

Investor Information in respect of the Domestic Merger of investment funds “CBL Eastern European Select Equity Fund” and “CBL Russian Equity Fund” proposed by CBL Asset Management IPAS

Riga, 31 May 2017

Considering latest developments in financial markets of Eastern Europe (including Poland, Turkey and Russia), CBL Asset Management IPAS (referred to hereinafter as the Management Company) has analysed further development of investment fund “CBL Eastern European Select Equity Fund” and reviewed processes of fund management administration, as well as optimization possibilities, in order to reduce the total costs of the fund. Upon evaluating criteria such as the established investor profile, investment region, investment policy, volume of the fund, structure of investors etc. the fund managers have come forward with a proposal to merge investment fund “CBL Eastern European Select Equity Fund” into „CBL Russian Equity Fund” in order to optimise the results of operation of the fund.

The Management Company hereby informs that as a result of the above analysis the Management Company has decided to propose a domestic merger of its established investment funds “CBL Eastern European Select Equity Fund” (ISIN LV0000400851) (referred to hereinafter as the Merging UCITS) and “CBL Russian Equity Fund”(ISIN LV0000400190) (referred to hereinafter as ‘the Receiving UCITS’).

The Finance and Capital Market Commission (Finanšu un kapitāla tirgus komisija) of the Republic of Latvia has provided its decision to authorise the merger of the Merging UCITS and the Receiving UCITS on 30 May this year.

Please be informed that as a result of the merger of the above investment funds:

- (a) all assets and liabilities of the Merging UCITS will be transferred to the Receiving UCITS;
- (b) all investors of the Merging UCITS are going to become the investors of the Receiving UCITS considering the exchange ratio applicable to the exchange of units of the Merging UCITS and units of the Receiving UCITS at the time of the merger;
- (c) the Merging UCITS will cease to exist.

I. EFFECT OF THE MERGER ON INVESTORS AND INVESTOR RIGHTS

Considering that the both investment funds to be merged operate pursuant to the Investment Management Companies Act (*Ieguldījumu pārvaldes sabiedrību likums*) and other legal enactments of the Republic of Latvia, the merger will not have essential material effect on the unit-holders of the Merging UCITS and of the Receiving UCITS. Both these Merging UCITS have a similar investment policy and strategy, similar costs, reporting periods and expected outcome. Rebalancing of the investment portfolio of the Merging UCITS will be undertaken before the merger of the investment funds. Moreover, the total costs of the fund are expected to be reduced as a result of the merger.

Considering that both merging funds are established and operate pursuant to legislative enactments of the Republic of Latvia, there exist no circumstances at the time of the merger that would cause any changes in the current taxes or duties applicable to the unit-holders.

In respect of the proposed merger of the investment funds, the unit-holders of the Merging UCITS and of the Receiving UCITS will be entitled:

- to request the Management Company to repurchase their units of the Merging UCITS free of charge until 30 June this year;
- the units will be repurchased in accordance with the procedure established by the applicable fund prospectus;
- to obtain additional information from the Management Company about the proposed merger of the UCITS;
- to obtain a copy of the opinion of AS "Citadele banka", custodian of the merging funds, at its premises on address Republikas laukums 2A, Riga, LV-1010, LATVIA concerning:
 - (a) the criteria adopted for the valuation of the assets and the liabilities of the Merging and the Receiving UCITS on the date of calculating the exchange ratio of the units of the Merging and the Receiving UCITS;
 - (b) amount of cash payment per unit of the Merging UCITS;
 - (c) the calculation method of the exchange ratio of the units.

II. MATERIAL ASPECTS OF THE UCITS MERGER

According to legislative enactments of the Republic of Latvia, the decision by the Finance and Capital Market Commission (Finanšu un kapitāla tirgus komisija) of the Republic of Latvia to authorise the domestic merger of the UCITS shall become effective on the fortieth calendar day from the date of notification of the decision to the Management Company. Thus the merger of the Merging UCITS and the Receiving UCITS is planned to take place on 10 July this year, and the Merging UCITS will cease to exist after this date.

The following activities will be carried out in order to ensure the merger of the UCITS:

- (a) an assessment of the assets of the Merging and the Receiving UCITS shall be made;
- (b) unit-holders of the Merging UCITS are clarified;
- (c) the Management Company shall give instructions to its fund custodian to transfer the assets of the Merging UCITS to the Receiving UCITS;
- (d) the Management Company shall perform a calculation of the exchange ratio of units of the Merging UCITS and send the figures to the fund custodian for approval and to the Latvian Central Depository (Latvijas Centrālais depozitārijs) (referred to hereinafter as the LCD) for co-ordination;
- (e) the Management Company prepares list of the unit-holders of the Merging UCITS by indicating number of Merging UCITS's units owned by each investor and their number of the Receiving UCITS's after the merger;
- (f) the Management Company provides instructions to the fund custodian to cancel all units of the Merging UCITS in the LCD;
- (g) the Management Company provides instructions to the fund custodian to issue new units of the Receiving UCITS in the LCD provided by the approved list mentioned above by the subparagraph (e).

In order to ensure a successful merger of the UCITS, repurchase of units of the Merging UCITS will be suspended as of 1 July this year, and no transactions with the units will be possible from this moment.

Unit-holders of the Receiving UCITS will be free to use their units starting from 13 July this year.

Key investor information for unit-holders of the Receiving UCITS, which helps understand the characteristics of investing in this fund and make oneself aware of the risks associated with it, is available at the website of CBL Asset Management IPAS: www.cblam.lv, or at the head office of CBL Asset Management IPAS at Republikas laukums 2A, Riga, LATVIA during its business hours. Familiarising oneself with the fund prospectus is also necessary in order to take an informed decision about making an investment.