of the Fund, the Company concludes a contract with the Custodian whereby the Custodian undertakes to hold the property of the Sub-fund of the Fund, to carry out transactions with the property of the Sub-fund of the Fund, to service the accounts of the Sub-fund of the Fund, and to perform other activities in accordance with the Law, the signed 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, regulations of the Commission, the Prospectus and the Fund Rules.

The Custodian may only make payments from the account of the Sub-fund on the basis of the Company's instructions. The Custodian is also obliged to follow other instructions of the Company provided such instructions are not contrary to laws and regulations of the Republic of Latvia, the Prospectus, the Fund Rules, and the Custody Agreement.

The Custodian holds the Fund's assets according to laws and regulations of the Republic of Latvia and the Custody Agreement signed with the Company. The Custodian fee is paid from the Fund's assets according to the Prospectus of the Fund and the signed Custody Agreement.

#### **16. Fees Charged to the Sub-fund**

The fees related to the Sub-funds' operations payable to the Company, the Custodian, and the Auditor of the Fund as well as to third persons are paid from the Sub-funds' assets.

The Company receives a fee for the management of the Sub-funds that is calculated and paid from the Sub-funds' assets in accordance with the provisions specified in Chapters 7 and 15 of the Prospectus.

For custody of the Sub-funds' assets and other Custodian duties the Custodian receives a fee that is calculated and paid from the Sub-funds' assets in accordance with the provisions specified in Chapters 7 and 16 of the Prospectus.

The fee to the Auditor of the Fund is paid from the property of the Sub-funds; the fee is accumulated and paid from the Sub-funds' assets in accordance with the provisions specified in Chapters 7 and 8 of the Prospectus.

Other payments to third parties from the Sub-funds' assets 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 Custodian.

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

Any person can freely access information about the Fund and its Sub-funds:

- The Prospectus and Key Investor Information of the Fund;
- The Fund Rules;
- Annual and semi-annual reports of the Sub-funds;
- Time and locations of distribution of Share Certificates;
- The Sub-funds' Value and the value of the Unit of the Sub-funds;
- Sale and redemption prices of Share Certificates;

- Information about the Company;
- Information about the Custodian;
- Other information specified in the Law

in the office of CBL Asset Management IPAS 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.cbl.lv](http://www.cbl.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 Sub-funds of the Fund as well as other information is published in accordance with the legal requirements of the Foreign Country in which Share Certificates of the Fund are distributed.

#### **18. 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.

U.Upenieks  
CBL Asset Management IPAS  
Chairman of the Management Board

Z.Vaikulis  
CBL Asset Management IPAS  
Member of the Management Board