CBL Asset Management IPAS
Republikas laukums 2A,
Riga, LV-1010, Latvia

Investment Fund

CBL Baltic & New Europe Bond Fund

PROSPECTUS

The Fund is registered in the Republic of Latvia
Registered with the Bank of Latvia (until 01.01.2023 – Financial and Capital Market Commission):
Registration date of the Fund: 20.07.2009
Registration number of the Fund: FL263

Amendments to the Prospectus of the Fund:

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 09.12.2010, in effect from 09.12.2010
Registered on 26.01.2011, in effect from 26.01.2011
Registered on 29.06.2011, in effect from 29.06.2011
Registered on 05.09.2011, in effect from 16.09.2011
Registered on 05.09.2011, in effect from 16.09.2011
Registered on 30.11.2012, in effect from 30.11.2012.
Registered on 11.04.2013, in effect from 11.04.2013
Registered on 04.07.2013, in effect from 04.07.2013
Registered on 02.12.2013, in effect from 12.12.2013
Registered on 21.07.2014, in effect from 21.07.2014
Registered on 19.03.2015, in effect from 30.03.2015
Registered on 19.05.2015, in effect from 19.05.2015
Registered on 12.10.2015, in effect from 12.10.2015
Registered on 09.03.2016, in effect from 18.04.2016
Registered on 19.08.2016, in effect from 19.08.2016
Registered on 16.09.2016, in effect from 16.09.2016
Registered on 11.09.2017, in effect from 11.09.2017
Registered on 08.06.2020, in effect from 19.06.2020
Registered on 10.03.2021, in effect from 20.03.2021
Registered on 28.09.2023, in effect from 15.09.2023
Registered on 27.10.2025, in effect from 06.11.2025
Registered on 16.10.2026, in effect from 30.10.2026
Amendmends to the Section 15.4 in effect from 01.10.2026.

Custodian: Citadele banka AS
Certified Auditor: KPMG Baltics SIA

The Prospectus of the Fund, Rules of the Fund, Key Investor Information Document, annual and semi-annual reports of the Fund, information on the Fund Value and sales and redemption price of 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.cblam.lv

Custodian and distributor of the Share Certificates:

In Latvia: Citadele banka AS (its branches and customer service centres)
Republikas laukums 2A,
Riga, LV-1010, Latvia
www.citadele.lv

LB is not responsible for the information presented in the Prospectus of the Fund; and the registration of the Fund does not manifest the attitude of the LB to the securities to be placed for public trading.

IMPORTANT INFORMATION

In accordance with the Law of the Republic of Latvia on Investment Management Companies, the CBL Baltic & New Europe Bond Fund is an investment fund and operates in line with Directive 2009/65/EC as well as other applicable laws and regulations of the Republic of Latvia and European Union. CBL Asset Management IPAS that manages assets of this Fund operates in accordance with the laws and regulations of the Republic of Latvia.

The Share Certificates of the Fund are distributed in accordance with this Prospectus.

Prevention of Money Laundering and Terrorism and Proliferation Financing and Sanctions.

When managing the Fund, "CBL Asset Management" IPAS strictly adheres to the rules on the prevention of money laundering, terrorist and proliferation financing (AML/CTF/CPF) and Sanctions, as well as complies with the international standards set by the Financial Action Task Force (FATF). Measures to combat money laundering and terrorist and proliferation financing are specified in the Law on the Prevention of Money Laundering and Terrorism and Proliferation Financing of the Republic of Latvia, which implements the requirements of EU legislation accordingly.

According to the requirements of Directives 2015/849 and 2018/843, Directive 2018/1673, Regulation (EU) 2023/1113 on information accompanying transfers of funds and certain crypto-assets as well as the laws and regulations of the Republic of Latvia, the Company, Distributor, Intermediary and Custodian have the right to request Investors to provide information on the source of the funds to be invested, legal capacity of Investors and that of their representatives as well as documents confirming their identity or copies of such documents duly certified by a notary.

Where the Investor refuses to submit to the Company the required documents, the Company has the right to reject the application for the Share Certificates without explanation. Further information about such requirements is available at the Company.

Unfair Trade Practice. The Company does not allow unfair transactions and market manipulation with financial instruments, the use of inside information, or any other actions that infringe upon Investors' rights or legitimate interests.

Market Timing. The Company deliberately prevents performance of transactions with the Share Certificates which constitute market-timing practice as such practice is detrimental to the interests of other Investors. Market-timing practice takes advantage of the potential time difference between changes in the value of the financial instrument portfolio of the Fund and the reflection of such changes in the value of the Unit of the Share Certificate Class. The Company uses various methods to reduce the risk of market-timing, e.g.:

- monitoring frequent purchase/sale transactions of the of the Share Certificates;
- detailed investigation of sampled cases involving active trade with the Share Certificates of the Fund.

The Company strives to apply the above methods to reduce the risk caused by market timing, considering the interests of the Investors. The Company cannot ensure that it has sufficient information to identify the market-timing practice. Notwithstanding that the Company strives to detect market-timing practices, it cannot guarantee that such practice is eliminated.

Personal Data Protection. The Investor is informed that the Company will process the Investor's personal data for the purpose of verifying whether the person/representative is not associated with money laundering or violations of national and international sanctions, for registering the Investor's participation in the Fund, as well as for communication with the Investor when such communication is necessary for managing matters related to the Fund. The Company protects individuals' privacy and rights in accordance with the Company's Privacy Protection Rules, available at https://www.citadele.lv/lv/useful/personal-data/cbl-asset-management-rules/. The Company is not responsible for the processing of personal data carried out by the Custodian Bank and/or Distributor. Information about the privacy and rights protection measures provided by the Custodian Bank and/or Distributor can be found on the Custodian Bank's and/or Distributor's website or other designated sources.

Digital Operational Resilience Act (DORA).

The Company and the Depositary Bank are subject to Regulation (EU) 2022/2554 on digital operational resilience for the financial sector (the Digital Operational Resilience Act, or DORA), which sets out requirements for the management of information and communication technology (ICT) and cyber risks, as well as for digital operational resilience. These requirements are fulfilled through a unified approach to ICT and cyber risk management across the group, which includes both the Company and the Depositary Bank.

Distribution of the Share Certificates of Fund. The Share Certificates of the Fund will be publicly distributed in the Member States where the Fund is registered or where the relevant state authorities have been duly informed about the distribution. Thus, this Prospectus cannot be regarded as a public offer or an advertisement in the countries where the Fund is not registered or where the relevant state authorities have not been duly informed about the distribution.

The Fund is not registered in the United States of America (USA); therefore, it is not offered to US citizens or US tax residents as well as to any other persons whose owners or ultimate beneficiaries are US citizens or US tax residents.

The Investor's Account Holder ensures the Investor identification, investigation, compliance, data exchange and any other procedures as specified in the legislation as regards:

- Prevention of money laundering and terrorism and proliferation financing and the source verification of the funds to be invested;
- Investment services and non-core services, including assessment of suitability and/or appropriateness of the Fund for the interests of the Investor (Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 and legislation issued on its basis and supplementing it ("MIFID II"));
- FATCA (U.S. Foreign Account Tax Compliance Act); and
- CRS (OECD Standard for Automatic Exchange of Financial Account Information).

RISK WARNING

Despite the fact that the CBL Asset Management IPAS operates in accordance with diversification and other risk mitigation principles, general risks associated with the activities of investment management companies and investments in financial instruments remain. Investors should be aware that the value of the Fund is directly dependent on changes in the value of its underlying investments, namely other investment funds and exchange-traded funds (ETFs). Such an investment structure entails specific risks, in particular general market risk, the risk of fluctuations in equity and bond markets (depending on the proportion of equity and bond investments specified in the investment policy of the respective Sub-Fund), as well as the risk that the performance of the Sub-Fund is directly dependent on the decisions and quality of management of the selected target fund managers. Investors should carefully review the risk information provided in this Prospectus and take it into account before acquiring units of the Fund. Investors who do not possess adequate investment experience should consult an independent financial adviser prior to making an investment, so that they can make an informed decision regarding the Fund's proposed investment strategy and ensure that the Fund's strategy, including its potential risks, is appropriate to their financial situation. Investments in the Fund involve the risk of both failing to generate a profit and losing part of the initial investment value. The Management Company does not guarantee any return on investments in the Fund. Past performance of the Fund does not guarantee similar performance in the future.

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ABBREVIATIONS AND TERMS USED IN THE PROSPECTUS

Account Holder

A financial institution which, according to the Financial Instrument Market Law and the CVA regulations, is entitled to open, hold and close financial instrument accounts; or a legal entity which can ensure custody of financial instruments in the CVA through interbank or central depository correspondent relationship.

Accrued Income

Income accrued within the Fund's Distributing Share Class, but not yet paid out, which is recognised on an accrual basis in accordance with the Company's accounting policy and is included in the value of the relevant Share Class until the time of its distribution (payment) to investors.

AS Abbreviation for "akciju sabiedrība", which is a term used to describe a "Joint-Stock Company" established under the laws of the Republic of Latvia.

Auditor of the Fund

KPMG Baltics SIA

Base currency

The currency in which the Fund's value is expressed. The base currency of the Fund is the U.S. dollar.

Central Securities Depository and/or CSD

A company which is responsible for booking of and accounting for financial instruments that are in public circulation in the Republic of Latvia and provides for financial instrument and cash settlements in transactions with financial instruments as well as financial instrument settlements among financial instrument account holders. CSD operates in accordance with the requirements of Regulation (EU) No 909/2014 of the European Parliament and of the Council of 23 July 2014 on improving securities settlement in the European Union and on central securities depositories and amending Directives 98/26/EC and 2014/65/EU and Regulation (EU) No 236/2012.

Classes of Share Certificates

The Fund has Share Certificates of several classes that may differ in terms of the applicable charge structure, monetary denomination of the Share Certificate, minimum purchase amount or other parameters. Investment certificate classes may also differ based on their income distribution policy, i.e., whether they are accumulating (accumulation) or distributing (distribution) classes. Accumulating (accumulation) investment certificate class means a class under which the Fund's income is not distributed to investors but is instead reinvested. Distributing (distribution) investment certificate class means a class under which the Fund's income is distributed to investors.

Company

CBL Asset Management IPAS.

Currency of Share Certificate Class

The currency in which the value of the Unit of the Share Certificate Class is expressed.

Custodian

AS Citadele banka is responsible for custody of, accounting for and executing transactions with the Fund's assets as well as for other obligations stipulated by the laws and regulations of the Republic of Latvia and the Custody Agreement signed with the Company.

Custodian Agreement

A written agreement between the Company and the Custodian according to which the Custodian undertakes to account for and hold the Fund's assets as well as to perform other obligations specified in the applicable Latvian laws and regulations and the Custodian Agreement.

Debt Securities

Securities representing the issuer's liabilities to the security holder (e.g. bonds, promissory notes, etc.).

Derivative financial instruments/DFI (derivatives)

Financial instruments whose value changes depending on the stated interest rate, security price, currency exchange rate, price or interest rate index, credit rating or other variable; and by which one or several financial risks inherent to a derivative primarily underlying the financial instrument are transferred among individuals participating in the transaction. No or minor initial investment is required to purchase a derivative compared to other contracts that also depend on the changing market conditions. Moreover, the settlement according to the contract takes place in the future.

ETF Investment fund whose share certificates are traded on at least one regulated market or MTF with at least one market maker who ensures that the market price of the share certificates of that fund does not differ essentially from its net asset value and indicative net asset value.

EU European Union.

EUR Euro: the currency of the European Monetary Union.

Fair Value

Fair value is the amount for which an asset could be exchanged, or a liability settled, in an orderly transaction between market participants at the measurement date.

Financial instruments

An agreement which concurrently creates financial assets for one person but financial liabilities or equity financial instruments for another person.

Foreign country – any country other than the Republic of Latvia.

Fund the Investment Fund "CBL Baltic & New Europe Bond Fund" is established by CBL Asset Management IPAS

Fund's value

Within the meaning of this Prospectus and the Fund Rules, also referred to as the Fund's net asset value, which is the value of the assets of the Fund less the value of the Fund's liabilities.

Group of Ten

The group of countries which have agreed to participate in the General Arrangements to borrow with the International Monetary Fund.

Intermediary -a legal entity such as a brokerage company, depositary, bank or other person carrying out transactions with financial instruments and engaged by the Company to perform the management of the Fund or to conduct trading in Share Certificates or the Custodian holding the assets of the Fund and/or executing the Company's order to perform transactions with the Fund's assets. The issuer of financial instruments, their representative or agent shall not be considered an Intermediary.

Investment Countries

For the purposes of this Prospectus, the Investment Countries are Albania, Bosnia and Herzegovina, Bulgaria, Czech Republic, Georgia, Croatia, Estonia, Kosovo, Latvia, Lithuania, Montenegro, Moldova, Poland, Romania, Serbia, Slovakia, Slovenia, Turkey, Ukraine and North Macedonia

Investment Fund

An investment fund aimed at aggregating of publicly acquired money resources to invest in transferable securities and other liquid financial instruments in compliance with the risk mitigation principle and investment limitations. The respective investment management company is obliged to redeem the Share Certificates at the request of the Investors. The investment fund is not a legal entity.

Investor

A private individual or a legal entity who/which owns the Share Certificate(s) of the Fund.

IPAS The abbreviation for "ieguldījumu pārvaldes akciju sabiedrība", which is the term used to describe the "Investment Management Joint Stock Company" established under the laws of the Republic of Latvia.

Latvia The Republic of Latvia.

Law The Law on Investment Management Companies.

LB (Bank of Latvia)

The central bank and financial market supervisory authority of the Republic of Latvia, operating in accordance with the Law on the Bank of Latvia and the principles of the European System of Central Banks.

Liquidity Management Tools (LMTs)

The liquidity management tools available to the Fund and selected by the Management Company in accordance with applicable laws and regulations for the purposes of liquidity risk management and investor protection. The Liquidity Management Tools available to the Fund are the Anti-Dilution Levy (ADL), Redemption Gate, Suspension of Subscriptions, Repurchases and Redemptions, and Side Pocket. The selection, availability and use of Liquidity Management Tools are governed by Directive (EU) 2024/927 of the European Parliament and of the Council amending Directive 2009/65/EC, including Article 18a thereof, and by Commission Delegated Regulation (EU) 2026/466 specifying the characteristics of liquidity management tools.

Member State

A member state of the European Union or the European Economic Area.

MTF Multilateral Trading Facility.

OECD Organization for Economic Cooperation and Development.

Ongoing charges
Payments made from the Fund's assets notwithstanding the fact whether they are the mandatory payments that are necessary to ensure the activities of the Fund or fees payable to third parties which are related to the activities of the Fund or render services to the Fund.

Ongoing Charges Figure
The Fund's Ongoing Charges Figure is defined as a ratio between the Fund's total ongoing charges and the Fund's average annual net asset value. It is expressed in percentage terms.

Prospectus/Prospectus of the Fund
The Prospectus of the Fund, including the effective and applicable additions and amendments that provide information on the Fund required by the laws and regulations of the Republic of Latvia and that should not be considered marketing material.

Publicly available information
Detailed information on the Fund, Company and Custodian available to all the Investors according to the Law of the Republic of Latvia. Publicly available information includes the Prospectus and Key Investor Information Document, Fund Rules, annual and semi-annual reports of the Fund, time and places of distribution of the Share Certificates, the total value of the Fund and the value of the Unit of the Share Certificate Class, sales and redemption prices of the Share Certificates.

Redemption
Redemption of the Share Certificates on the request of the Investors at the price determined in accordance with Paragraph 0 of the Prospectus.

Redemption Price of Investment Certificates
The value of a unit of the investment fund, reduced by the redemption fee in accordance with the Fund Prospectus. The redemption price is determined separately for each class of investment certificates.

Regulated market
A set of organizational, legal and technical measures which makes entering open and regular transactions with financial instruments possible.

Repurchase
Repurchase of the Share Certificates by the Company including compensation for damage in the cases and under the procedure laid down by the Law.

Rules/Fund Rules
Include the effective and applicable additions and amendments, which provide the information on the Fund required by the Law, and which should not be considered marketing material.

Sales price of the Share Certificates
The Sales Price of the Share Certificates consists of the value of the Fund's Share Certificates of the respective Class to be purchased by the Investor and the entry charge for the Share Certificate issuance.

SFDR
Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector.

Share Certificate
A transferable security that confirms the Investor's participation in the Fund and the rights arising from such participation. The Fund can issue several Classes of Share Certificates.

Sustainability factors - environmental, social, and governance factors

Trading venue
Trading venue
A regulated market, MTF or an organised trading system.

Transferable securities
Securities whose alienation rights are not restricted, including Debt Securities, Equity Securities and Share Certificates.

USD U.S. dollar.

Value of a Share Certificate Class
The difference between the Fund's asset value attributable to the particular Share Certificate Class and the accumulated liabilities attributable to that Class.

Value of a Unit of a Share Certificate Class

The value of the Share Certificate class divided by the number of Share Certificates of the respective Class in circulation.

Working day

Any day designated as a working day in the Republic of Latvia in accordance with the applicable laws and regulations, excluding rescheduled working days.

1. INVESTMENT POLICY AND INVESTMENT LIMITATIONS

1.1 The Fund's Activity and Investment Objective

The objective of the investments of the Investment Fund "CBL Baltic & New Europe Bond Fund" is to achieve long-term capital appreciation by investing mainly in debt securities issued or guaranteed by central or local governments, central banks, credit institutions and commercial companies of Investment Countries. In addition, the Fund may invest in investment funds, including exchange-traded funds (ETFs) admitted to trading on regulated markets in Member States and OECD member countries, without any sectoral restrictions.

1.2 1.2. The investment policy of the Fund implies the following allocation of the investment portfolio of the Fund

- up to 100% of the Fund's assets may be invested in debt securities issued or guaranteed by central governments, central banks, local governments, credit institutions and commercial companies of Investment Countries;
- up to 20% of the Fund's assets may be invested in debt securities issued or guaranteed by central governments, central banks, local governments, credit institutions and commercial companies of Western or Northern European countries;
- up to 10% of the Fund's assets may be invested in Share Certificates of investment funds or similar or equivalent collective investment undertakings or in equivalent securities (hereinafter – Share Certificates of Investment Funds), incl. ETFs, which mainly invest in debt securities.

During a financial crisis which is usually characterized by an acute uncertainty with regard to the future of the global or regional economy and/or financial system, when the behaviour of the market participants is likely to be described as panicky and quite often in combination with a collapse of financial institutions and a substantial decrease in the value of financial assets, the Fund's assets may be invested into the following financial instruments:

- up to 30% of the Fund's assets may be invested into term deposits with credit institutions;
- up to 25% of the Fund's assets may be invested into debt securities issued or guaranteed by central banks, central or local governments of the Member States or the OECD Member States included in the Group of Ten.

The financial instruments not mentioned in Paragraph 1.2 of the Prospectus may be included in the Fund's assets if they have arisen from the restructuring of a debt security already included in the Fund's assets. The total Fund's investments in such financial instruments may not exceed 10% of the Fund's assets.

1.3 Investment Targets and Types

The Fund's assets may be invested into the following financial instruments:

1) debt securities issued or guaranteed by central banks, central and local authorities of Investment Countries, Member States or the OECD Member States;
2) debt securities issued or guaranteed by credit institutions of Eastern European Countries, Member States or the OECD Member States, debt securities issued or guaranteed by commercial companies provided that the main activity of the credit institutions and commercial companies which are registered in a Member State or the OECD Member State is carried out in an Investment Country;
3) deposits with credit institutions licensed in a Member State or in an OECD Member State included in the Group of Ten;
4) share certificates (units) of investment funds registered in Investment Countries, Share Certificates (units) of investment funds or equivalent collective investment undertakings registered in the Member States, OECD Member States or other countries, including ETFs traded on regulated markets of Member States or OECD Member States;
5) for hedging against the risk of fluctuations in the market value of the Fund's assets and the risk of currency fluctuations of certain Investment Certificate Classes, the Fund Manager has the right to invest in derivatives at the expense of the Fund. The DFI transactions with the aim to generate profit may only be carried out at the expense of the Fund's total assets. The DFI transactions attributable to certain

Investment Certificate Classes may only be carried out for currency risk mitigation purposes. For information on additional risks arising from transactions in derivatives, see Chapter 2 "RISK PROFILE OF THE FUND AND RISKS RELATED TO THE INVESTMENTS;

6) the Fund Manager has the right to hold part of the Fund's assets in liquid assets, including cash, if necessary for the operations of the Fund.

1.3.1 Investments in Transferable Debt Securities

1. Investments of the Fund may be made in freely transferable securities that meet at least one of the following conditions:
   1) they are traded on a regulated market of a Member State or on another trading venue of a Member State;
   2) they are admitted to official stock-exchange listings of Investment Countries or the OECD Member States, Singapore Stock Exchange, Hong Kong Stock Exchange or are traded on the trading venue of these countries;
   3) they are neither admitted to official stock-exchange listing nor traded on the regulated markets; however, the rules governing the issue of such securities provide that they will be admitted to official stock-exchange listing or traded on regulated markets referred to in Paragraph 1.3.1, Sub-paragraph 1, Clauses 1) and 2) hereof and that these securities will be admitted or traded there within one year from the start of the subscription to these securities;
2. If the invested amount does not exceed 10% of the Fund's assets, the Fund's investments may be made in transferable securities other than those referred to in Paragraph 1.3.1.
3. The Fund's investments may be made in financial instruments issued by commercial companies which are part of the same group as the Company. Within the meaning of this Section, commercial companies of the same group are commercial companies whose financial statements are to be consolidated according to the International Financial Reporting Standards.

1.3.2 Deposits with Credit Institutions

1. The Fund's assets may be deposited with a credit institution that has obtained a license for credit institution operations in a Member State or an OECD Member State belonging to the Group of Ten.
2. The Fund's assets may be deposited with credit institutions if such deposits are repayable on demand or have the right to be withdrawn prior to the expiry of the respective term and maturing in no more than 12 months.

1.3.3 Investments in Share Certificates of Funds

1. The Fund's assets may be invested in the Share Certificates or units of an investment fund or equivalent collective investment undertaking registered in a Member State, an OECD Member State or another country whose operations are governed by regulatory requirements equivalent to the provisions of the Law.
2. The Fund's assets may be invested in the Share Certificates or units of an investment fund of a country other than the Member State if such investment fund meets the following requirements:
   1) it is registered in a foreign country whose laws and regulations provides for the supervision of such undertakings which is equivalent to the supervision specified in the Law, and the supervisory body of the respective foreign country cooperates with the LB;
   2) the regulatory requirements governing its operations, including investor protection, investment and transaction restrictions and limitations, are equivalent to the provisions of the Law regarding the operations of the investment funds;
   3) it prepares and publishes semi-annual and annual reports to allow the assessment of its assets, liabilities, income and operations over the reporting period.

1.3.4 Transactions with Derivatives (DFI)

1. The Fund's assets may be invested in DFI to hedge against the risk of fluctuations in the market value of the Fund's assets or for profit generation purposes.

   To hedge against the risk of fluctuations in the market value of the Fund's assets, investments may be made in the following derivatives:
   a. forwards;
   b. plain vanilla options;
   c. swaps.

   For profit generation purposes, investments may be made in the following derivatives:
   a. forwards;
   b. plain vanilla options;

c. swaps.

2. The Fund's assets may be invested in DFI, which are traded on the markets referred to in Paragraph 1.3.1, Sub-paragraph 1 hereof nor are traded on a regulated market, if the following requirements are met:

1) their underlying asset is the financial instruments referred to in Paragraphs 1.3.1, 1.3.2 and 1.3.3 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 to the transaction with derivatives not traded on the regulated market is a credit institution that meets the requirements of Paragraph 1.3.2, Sub-paragraph 1 hereof or an investment brokerage company whose capital and reserves amount to or exceed EUR 10 million and which is registered in a Member State or an OECD member state belonging to the Group of Ten and whose operations are 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 Fund Manager or a transaction can be performed because of which the respective position (receivables or liabilities in respect to the financial instrument) is close).

3. The DFI attributable to the R Acc EUR (hedged) and I Acc EUR (hedged) Class Share Certificates, which are aimed at hedging the USD fluctuation risk against the currency of the particular Share Certificate Class, i.e. EUR, may be the subject of forward contracts as well as swaps and they shall meet the requirements laid down in Paragraph 1.3.14, Sub-paragraph 2 hereof.

1.3.5 Investments in a Currency other than the Base Currency of the Fund

In addition to the currency of the Share Certificate Classes, the Fund may make investments in currencies of Investment countries, and in some cases in other currencies complying with the investment limitations stipulated in the Prospectus.

2. RISK PROFILE OF THE FUND AND RISKS RELATED TO INVESTMENTS

2.1 Risk Profile of the Fund

The Fund's strategy comprises significant risks that can adversely affect the value of the Share Certificate of the Fund, including but not limited to specific issuer, liquidity, foreign investment risks (including increased political, economic, currency, information, legal risks, the risk of holding financial instruments issued in foreign countries), intermediary and counterparty risks.

Investments in the Fund are related to a risk or a possibility that the Investor can suffer loss. The performance of the Fund can be either positive or negative. Appreciation or preservation of the Fund's value is not guaranteed. The historical performance of the Fund does not guarantee that the Investor will achieve similar performance in the future.

When investing in the Fund, the Investor should consider the risks involved in making the investment. The performance of the Fund can be affected by various risks. The Company advises that the risks listed in Paragraph 2.2 hereof cannot be considered as complete – only the most significant risks related to making the investment are described. The Investor assumes all the risks related to the investments in the Share Certificates of the Fund. Before taking any decision to invest in the Share Certificates of the Fund, the Investor should read this Prospectus and rely on the assessment of the investment and related risks carried out by himself/herself or by their external consultant.

2.2 Investment-related risks

Potential risks to which the investment in the Share Certificates of the Fund might be exposed can be grouped in several categories indicating potential sources of loss. The operations of the Fund involve risks that arise from various factors. Each type of risk can adversely affect the performance of the Fund and, thus, the value of the Unit of the Share Certificate Class. In this context, the following risks must be distinguished to be considered and considered by the Investors when deciding to invest in the Share Certificates of the Fund:

General market risk – a risk that the price of securities as well as their income may change due to the factors related to the interest rate changes (in case of debt securities) or extensive changes in the capital market (in case of equity securities) and these changes are not related to a particular issuer. Adverse changes in market conditions can reduce the value of the investments made by the Fund.

Issuer risk – a possibility to suffer loss if the price of a debt security changes due to the factors related to the issuer of securities or, in case of financial derivatives, to the person issuing the security underlying the respective derivative. The operations of the issuer of the securities or other financial instruments held in the Fund's portfolio can be affected by such factors as issuer's management expertise, economic situation and changes in the industry segment of the issuer, inter alia, the issuer can fail to fulfil its obligations specified in the terms and conditions of the respective issue. Such adverse events can have negative effect on the value of the Fund's investments.

Liquidity risk – a risk that it will not be possible to sell, alienate or deal with the financial instruments held in the investment portfolio within desired time without substantial losses, as a result of which the respective position will be closed; and a risk that the fulfilment of the requirement of redemption of the Share Certificates of the Investment Fund by the Investment Fund will be suspended or otherwise restricted. It is possible that the Fund might not sell its assets for an acceptable and reasonable price. Investments in Emerging Markets are associated with an increased risk that the markets for various assets may become temporarily illiquid.

Sustainability risk - an environmental, social, or governance event or circumstance that, if it occurs, may cause an actual or potential material negative impact on the value of an investment. Such risks may affect the financial results of issuers included in the fund, including their creditworthiness, market valuation, or ability to remain viable in the long term. The Company integrates sustainability risk into its investment decision-making process by assessing sustainability factors alongside traditional financial indicators. This assessment may influence portfolio structure, issuer selection, and ongoing risk monitoring. The Company's approach to managing sustainability risk is aligned with applicable regulatory requirements, including the SFDR. To implement an investment strategy that considers sustainability factors, the Company relies on publicly available information disclosed by companies and countries, as well as third-party information regarding sustainability risks. Therefore, the Company cannot guarantee that such information is always complete and accurate.

To implement its investment strategy (considering the Sustainability factors in the investment process) the Company relies on publicly available information provided by companies and countries, as well as on information provided by third parties regarding Sustainability risk. Therefore, the Company cannot guarantee that such information is always complete and accurate.

Credit risk – a risk of suffering a loss because of the deterioration in the financial indicators of the issuer of a financial instrument, default of the issuer or its insolvency.

Counterparty risk – a risk that the Investors can suffer loss if a counterparty defaults on its obligations before the payment of the transaction's final cash flow. In planning the investment policy of the Fund, the Company considers the safety of investments and holding thereof in each country and the safety of investing in specific financial instruments and/or term deposits, i.e. it analyses the credit ratings of each country, bank or commercial company. Materialization of counterparty risk may result in partial or full default on liabilities with respect to a particular financial instrument, cause full or partial loss and sustained unavailability of financial instruments, consequently making the execution of orders difficult or impossible and the impossibility of exercising the rights related to financial instruments (e.g. voting rights). The counterparty with whom an agreement on the transaction has been signed may default; the counterparty may also transfer the required funds or financial instruments in insufficient amounts or not transfer them at all notwithstanding the fact that the Fund has fulfilled all its contractual obligations towards the respective counterparty.

Market concentration risk – as up to 100% of the Fund's assets can be invested in a certain segment (debt securities issued or guaranteed by central banks, local governments, credit institutions and commercial companies of the countries of the Fund's Investment Region), market concentration risk inherent to the Fund is higher than usual.

Financial risk - financial risk is primarily related to situations when, due to external factors (factors beyond the Company's control), the Investors simultaneously request redemption of their Share Certificates which results in decreased efficiency of the Fund's operations.

Derivative risk – Investors should be aware that investments in derivatives are subject to high risk. Liabilities or claims arising from such transactions may decrease or cease to exist. The risk of loss in certain situations can be undetermined and may exceed the value of the collateral. If the liabilities arising from transactions with derivative financial instruments are covered from loans or if liabilities or claims from such transactions are denominated in foreign currency, the risk of loss may increase.

Derivative transactions may result in insolvency and encumber the Fund's assets without a possibility to determine the amount of possible loss in advance.

Risk of contagion/spill-over – by reason of the fact that the derivatives used for hedging against currency risks of a particular Share Certificate Class become part of the overall Fund's assets and pose a risk to all Investors of the Fund. The Company takes the necessary measures for mitigation of the above effect on other Share Certificate Classes; however, an insignificant risk remains.

Other risks – Force Majeure, including natural disasters, strikes, riots, criminal activities, disruptions in communication media and information systems, as well as other risks that cannot be predicted or controlled by the Company.

Main Foreign Investment Risks:

- **Political risk** – a risk related to the involvement of a country/countries of investment in military conflicts and warfare, as well as to changes in the political environment, e.g. violent overthrow of the government, upheavals or other events affecting the economic or political stability - or further development of this country (region), including the changes in the government's course or its priorities of the respective country (warfare,

nationalization, confiscation, introduction of restrictions, sanctions and embargo). This risk is especially typical of the countries which still lack a stable regulatory and legal system, business traditions and culture, among them being certain countries of the Fund's Investment Region. Such factors usually have a major impact on the financial markets of the respective country and thus may adversely affect the performance of the Fund.

- **Economic risk** - a risk related to changes in the economic situation of investment regions, such as economic recession, excessive inflation, banking crisis, etc.
- **Currency risk** - a risk that Investors may suffer loss from unfavourable fluctuations in the exchange rates. The Fund's assets may be placed not only in the base currency but also in financial instruments denominated in other currencies. Consequently, there is a risk of changes in the foreign currency value against the base currency of the Fund.

- **Information availability risk** – a risk that there is a lack of true securities market information on the issuer's actual situation or it is inaccessible.

  Given that not all the markets of Investment Countries have common standard for disclosure, there is an increased risk that despite prudent management, the Company may obtain incomplete information and, as a result, making a favourable investment decision is impossible.

- **Legal or regulatory risk** - a risk that may inflict additional expenses and/or loss related to amendments to foreign laws, in case of execution of any decisions/acts by the executive bodies, legislator or judicial power. This may result in of seizure or other restrictions on the financial instruments and/or cash forming the Fund's assets (including imposition those held by the Intermediary whereby free alienation thereof is prohibited.
- **Payment risk**- the risk that settlements or transfers cannot be executed due to the suspension, disruption, or deficiencies of settlement centres or settlement systems, as well as for other reasons beyond the control of the Company or the Depositary Bank, including cases where an intermediary fails to execute settlement instructions or delays their execution.
- **Accounting and double taxation risk** – a risk related to the use of different accounting principles in securities accounting and registration systems in different countries which may cause additional burdens on investments, such as higher tax rates set for non-resident investments; thus, the Fund's assets may be burdened more than if investments were made in the local market.
- **Foreign legislation application risk** – foreign legislation and market practice can be applied to the Fund's assets and financial instruments forming the Fund's assets, their holding and accounting (e.g. when an issuer of financial instruments, depository, holder or counterparty is based in a foreign country), which may envisage for Investor protection, financial instrument holding, transaction execution, etc. conditions that are different from those laid down in Latvia (including, less favourable) where they can be ambiguous, open to divergent interpretations, subject to frequent amendments or restriction..

2.3 Key Risks Related to Holding of Financial Instruments and Intermediary-related risks

- **Custodian risk** – the Custodian's inability to operate, erroneous activities or malpractice may adversely affect the Fund and reduce the value of the Fund's assets. The Custodian's inability to operate effectively may result from its insolvency, bankruptcy, negligence or deliberate illegal activity as well as other activities without legal basis.

- **Intermediary risk** - a risk of loss that may result from an act or omission by the Intermediary, including fraud, negligence and improper performance on the part of the Intermediary or improper execution of orders by the Intermediary or improper accounting for financial instruments and/or funds held by the Intermediary, etc. and because the Intermediary or their involved party uses the Fund's assets, including in transactions with third parties, pledge the said assets, exercises the right of offset or otherwise encumbers with third party rights and liabilities resulting in a full loss of the Fund's assets (or part thereof) or the ability of free disposing thereof can be seriously jeopardised.

- **Intermediary insolvency and other special administration procedure risk** – a full or partial loss of the Fund's assets, lasting unavailability, impossibility or hindered disposing of them, impossibility to exercise the rights related to financial instruments or inability to access information due to insolvency (bankruptcy) of the Intermediary (or a sub-intermediary) holding the financial instruments or involved in the execution of orders settlements, or another procedure which restricts or suspends their operations.

  The Intermediary's insolvency or other similar process as well as holding of financial instruments may be subject to foreign laws and market practice which may essentially differ from those existing in the Republic of Latvia. The rights to financial instruments may be affected by unpredictable decisions made by the legislator, executive bodies or courts of the respective country. The financial instruments included in the Fund's assets may not be recovered; however, under the Intermediary's insolvency proceedings their value may be compensated (or partially compensated) in the cash value of the financial instruments which is determined according to the laws and regulations of the respective country. In that case, the Custodian only distributes proportionately the funds received from the Intermediary to the customers concerned, unless otherwise provided by Latvian laws and

regulations. In case of the Intermediary's insolvency and other similar processes, there is a risk that neither the financial instruments nor their monetary value is recovered.

- **Issuer's registrar risk** – the issuer can assign a registrar for keeping records of its shareholders, incl. ownership. The registrar shall not be considered an agent or an intermediary engaged by the Custodian or its Intermediary; and neither the Custodian nor its Intermediary is liable for acts/ omissions of the registrar or the latter not fulfilling its obligations. Such conduct of the registrar, inter alia, negligence, fraud, improper performance or poor keeping of register or account of the title to financial instruments, insolvency or liquidation can cause losses to the Fund, including, loss or impairment of the Fund's investments.

Specific risks inherent in investments in Investment Countries

The Fund's investment activity in Investment Countries is associated with an increased risk. Asset prices on the markets and exchanges are volatile. Investment results may be affected by fluctuations of local currencies against the Fund's base currency. Even with reliable securities market information which gives a fair view of the issuer's actual situation, investments in Investment Countries are associated with increased information availability risk and counterparty risk. Political changes, currency conversion (exchange) restrictions, supervision of stock exchanges and depositories, taxation, restrictions on foreign investor activities, income repatriation, placement of funds, etc. may affect the performance of the Fund.

2.4 Possible Risk Mitigation Measures

The Company manages the Fund in the interests of the Investors and will make every effort, to the extent possible, to avoid potential risks or mitigate them; however, the Company does not guarantee that it will be possible to completely avoid such risks. To decrease investment risks, the Fund is managed in compliance with the principles of diversification and risk reduction.

When making investments on the Fund's account, the Company obtains sufficient information on potential or existing investment targets, as well as monitors the financial and economic situation of the issuers of the financial instruments in which the Fund's assets are or will be invested.

When developing Fund's investment strategy and determining investment limitations within Fund's investment policy framework as specified in this Prospectus, the Company analyses the Fund's investments by maturity, geographical spread, currencies, etc. assessing the risk level of each of these factors. The Company strictly observes the standards and restrictions specified in the Prospectus, Fund Rules and laws and regulations of the Republic of Latvia.

Compliance with the established limits is continuously monitored by the Company's Risk Management Department, a unit that is functionally and organisationally independent from the investment management function. The Risk Management Department regularly prepares reports on the level of risk and its impact on the overall risk profile of the Fund's investment portfolio (on a monthly, quarterly, and annual basis, depending on the type of risk), and conducts stress testing and scenario analysis. If an early warning threshold is reached or a breach of the established limits is identified, an immediate assessment is made as to whether risk-mitigating measures need to be implemented.

To analyze the impact of investment Sustainability factors, the Company uses the assessments provided by international rating and information agencies, as well as the Company's internal assessments of the level of Sustainability risk inherent in the investment object.

In case of losses that might be incurred due to the Intermediary's negligence or deliberate failure to perform its obligations, the Company shall protect its rights by bringing action against the issuer directly and/or against the Intermediary. The Company and Custodian, within the framework of their competence and in accordance with the effective laws and regulations of the Republic of Latvia, will apply all the necessary skills and prudence in selecting, appointing and monitoring their local Intermediaries. Notwithstanding the measures taken by the Company and Custodian, it is not possible to fully avoid the risk related to action, omission or default by the Intermediary.

The derivative financial instruments, concluded to hedge against currency risk in a particular Share Certificate Class where the rules of the respective Share Certificate Class provide for hedging against currency risk, are managed with due respect for the following principles:

- the DFI notional amount is such that it does not create any payment or delivery obligation which would exceed the value of the respective Share Certificate Class. The Company ascertains that the maximum amount of the potential payment or collateral does not exceed the value of the respective Share Certificate Class;
- the Company introduces and maintains an accounting system that allows to clearly distinguish the value of the assets and liabilities as well as realised and unrealised profit and/or loss attributable to every Share Certificate Class, at least on each valuation day of the Fund;
- the DFI are used in accordance with a detailed and clear risk hedging strategy established in the Company's internal procedures and aimed at mitigation of the DFI-related risks, including their impact on another Share Certificate Class.

Taking into consideration the regular sales and redemption of the Share Certificates, the Company cannot ensure precise hedging against currency risk in a Share Certificate Class; However, to comply with the above-mentioned principles, in the Share Certificate Class within the framework of which risk hedging is allowed and carried out, the Company ensures the following:

- the DFI counterparty's risk level complies with the limitations specified in Paragraph 3.1.8. hereof in respect of the net asset value of the respective Share Certificate Class;
- the total notional amount of the concluded DFI does not exceed 105% of the net asset value of the Share Certificate Class;
- the total notional amount of the concluded DFI is not below 95% of the net asset value of the Share Certificate Class.

The total notional amount of the outstanding DFI is monitored on a regular basis at least on each valuation day of the Fund to ascertain that it complies with the above-mentioned limitations. The investment strategy of the Fund is developed to minimize, as far as possible, the risks referred to in Paragraphs 2.2 and 2.3 hereof; however, the Company does not guarantee that it will be possible to fully avoid these risks in the future.

3. INVESTMENT LIMITATIONS AND DESCRIPTION OF THE INVESTING PRACTICE OR METHOD USED IN THE FUND MANAGEMENT

3.1 General Investment Limitations

1. The Fund's investments, excluding the Fund's investments referred to in Paragraph 3.1, sub-paragraph 2 hereof, in transferable securities of a single issuer may not exceed 5% of the Fund's assets. The above limit may be raised to 10% of the Fund's assets; however, in such case, the total value of the investments exceeding 5% may not exceed 40% of the Fund's assets.
2. The Fund's investments in transferable securities of a single issuer can be increased up to 25% 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.
3. The Fund's investments in transferable securities of a single issuer can be increased up to 35% of the Fund's assets, if the transferable securities are issued or guaranteed by a Member State, a Foreign Country, a local government of a Member State or an international institution if one or several Member States are its members.
4. If the value of debt securities of a single issuer mentioned in Paragraph 3.1, Sub-paragraph 2 owned by the Fund exceeds 5% of the Fund's assets, the total value of the Fund's investments that exceeds 5% may not exceed 80% of the Fund's assets.
5. The Fund's investments in a single credit institution may not exceed 20% of the assets of the Fund's. Such limitation does not apply to claims on demand against the Custodian.
6. Investments of the Fund's assets in Share Certificates of a single investment fund may not exceed 10% of the Fund's assets. The Fund's total investments in units of collective investment undertakings referred to in Paragraph 2 of Section 1.3.3 of this Prospectus shall not exceed 30% of the Fund's assets.
7. The Fund will only invest in the investment funds or similar or equivalent collective investment undertakings whose maximum management costs do not exceed 3% of the fund's asset value per annum.
8. The Fund's investments in financial instruments issued by commercial companies of the same group as the Company may not exceed 10% of the Fund's assets, inter alia, investments in transferrable securities of a single issuer may not exceed 10% of the Fund's assets.
9. The total risk arising from transactions with derivatives, inter alia, in the derivatives included in transferable securities 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 considered. **In assessing the total risk of the Fund**, the Company applies the commitment approach.
10. Risk position in transactions with over-the-counter derivatives with each counterparty may not exceed:
    1) 10% 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) 5% of the 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 another currency according to the exchange rate published by the European Central Bank 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.

11. Disregarding the investment limitations separately specified in Sub-paragraphs 1, 5, 9 and 10 of this Paragraph, the total Fund's investments in transferable securities, 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% of the Fund's assets. In applying the investment restriction specified in this Paragraph, commercial companies belonging to one group must be considered as a single person.

12. The investment limitations separately specified in Sub-paragraphs 1, 2, 4, 5, 9 and 10 of this Paragraph may not be combined and thus the total investments of the Fund in transferable securities, 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.

3.2 Investment Restrictions as regards a Single Issuer

1. The investments of the Fund in separate assets may not exceed the following criteria:
   1) 10% of the total amount of debt securities issued by one issuer;
   2) 25% of the value of a single investment fund or collective investment undertaking.

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.

3.3 Loans at the Expense of the Fund

To ensure that the liabilities of the Fund are fulfilled, 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% of the Fund's net asset value, but only for a short-term up to three months. Borrowing costs are allocated proportionally by Share Certificate Classes.

The Company is entitled to decide regarding the borrowing on the Fund's account in accordance with the Prospectus and Fund Rules.

3.4 General Provisions for Transactions

The Company caries out transactions with the Fund's assets in accordance with this Prospectus, Fund Rules, the Law and other applicable laws and regulations of the Republic of Latvia.

The Company has no right to assume liabilities at the expense of the Fund's assets, if these liabilities are not directly attributable to the Fund. The Company may not carry out transactions with the Fund's assets without consideration. The balances due from the Company may not be offset by the receivables of the Fund.

The Fund's assets may not be pledged or otherwise encumbered except in the cases specified in the Law and herein.

The Company is not allowed to sell securities or assume commitments regarding the sale of the securities on the Fund's account if, at the time of the transaction, these securities do not constitute the Fund's assets.

In assessing the compliance of the Fund's investment portfolio with the investment limitations, the gross value of the Fund's assets determined under the procedure described in Chapter 12 "PRINCIPLES AND RULES FOR THE FUND VALUATION" is used.

3.5 Selection of Investment Targets

1. Investment targets are chosen in accordance with the principles of the investment policy of the Fund and investment limitations stipulated herein as well as in accordance with the procedure stipulated by the Fund Rules and in compliance with the principles of diversification and risk reduction.
2. In making investments on the Fund's account, the Company is obliged to invest only in the investment targets specified herein, comply with the investment limitations stipulated herein, obtain sufficient information on potential or existing investment targets as well as constantly monitor and analyse the financial and economic standing of the entities in whose securities the Fund's assets have been or will be invested.
3. The decisions on dealing with the Fund's assets are made and the instructions to the Custodian are given by the Fund Managers appointed by the Management Board of the Company in compliance with the provisions of the Prospectus, the investment policy of the Fund and the procedure stipulated by the applicable laws and regulations of the Republic of Latvia. The procedure for decision-making and giving instructions is laid down in the Fund Rules.

3.6 Exceeding of Investment Limitations

Investment limits may be exceeded if it is due to exercising subscription rights pertinent to transferrable securities contained in the Fund's assets or other circumstances which the Company has not been able to foresee. To rectify exceeding the investment limits the Company must carry out sales transactions in line with the risk mitigation principle and in the best interest of Investors.

4. RIGHTS AND LIABILITIES OF INVESTORS

4.1 Rights of the Investors

1. To alienate their Share Certificates without any limitations.
2. To participate in the distribution of income derived from the transactions with the Fund's assets in proportion to value the Share Certificate Class owned by them.
3. To participate in the distribution of income derived from the liquidation of the Fund in proportion to the value the Share Certificate Class owned by them.
4. The rights and liabilities provided for in the Share Certificates covers the Fund's assets in their entirety.
5. The Share Certificates of one Class provide for equal rights.
6. To request the redemption of their Share Certificates by the Company.
7. To request the Company to repurchase the Share Certificates issued by the Company, if due to the Company's fault the information presented in the Prospectus, which is essential for the evaluation of the Share Certificates, is incorrect.
8. To request and receive free of charge annual and semi-annual reports of the Fund, to have access to all publicly available information about the parties related to the activities of CBL Asset Management IPAS and the Fund. The scope of this information and the procedure for obtaining it is provided by the Fund Rules.
9. The Investor is not entitled to request unbundling of the Fund. This also applies to the holder of the Investor's pledge, creditors or administrator in case of the Investor's insolvency.

Rights and obligations of the owners of the publicly issued Share Certificates are specified according to the Law, the Financial Instrument Market Law and other laws and regulations of the Republic of Latvia.

4.2 Limitations of the Investor's liabilities

1. The Investor is not responsible for the liabilities of the Company. The liability of the Investor regarding the claims in respect to the Fund's assets is limited only to the Share Certificates owned.
2. Any arrangement which contravenes the provisions of the above paragraph is not valid as of the date of its signing.
3. Any claim against the Investor concerning their liabilities may be directed against their Share Certificates, but in no case against the Fund's assets.

Terms and conditions of this Prospectus become binding to the Investor as soon as the Investor acquires the Share Certificates under the procedure specified in this Prospectus and the Fund Rules.

5. TAXES AND DUTIES APPLICABLE TO THE INVESTORS OF THE FUND

The Investor pays the applicable personal/corporate income tax or any other applicable taxes, duties or similar charges himself/herself. The Company does not assume any responsibility for the payment of taxes, duties and similar charges applicable to the Investor unless it is required by the laws and regulations of the Republic of Latvia or foreign law or international agreements applicable to it.

According to the applicable laws and regulations of the Republic of Latvia, the Investment Fund does not have to pay corporate income tax; therefore, the capital accumulated by the Fund and the Fund's assets are not subject to corporate income tax. If, according to the laws and regulations of the Republic of Latvia or a foreign country, investment targets and transactions with the Fund's assets are subject to taxation, the Company pays such taxes from the Fund's assets.

The above does not constitute the Company's commitment to pay taxes, duties or similar charges in place of the Investor unless it is required by the laws and regulations of the Republic of Latvia or foreign law or international agreements applicable to it.

As prescribed by the Law on Personal Income Tax and the Enterprise Income Tax Law of the Republic of Latvia or any other laws and regulations that may in the future replace the above laws and related regulations, the Investors pay personal income tax or corporate income tax by themselves.

The information provided in this paragraph gives a general overview of current Latvian tax laws and regulations effective at the time of registering the latest amendments to this Prospectus. The Company bears no responsibility for tax treatment of each Investor. In case of uncertainties, the Investor must contact their tax advisor.

The Investor must consider that taxes, duties or similar charges can significantly differ depending on the following:

- the place/country of residence of the Investor – namely, the fact that the income derived from the sale of the Share Certificates is not/is subject to taxation in the Republic of Latvia does not mean that such an income would not/would be subject to taxation in the country of residence of the Investor who is not a resident of the Republic of Latvia according to the law of the relevant country;

- the legal status of the Investor – the application of taxes/duties to private individuals and legal entities may differ; it also depends on the type of activity (whether the Investor is a foundation, association, religious organization, trade union, political party, state/self-government authority or authority financed by the state/self-government, etc.);
- additions and amendments to the tax law of the country, namely, the provisions specified in the tax laws, regulations and international agreements can change from time to time.

6. TYPICAL INVESTOR'S PROFILE

The Fund was set up for professional and experienced Investors as well as for those Investors who are not familiar with the capital market opportunities whose aim is to generate profit on capital markets. According to the Fund's strategy, the Fund is more suitable for the Investors who intend to invest for a period of at least 3 years. Distribution share classes may be suitable for investors seeking to receive regular income from their investment.

7. SUMMARY OF TRANSACTIONS WITH SHARE CERTIFICATES AND FUND MANAGEMENT FEE

7.1 Charges for Transactions with Share Certificates

No commission fee is set for the sale of Investment Certificates. No commission fee is set for the redemption of Investment Certificates.

Distributors and Intermediaries have the right to set commission fees for the sale and redemption of Investment Certificates, disclosing this information to Investors before the transactions are made.

The Company does not exchange Investment Certificates of one Class for Investment Certificates of another Class; however, Investors are entitled to simultaneously conduct transactions for the redemption of Investment Certificate of one Class and purchase of Investment Certificate of another.

The Company does not have any rules or applicable commission charges for transactions with Investment Certificates on the secondary market.

7.2 Fees payable from the Fund's assets

The amount of the fees payable from the Fund's assets is determined as a percentage per annum of the average value of each the Share Certificate Class.

Name	Maximum Fee				
	R Acc USD	R Acc EUR (hedged)	I Acc USD	I Acc EUR (hedged)	R Dis EUR (hedged)
Company	1.00%	1.00%	0.70%	0.70%	1.00%
Custodian	0.18%*	0.18%*	0.18%*	0.18%*	0.18%*
Fund's Auditor	0.10%	0.10%	0.10%	0.10%	0.10%
Maximum expense ratio**	2.00%	2.00%	1.50%	1.50%	2.00%

* The total amount of the Custodian fee, including other charges for the Custodian, may not exceed 0.50% per annum of the average value of the Share Certificate Class per annum.

** It also includes other payments specified in Section 7.3.

In the interests of the Investors, the Company is entitled to reduce the fees payable from the Fund's assets as well as to make payments to the Custodian, Certified Auditors and third parties, complying with the proportionality principle within each Class.

7.3 Other Payments Covered from the Fund's Assets

Other expenses are covered from the Fund's assets if substantiated by source documents and if such payments are stipulated in the laws and regulations of the Republic of Latvia governing the activities of investment management companies and investment funds as well as the accounting procedure of such entities.

Other payments include such expenses as transaction fees, brokerage fees, interest on loans; the fee for registration of amendments to the Prospectus and/or Fund Rules, for the supervision of the Fund and similar payments, fee for holding financial instruments (including the fee for holding the Fund's assets by Intermediaries), Additional fees applied to cash balances in the Fund's accounts, tax certification, fees for the inclusion and listing of Investment Certificates on stock exchange lists, CSD fee for maintaining investment certificates in the

depository register, Corporate action processing fee, fee for Fund investor registers/lists legal and other professional advisory fees, costs related to the distribution of the Fund's Investment Certificates, expenses for information sources and analytical research applicable to all investors and aimed at improving the quality of the service provided, including but not limited to Bloomberg, JPM, etc., as well as other similar costs.

The investment performance and expenses incurred by a particular Share Certificate Class, including form the DFI used in the respective Share Certificate Class, are only accounted for and attributed to the respective Share Certificate Class.

7.4 Other Payments Covered at the Investor's Expense

According to the provisions laid down in Chapter 10 hereof, the Investor must cover all expenses related to the purchase of the Share Certificates (bank charges for operations with financial instruments/settlement accounts, transactions, holding of the Fund's Share Certificates, etc.); in case the Investor fails to pay for the Share Certificates in full according to the procedure and within the term stipulated in this Prospectus, the Investor must cover all Fund's expenses and losses related to non-execution of the submitted application for the purchase of the Share Certificates.

According to the provisions laid down in Chapter 11 hereof, the Investor must cover all the Fund's expenses related to the redemption of the Share Certificates (bank charges for operations with financial instruments/settlement accounts, transactions, holding, etc.).

The charges specified in this chapter are incurred and paid by the Investor; and the amount of the respective fee is determined by the credit institution or financial institution at which the Investor has opened a financial instrument account and holds the Share Certificates of the Fund.

8. INFORMATION ABOUT THE AUDITOR OF THE FUND

Name of the Auditor:	**KPMG Baltics SIA**
Registration number:	40003235171
Legal address:	Roberta Hirša iela 1, Riga, LV-1045, Latvia

The office of the KPMG Baltics SIA executive body is at its legal address.

Licences: Licence No 55 for auditing services issued by the Latvian Association of Certified Auditors.

KPMG Baltics SIA is one of the largest audit, management and tax consulting companies in Latvia.

Procedure for the Fee Calculation and Payment to the Auditor of the Fund

The expected annual fee payable to the Auditor of the Fund is gradually included in the valuation of the Fund's asset value daily– in equal parts every day. In calculating the fee payable to the Auditor of the Fund for the current day, the Company assumes that the reporting year of the Fund is 365 days.

The audit fee is accrued and paid to the Auditor of the Fund once a year.

9. GENERAL INFORMATION ABOUT THE INVESTMENT FUND

This investment fund is an aggregate of assets formed by investments made in return for Share Certificates, as well as assets obtained in transactions with the Fund's property.

The investment fund is not a legal entity

According to the Law, "CBL Baltic & New Europe Bond Fund" is an investment fund and operates according to European Union law. The Company that manages the Fund is obliged to redeem the Share Certificates upon the request of the Investors.

The Fund's assets are a joint property of the Investors and must be held, booked and managed separately from the property of the Company, other Funds under its management and the Custodian.

The Fund has created several Classes of Share Certificates; however, it does not separate the Fund's assets by the Share Certificate Classes

The dominant currency in the debt security markets of Investment Countries is the U.S. dollar which is used by the Company to calculate the total Fund's investments limitations and the total amount of general income and expenses related to the Fund's operations.

The Fund has five classes of Share Certificates that differ in terms of the applicable charge structure and currencies, and which are also subject to a minimum investment amount:

Terms	R Acc USD	R Acc EUR (hedged)	I Acc USD	I Acc EUR (hedged)	R Dis EUR (hedged)
Currency of the Share Certificate Class	USD	EUR	USD	EUR	EUR
Use of DFI for hedging against currency risk in the Share Certificate Class	No	Yes	No	Yes	Yes
Periodic Distribution of Income	No	No	No	No	Yes
Minimum investment amount	Not specified	Not specified	Share Certificates amounting to USD 1,000,000	Share Certificates amounting to USD 1,000,000 (equivalent in EUR)	Not specified
Minimum investment amount of further investments*	Not specified	Not specified	Not specified	Not specified	Not specified
Initial value of the investment certificate class share	NA	NA	100.00 USD	100.00 EUR	10.00 EUR

* Distributors and intermediaries have the right to independently determine the minimum transaction amount for the Fund's investment certificates.

R Acc USD Class

The currency of the Share Certificate Class – USD, i.e. the Share Certificates are sold and redeemed in USD.

The minimum investment amount is not specified.

The structure of the payments applicable to the Class: fee payable to the Company - 1.00%, fee payable to the Custodian - 0.18%. The maximum amount of the total fees payable - 2.00%.

Share Certificates are publicly offered in Latvia; they may also be publicly offered in other Member States in compliance with the provisions of the legislative acts and through Distributors or third parties involved by them, including, intermediaries, dealers, information agents and other persons authorised to provide the given type of services.

R Acc EUR (hedged) Class

The currency of the Share Certificate Class –EUR, i.e. the Share Certificates are sold and redeemed in EUR.

The minimum investment amount is not specified.

The structure of the payments applicable to the Class: fee payable to the Company - 1.00%, fee payable to the Custodian - 0.18%. The maximum amount of the total fees payable - 2.00%.

To limit fluctuations in the value of this Share Class that may arise from changes in the exchange rate between the currency of the Share Class (EUR) and the Fund's base currency (USD), transactions in derivative financial instruments are entered. However, it is not possible to ensure equivalent performance across Share Classes denominated in different currencies, and the Company does not guarantee such equivalence.

The Share Certificates are publicly offered in Latvia; they may also be publicly offered in other Member States through Distributors or third parties involved by them, including, intermediaries, dealers, information agents and other persons authorized to provide these types of services.

I Acc USD Class

The currency of the Share Certificate Class – USD, i.e. the Share Certificates are sold and redeemed in USD.

The total minimum investment amount – Share Certificates amounting to USD 1,000,000.

The structure of the payments applicable to the Class: fee payable to the Company – 0.70%, fee payable to the Custodian - 0.18%. The maximum amount of the total fees payable – 1.50%.

Share Certificates are offered to institutional investors considered to be professional investors, as defined in MIFID II, and other Investors whose investment amount corresponds to the minimum investment amount specified for the class.

I Acc EUR (hedged) Class

The currency of the Share Certificate Class – EUR i.e. the Share Certificates are sold and redeemed in EUR.

The total minimum investment amount – Share Certificates amounting to USD 1,000,000 (equivalent in EUR).

The structure of the payments applicable to the Class: fee payable to the Company – 0.70%, fee payable to the Custodian - 0.18%. The maximum amount of the total fees payable – 1.50%.

Use of DFI – the Company constantly ensures hedging against the fluctuations of the USD rate and currency rate of the Share Certificate Class (EUR) by entering DFI transactions attributable to this Share Certificate Class. However, it is not possible to ensure equivalent performance between the Share Certificate Classes of different currencies, and the Company does not guarantee it.

The Share Certificates are offered to institutional investors considered to be professional investors, as defined in MIFID II, and other Investors whose investment amount corresponds to the minimum investment amount specified for the class.

R Dis EUR Class (hedged)

The currency of the Share Certificate Class- EUR, i.e. the Share Certificates are sold and redeemed in EUR.

No minimum investment amount is specified.

The structure of the payments applicable to the Class: fee payable to the Company: 1.00%; fee payable to the Custodian 0.18%. The maximum amount of the total fees payable – 2.00%.

For investors in the Fund's distributing share classes, 100% of the coupon income accrued during the previous half-year is distributed Semi-annually, net of (after deduction of) expenses related to the servicing of corporate actions and the execution of transactions.

The distributable income is calculated proportionally to the number of Shares held by each investor within the relevant Share Class. Payment is made within 10 business days following the end of the relevant half-year.

The distributable income consists solely of accrued coupon payments and does not include any other income of the Fund. Following the distribution of the distributable income, the net asset value per Share of the relevant Share Class will decrease by the amount of the income distributed.

To limit fluctuations in the value of this Share Class that may arise from changes in the exchange rate between the currency of the Share Class (EUR) and the Fund's base currency (USD), transactions in derivative financial instruments are entered. However, it is not possible to ensure equivalent performance across Share Classes denominated in different currencies, and the Company does not guarantee such equivalence.

The Shares are publicly offered in Latvia and may also be publicly offered in other Member States through distributors or third parties engaged by them, including intermediaries, dealers, information agents, and other persons authorised to provide such services.

If the minimum investment amount no longer meets the requirements specified for the Share Certificate Class in their possession, e.g. the invested amount in the Fund has decreased, the Company is entitled, without the agreement of the Investor, to cancel these Share Certificates and replace them by issuing R Class Share Certificates. The Company may not exercise such rights if the Investor has not performed any operations, but the amount of their investments in the particular Share Certificate Class has decreased because the investment performance has been negative.

If the Custodian uses Intermediaries for holding the financial instruments, then taking into account the specifics of the law of the particular foreign country governing the accounting for the property rights, the ownership of the financial instruments may be registered in the name of the Custodian, the Intermediary, the Company or a third party, inter alia, in the name of a third party engaged by the Intermediary. For their part, the Custodian accounts for the ownership of these financial instruments belonging to the Fund according to the laws and regulations of the Republic of Latvia are reported by making an accounting entry in the FI account. Regarding the financial instruments held by foreign Intermediaries, the attached rights, and actions, omissions and liability of the Intermediaries, can

have the laws and regulations as well as the market practice of the Intermediary's country of residence applied to them.

The Fund's assets may not be included in the property of the Company or the Custodian if the Company or the Custodian is declared insolvent or is liquidated.

10. SALE OF SHARE CERTIFICATES

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

In certain countries and jurisdictions, the distribution of the Share Certificates is restricted by the law. Therefore, the person who has acquired the Share Certificates in accordance with the Prospect is responsible for the compliance with the requirements and/or prohibitions valid in the jurisdiction. The Prospectus should not be a proposal or proposition to purchase the Share Certificates.

On our part, before purchasing the Share Certificates we recommend the Investors to acquaint themselves with the legislative requirements effective in their country of residence and the potential consequences of purchasing the Share Certificates of this Fund (including prevention of money laundering and financing of terrorism and proliferation, investment services and non-core services, including assessment of suitability and appropriateness of the Fund for the interests of the Investor) as well as with the requirements of the FATCA (U.S. Foreign Account Tax Compliance Act) and the CRS (OECD Standard for Automatic Exchange of Financial Account Information), and also with all the effective currency exchange provisions and applicable taxation.

The Share Certificates of all classes can be divided up to a maximum of four decimal points. The rounding off the Unit of the Share Certificate Class is carried out as follows:

- if the fifth decimal is 4 or less – the fourth decimal stays the same;
- if the fifth decimal is 5 or more – the fourth decimal is rounded up by one unit.

10.1 Application Procedure for Share Certificate Acquisition

Each Investor may apply for an unlimited number of the Share Certificates. The minimum purchase amount is the price of 1 (one) Share Certificate.

The Distributor of the Share Certificates of the Fund in Latvia is:

▪ AS Citadele banka	address: Republikas laukums 2A, Riga, LV-1010, Phone: (+371)67010000; The addresses of AS Citadele banka's branches and customer service centres in Latvia can be obtained from the Company's office, by calling AS Citadele banka during its business hours, or on its website at Citadele Bank. Applications may also be submitted through AS Citadele banka's internet banking service.

Applications for the Share Certificate acquisition may be submitted to the Company, Distributors or the Account Holder with which a financial instrument account has been opened for the Investor on each business day during their stated working hours. Where the Investor's application is accepted by the Distributor or the Account Holder, the latter passes on the application to the Company for execution.

Investors can only submit the applications for the Share Certificate acquisition to the Distributor or the Account Holder,

Where the Investor is classified as an eligible counterparty according to MIFID II, the Investor can apply for the Share Certificate acquisition at the Company's office at Republikas laukums 2A, Riga, LV-1010, Phone: (+371) 67010810.

When making investments in the Fund, in addition to the application for the Share Certificate acquisition, the Investor, at the request, must submit to the Company, Distributor or Account Holder all the necessary identification documents and documents evidencing the origin of the funds.

If the Company has received and accepted an application before 17:30 Latvian time (cut-off time), it is processed for the price of the Share Certificates of the Fund stated for the day of the receipt of the application and which is determined after the cut-off time.

If the Company has received and accepted the application after the cut-off time, such an application, at the Company's discretion, may be considered submitted on the next business day.

The Distributor is entitled to engage third parties to organize the distribution of the Share Certificates of the Fund, including, dealers, information agents and other persons authorised to provide this type of services. The Distributor (taking into account the country where it is registered as a distributor of the Fund's investment certificates), organizes and ensures that the sale and redemption of the Share Certificates are carried out according to the

provisions of the laws and regulations of the Republic of Latvia and/or the country in which the Share Certificates are sold and according to the Prospectus and Fund Rules.

To apply for the Share Certificates, the Investor must open a financial instrument account with an Account Holder who is a member of the CSD or with an account holder who can ensure, through an interbank or central depository correspondent relationship that the financial instruments are held with the CSD.

The Investor must fill in and submit to the Company, Distributor or Account Holder, with which a financial instrument account has been opened for the Investor, an application for the acquisition of the Share Certificates of the Fund. By signing the application, the Investor certifies that they have read the Prospectus, Fund Rules and Key Investor Information and agree to their provisions and acknowledge their binding nature.

The person receiving the application ensures that the application for the Share Certificate acquisition includes at least the information specified in Paragraph 15.1 of the Fund Rules.

In the application for the Share Certificate acquisition the Investor at their discretion indicates the *preferred acquisition mode*: a fixed number of the Share Certificates or a specific amount of money for acquiring the Share Certificates.

The applications for the acquisition of the Share Certificates of the Fund are accepted and registered according to the provisions of the Fund Rules.

The Company is obliged to execute only those applications which contain all the information that is requested. The investor is responsible for the truthfulness and completeness of the information provided in the application.

Where the Investor submits the application for the Share Certificate acquisition via an investment fund platform through the Account Holder, with which a financial instrument account has been opened for the Investor and who acts in its own name but on behalf of the Investor (but which is not a Distributor within the meaning of this Prospectus), in line with the requirements of Directive 2015/849, Directive 2018/843, Directive 2018/1673 and Regulation (ES) 2023/1113, the Account Holder must ensure and is responsible for the identification of the Investor, inter alia, the assessment of the legal capacity of the representative, examination of the sources of the funds to be invested, according to the procedure and requirements set for investment platforms. The Account Holder is also responsible for assessing the investments in the Fund as to the suitability and/or compliance with the interests of the Investor according to the regulatory requirements in the Investor's residence country or Latvia or the respective foreign country in which the Share Certificates of the Fund are sold.

From 10 July 2027, the requirements of Directive (EU) 2015/849 and Directive (EU) 2018/843 referred to above will be replaced by Regulation (EU) 2024/1624 (AMLR) and Directive (EU) 2024/1640 (AMLD6). Accordingly, references to those directives shall, from that date, be construed as references to the new regulatory framework.

When accepting an acquisition order from the Account Holder, which is a licensed financial institution, the Company or Distributor can use the customer identification carried out by the Account Holder in the area of prevention of money laundering and terrorism financing and examination of the sources of the funds as well as rely on the results of the suitability, compliance and other procedures performed by the Account Holder.

10.2. **The sales price of Share Certificates** consists of the value of the Unit of the respective Share Certificate Class of the Fund and the entry charge referred to Paragraph 7.1 hereof.

The sales price of the Share Certificates is based on the value of the Unit of the respective Share Certificate Class which is determined on the day of receipt of the application for the Share Certificate acquisition and published on the next business day. If, in accordance with Section 15 of the Rules, the Company applies a liquidity management tool in the interests of the Fund's investors, namely an anti-dilution levy, such levy shall be taken into account when calculating the amount payable by the Investor for the acquisition of Shares.

The sales price of the Fund's Share Certificates of each class is variable and is determined on each business day together with the value of the Units of the respective Share Certificate Class.

Various classes of Share Certificates have different value and therefore their sales price also varies.

The Fund's value and the value of the Unit of the Share Certificate Classes are determined on each business day after the Company receives from the Custodian the statement on the Fund's portfolio which is submitted to the Company on each business day after 17:30.

The information on the Fund's value and the values of the Units of the Share Certificate Classes determined on the previous business day is available at the Company's office or may be obtained by calling the Company during its business hours. This information can also be obtained from the Distributor at the address stated in the Prospectus or calling the Distributor; Paragraph 10.1 hereof contains the respective phone numbers. This information is also published on the website of the Company.

10.3. Payment Procedure

The Share Certificates are issued only upon full payment of the price of the respective certificates in cash.

The Share Certificates of the Fund are sold at the price determined for the day when the Company received and accepted the application for the acquisition of the Share Certificates of the Fund.

According to Paragraph 10.1 of the Prospectus, the Company or the Distributor calculates, depending on the Share Certificate purchase mode chosen by the Investor, the number of the Share Certificates corresponding to the specified amount of money or the amount of money corresponding to the specified number of the Share Certificates.

Not later than within five business days after the submission of the application for the Share Certificate acquisition to the Company or Distributor, the Investor must transfer the price of the Share Certificates to the Fund's account opened with the Custodian. If, within the prescribed period, the relevant amount of money for purchase of the Share Certificates has not been credited to the Fund's account, the application is void.

If the Custodian holds the cash and financial instruments for the Investor, the submission to the Company or the Distributor of the application for the Share Certificate acquisition shall be deemed as an order to purchase the financial instruments. Based on the application for the Share Certificate acquisition, the Custodian carries out cash and securities settlements as well as makes respective entries in the Investor's accounts. The Custodian debits the amount of money necessary for the purchase of the Share Certificates from the Investor's account and credits it to the Fund's account with the Custodian. After the receipt of the money in the Fund's account opened with the Custodian, the Company issues new Share Certificates and immediately ensures their transfer to the Investor's financial instrument account opened with the Custodian.

If the Investor's cash and financial instrument accounts are held with another Account Holder, the Investor must credit in person the amount of money necessary for the purchase of the Share Certificates of the Fund to the Fund's account with the Custodian. The Investor can choose to receive the transaction confirmation on the exact amount of money which the Investor must credit to the Fund's account with the Custodian either at the office of the Company, or by means of communication stated by the Investor, including, but not only, e-mail and the Internet bank.

The Company issues new Share Certificates only after the Investor has credited the amount of money required for the Share Certificate acquisition to the Fund's account with the Custodian.

The Share Certificates are credited to the Investor's financial instrument account not later than within three business days after the money is credited to the Fund's settlement account.

The payments for the Share Certificates are made in the currency of the respective Share Certificate Class.

The payments for Share Certificates may be made according to other procedures:

- Upon a mutual agreement between the Investor and the Company;
- Upon an agreement between the Investor and the Distributor which does not contradict the Prospectus and the agreements signed between the Investor and the Distributor;

The Company is only obliged to execute those applications which provide all the information that is requested. An investor is responsible for the truthfulness and completeness for the information shown in the application.

All expenses incurred by the Investor regarding the purchase of the Share Certificates (bank charges for the operations with financial instrument/settlement accounts, etc.) are borne by the Investor.

If the Investor fails to credit to the Fund's account with the Custodian the amount of money necessary for full payment of the Share Certificate value, the Investor must cover all costs as well as losses incurred by the Company and Fund due to failing to execute the application for the Share Certificate acquisition.

11. REDEMPTION AND REPURCHASE OF SHARE CERTIFICATES

11.1 Application Procedure for Redemption of Share Certificates

The Company redeems the Share Certificates at the Investor request.

The Company redeems the Share Certificates in the order in which the applications for redemption are submitted and registered.

To request redemption of the Share Certificates, the Investor must submit to the Company, Distributor or Account Holder, with which a financial instrument account has been opened for the Investor, the application for redemption of the Share Certificates of the Fund.

The Investor may submit the application for redemption of the Share Certificates to the Company or Distributors at the addresses referred to in Paragraph 10.1 hereof during their business hours.

If the Company has received and accepted the application until 17:30 Latvian time (cut-off time), it must be executed for the redemption price of the Share Certificates stated for the day of the receipt of the application which is determined after 17:30.

If the Company has received and accepted the application after the cut-off time, such an application, at the Company's discretion, may be considered as submitted on the next business day.

In the application for redemption of the Share Certificates, the Investor indicates at their discretion the preferred redemption mode: a fixed number of the Share Certificates to be redeemed or a specific amount of money for redemption of the Share Certificates.

The Company does not bear any responsibility for the Investor's losses caused by incorrect or incomplete application.

The Company is obliged to execute only those applications which provide all the information required. The Investor is responsible for the accuracy and completeness of the stated information.

If an Investor applies for redemption of their Share Certificates through an Account Holder who acts in their own name but on behalf of the Investor, but who is not a Distributor within the meaning of this Prospectus, the Account Holder must ensure and is responsible for identifying the Investor according to their client identification procedures.

11.2 Methods and Frequency of Calculating the Redemption Price of Share Certificates

The redemption price of the Share Certificate is equal to the value of the Unit of the respective Share Certificate Class determined for the day when the Company has received and accepted the application for redemption of the Share Certificates of the Fund (In the case of distributing Share Classes, including Accrued Income, as defined in Section 12.3 of this Prospectus).

No charge is withheld for redemption of the Share Certificates, however, the Investor may be subject to transaction-related fees, charges, or adjustments provided for in the Prospectus, including, without limitation, transaction fees and fees related to the servicing of corporate actions applicable to Distributing Share Classes.

The sales price of the Fund's Share Certificates of each class is variable and is determined on each business day together with the value of the Units of the respective Share Certificate Class.

The redemption price of the Share Certificates is paid in the currency of the respective Share Certificate Class.

Information on the Fund's value and the values of the Units of the Share Certificate Classes is disclosed as stated in Paragraph 10.3. hereof.

11.3 Payment Procedure

The Share Certificates are redeemed at the price which in accordance with Section 11.2 of this Prospectus is determined for the day when the Company has received and accepted the application for redemption of the Share Certificates.

Based on the information provided in the Investor's application, the Company shall calculate, in accordance with the application, either the amount payable in respect of the number of Shares to be redeemed or the number of Shares to be redeemed corresponding to the specified monetary amount.

If, in accordance with Section 15 of the Rules, the Management Company applies a liquidity management tool in the interests of the Fund's investors, namely an anti-dilution levy, such levy shall be taken into account when calculating the amount payable to the Investor upon the redemption of Investment Certificates.

Not later than within five business days after the submission of the application for redemption of the Share Certificates to the Company or Distributor, the Investor transfers the redeemed Share Certificates to the Fund's issue account opened with the Custodian. If within the set period the number of the redeemed Share Certificates has not been transferred to the Fund's issue account, the application is void.

If the Custodian holds the cash and financial instrument accounts for the Investor, an application submitted for redemption of the Share Certificates to the Company or Distributor shall be deemed as an order to sell the financial instrument. Based on the order to redeem the Share Certificates, the Custodian carries out cash and securities settlements as well as makes respective entries in the Investor's accounts. The Custodian transfers the redeemed Share Certificates from the Investor's financial instruments account to the Fund's account opened with the CSD. After receiving the Share Certificates in the Fund's issue account with the SCD, the Company immediately redeems them and within six business days the Company transfers to the Investor's cash account the relevant amount of money in the currency of the respective Share Certificate Class which corresponds to the number of the redeemed Share Certificates.

If the Investor's settlement and financial instrument accounts are held with another Account Holder which is not the Custodian, the Investor shall in person ensure transferring the number of the redeemed Share Certificates to the Sub Fund's issue account with the CSD. If the Investor has stated in the application the amount of money to be received for the redeemable Share Certificates, then the Investor can receive the transaction confirmation on the exact number of redeemable Share Certificates which the Investor must transfer to the Fund's issue account with the CSD and this can be received at their discretion either at the office of the Company or through means of

communication stated by the Investor, including, but not only, e-mail and Internet bank. After receiving the Share Certificates in the Fund's issue account with the CSD, the Company immediately redeems them and not later than within six business days transfers to the Investor's cash account the relevant amount of money in the currency of the respective Share Certificate Class which corresponds to the number of the redeemed Share Certificates. If, in the interests of the Fund's investors, the Company applies a liquidity management tool in the form of a redemption gate, which temporarily limits the maximum volume of Shares that may be redeemed, the cash amount corresponding to the redeemed Shares shall be credited to the Investor's cash account gradually, in accordance with the procedure set out in Section 15 of the Rules.

All expenses incurred by the Investor regarding the redemption of the Share Certificates (bank charges for operations with the financial instrument/cash settlement accounts, transaction fees, etc.) are borne by the Investor.

All expenses related to the redemption of Shares (including account custodian fees and transaction costs) shall be borne by the Investor.

After redemption of the Share Certificates the Investor loses all their rights derived from owning the Share Certificates, except claims to the extent of the redemption price until they are settled in full.

For Distributing Share Classes, the Investor may receive distributions of the Fund's income in accordance with Chapter 13 of this Prospectus, irrespective of whether a redemption transaction has been executed.

11.4 Secondary Market of Share Certificates

The Share Certificates of all classes are transferable securities, and Investors can alienate them without limitations according to the applicable laws and regulations. The Company has no right to determine the price of the Share Certificates on the secondary market, and the Company is not responsible for the price fluctuations and liquidity of the Share Certificates on the secondary market.

11.5 Rules and Procedure for Repurchase of Share Certificates

If significantly important information for determining the value of the Share Certificates presented in the Prospectus and accompanying documents is incorrect or incomplete due to the Company's fault, the Investor is entitled to demand that the Company repurchases their Share Certificates and reimburses them for all losses incurred.

Such a claim must be filed within 6 months from the date when the Investor finds out that such information is incorrect or incomplete, but in any case, not later than three years from the date of purchase of the Share Certificate.

Repurchase of the Share Certificates is not to be considered as redemption of the Share Certificates.

The Investor can submit the application for repurchase of the Share Certificates to the Company in writing together with documents certifying the fact that the Investor has suffered loss due to the Company's fault as in the Prospectus and the accompanying documents the Company has presented incorrect or incomplete data of significant importance for determining the value of the Share Certificates.

The Company may temporarily suspend repurchase of the Share Certificates of the Fund in exceptional cases if the repurchase is impossible due to force majeure circumstances which are beyond the control of the Company and the Fund. Repurchase of the Share Certificates can be suspended if the LB exercises its rights to restrict the Company's rights to alienate the Fund's assets. The Share Certificates of the Fund may not be repurchased in case the Fund is under liquidation; in the event of liquidation, the claims of the creditors and Investors are satisfied according to the procedure laid down in the laws and regulations of the Republic of Latvia.

11.6 Conditions for Suspension of Subscriptions, Redemption and Repurchase of the Share Certificates

In exceptional circumstances, where required by the prevailing conditions and justified in the best interests of Investors, the Management Company may temporarily suspend subscriptions, repurchases and redemptions of Fund Units by applying the Liquidity Management Tool "Suspension of Subscriptions, Repurchases and Redemptions" in accordance with Section 15 of the Fund Regulations.

The suspension may be applied, including in the following circumstances:

- significant difficulties in valuing the Fund's assets;
- significant liquidity constraints or substantial redemption requests;
- closure of relevant markets, disruption of trading venues or trading restrictions;
- a critical cyber incident or other material operational disruption;
- a significant financial or political crisis;
- significant indications of fraud;
- a natural disaster or other comparable extraordinary circumstances.

The suspension may also include the suspension of the calculation of the Fund's Net Asset Value where valuation uncertainty exists and the Fund's Net Asset Value cannot be determined. In all other cases, the Management

Company shall continue to value the Fund's assets and publish the Fund's Net Asset Value, while informing Investors of the suspension of subscriptions, repurchases and redemptions of Fund Units.

The Management Company shall regularly review the continued appropriateness of the suspension and shall lift the suspension as soon as the circumstances giving rise to its application no longer exist.

11.7 Circumstances in Which a Side Pocket May Be Established

In exceptional circumstances, where this is justified in the best interests of the Fund's Investors, the Management Company may establish a Side Pocket by segregating certain Fund assets from the remaining assets of the Fund where the economic or legal characteristics of such assets have materially changed or become uncertain as a result of extraordinary circumstances.

The Side Pocket shall be established in accordance with the procedure set out in Section 15 of the Fund Regulations.

Side Pockets may be established, among others, where any of the following circumstances apply to certain Fund assets:

- material valuation uncertainty;

- significant illiquidity or the absence of an active market;

- trading prohibitions or restrictions, including those resulting from sanctions;

- a temporary inability to determine fair value;

- the effects of fraud, a financial crisis, armed conflict or similar events affecting a particular sector, country or region.

The Management Company shall establish the criteria for the implementation, monitoring, review and termination of Side Pockets, including an assessment of whether cash reserves should be allocated to cover actual or potential liabilities associated with the segregated assets.

The procedures for the application of Sections 11.6 and 11.7 of the Prospectus, including the manner, form and timing of notifications to Investors and the Bank of Latvia, are set out in Section 15 of the Fund Rules.

12 PRINCIPLES AND RULES FOR DETERMINING THE FUND'S VALUE

The Fund's value (also referred to as the Fund's Net Asset Value (NAV)) is equal to the difference between the value of the Fund's assets and the value of its liabilities.

12.1. Valuation of the Fund's Assets

The accounting records of the Fund are kept according to the Law, the Regulations issued by the LB as well as other laws and regulations of the Republic of Latvia.

The measurement of items in the financial statements is carried out in accordance with the International Accounting Standards and International Financial Reporting Standards issued by the International Accounting Standards Board.

The Fund's assets are valued according to the following accounting principles:

1) going concern principle;
2) the same asset valuation principles as used in the previous reporting year;
3) prudence principle:
   - The financial statements of the Fund comprise only the profit generated to the date of the balance sheet,
   - All possible costs are considered regardless of the time of their occurrence (i.e. those related to the reporting period and to the previous reporting periods);
4) income and expense incurred during the reporting year are taken into consideration irrespective of the payment date or the invoice issuance date;
5) all items having a material impact on the evaluation or decision making by the users of the Fund's financial statements are disclosed;
6) assets and liabilities items have been valued separately;
7) all transactions are recorded and disclosed according to their economic content and nature rather than their legal form.

In exceptional cases deviations from the above accounting principles are allowed. Any such case shall be explained in the notes to the financial statements, stating its impact on the assets and liabilities, financial position and financial results of the Fund.

According to the requirements specified in the Prospectus and the laws and regulations of the Republic of Latvia, the assets of the CBL Baltic & New Europe Bond Fund may only consist of financial assets.

The Company categorises all the financial assets included in the Fund as follows:

- Financial assets at fair value through profit or loss (FVTPL). Investments in securities, investment funds, derivative financial instruments and other tradable financial instruments are classified and measured at fair value through profit or loss, as the business model is focused on generating returns from changes in fair value and managing such assets. Changes in fair value, as well as interest income, dividend income and realised gains or losses, are recognised in the statement of profit or loss in the respective period.
- Other financial assets measured at amortised cost. These comprise financial assets held with the objective of collecting contractual cash flows, where the contractual cash flows on specified dates consist solely of payments of principal and interest on the outstanding principal amount. This category includes term deposits, receivables and certain other items. Cash and cash equivalents are presented as part of financial assets.

The valuation of the Fund's assets is carried out on a prudent basis.

Financial assets are initially recognized in financial statements at cost which is the fair value of consideration given to acquire the asset.

Purchases and sales of financial assets are recognised on the settlement date.

12.1.1. Valuation of Debt Securities

Debt Securities Measured at Fair Value Through Profit or Loss

The value of debt securities held for trading and admitted to trading on regulated or alternative markets, which are measured at fair value through profit or loss, is determined on the basis of the latest published or otherwise available market prices available to the Depositary Bank.

Where the market price of a debt security that generates income in the form of coupon payments does not include accrued interest (the coupon accrual), such accrued interest shall be calculated and added to the market value of the debt security in an amount corresponding to the period from the start date of the coupon accrual period to the valuation date.

Debt securities at amortised cost (held to maturity) and debt securities note publicly traded

Debt securities with fixed or determinable payments and a fixed maturity which are intended to and can be held until maturity as well as debt securities not publicly traded on stock exchanges or on other regulated markets are valued at amortized cost, which is calculated using the effective interest rate method, i.e. the securities are stated at cost plus amortized discount or premium (Agio, Disagio). Income is recognized and the carrying amount is reduced by using the rate that precisely discounts the future cash flow (until the financial asset maturity or the repricing date) to the financial asset present value.

If the security is paid out in the form of coupon, the accrued interest or the coupon portion is added to the extent corresponding to the period from the starting date of such coupon calculation until the date of calculation of the Fund's value.

12.1.2. Valuation of Equity Securities

All equity securities (shares, equity interests and other equity instruments) are classified as financial assets measured at fair value through profit or loss and are valued at their fair value, based on the quoted price in an active market on the valuation date, using the latest published or otherwise available market prices available to the Depositary Bank.

Equity securities not listed on stock exchanges or traded on other regulated markets are valued at acquisition cost. Following the prudence principle, such assets are valued at the lowest price if such is known to the Custodian through the transactions carried out on the market. Information on market transactions can be obtained from official and public information sources.

12.1.3. Valuation of Share Certificates of Investment Funds

Investment fund units or units (shares) of equivalent collective investment undertakings are classified as financial assets measured at fair value through profit or loss and are valued at fair value. The fair value of investment fund units is determined using the latest available redemption price of the relevant investment fund units as of the valuation date of the Investment Portfolio.

12.1.4. Valuation of term deposits

All term deposits are classified as financial assets held to maturity and measured by adding the accrued interest (which is calculated over the period from the last date of interest payment to the date of calculation of the Fund's value) to the principal amount of such term deposit.

12.1.5. Valuation of derivatives

Derivatives are classified as held-for-trading transactions. Following initial recognition and measurement, such contracts are recognised in the statement of financial position at their fair value.

Derivatives not publicly traded on stock exchanges or on other regulated markets are valued at their redemption price or at compensatory transaction price confirmed in writing by the transaction partner on the day of calculation of the Fund's value or at a price that is calculated based on the market price of the underlying asset. A compensatory transaction is a transaction that liquidates a derivative.

Currency forwards are valued at Fair value applying the position-closing cost method. The Fair value of a currency forward is the difference between the value of the currency purchased and the value of the currency sold, revaluated at the compensatory forward rate at the date of calculation of the Fund's value. If the rate confirmed by counterparty is not available, a transaction shall be valuated at a price that is calculated based on the market price of the underlying asset, i.e. applying the current exchange rate and market interest rates.

A currency swap is an instrument that consists of two parts – a spot and a currency forward transaction. Therefore, each part of the transaction is valued separately by applying the methods used for the valuation of the respective instrument.

12.1.6. Translation of Assets in Foreign Currencies

Assets and liabilities denominated in foreign currencies other than the Fund's base currency are translated into the Fund's base currency using the foreign exchange reference rates published by the European Central Bank on the Fund valuation date.

Any gains or losses arising from changes in foreign exchange rates are recognised in the statement of income and expenses as gains or losses from the revaluation of foreign currency positions.

12.2. Calculation of Liabilities

The total value of the Fund's liabilities equals the sum of all payments charged to and applicable to the Fund, which can be attributable to the Share Certificates of all classes, including fees payable to the Company, Custodian, Fund's Auditor, Bank of Latvia and third parties; moreover, only the payments attributable or applicable to a particular Share Certificate Class are included in the calculation.

Liabilities denominated in foreign currencies are translated into the currency of the relevant Share Class using the foreign exchange reference rates published by the European Central Bank on the Fund valuation date.

12.3. Valuation of the Unit of a Share Certificate Class

In addition to the Fund's value, the Company also determines the portion of the value of the Fund's assets attributable to each Share Certificate Class.

The Value of the Unit of the Share Certificate Class is the difference between the Fund's asset value attributable to a particular Share Certificate Class and the accumulated liabilities attributable to it divided by the number of the Share Certificates of the respective Share Certificate Class in circulation. The value of the Unit is established in the currency set for each Share Certificate Class.

The number of the Share Certificates of each Class is the number of the Share Certificates of the respective class issued less the number of the Share Certificates withdrawn from circulation upon receipt of an application for redemption.

If, as a result of the redemption, the number of the Share Certificates of a certain Share Certificate Class becomes zero, the value of the Unit of the particular Share Certificate Class shall be indexed until a new issue of the Share Certificates of the particular Share Certificate Class or until the Company makes a decision to terminate the emission of the particular Share Certificate Class.

12.4. Income and expense accounting

Income and expenses attributable to the reporting period are disclosed in the Fund's statement of profit or loss of the regardless of the date of receipt or payment thereof. The accrued income is only included in the Fund's statement of profit or loss if there is no doubt regarding its receipt.

13. DISTRIBUTION OF THE FUND'S INCOME

Income received from the Fund's assets are used in accordance with the income distribution policy applicable to the relevant Share Class.

The Investor participates in the distribution of the income derived from transactions with the Fund's assets in proportion to the value of the Share Certificates owned.

Within Accumulating Share Classes, the Fund's income is not distributed to investors but is instead reinvested. In this case, the Investor's gain or loss is reflected in the increase or decrease in the value of the Share.

Within Distributing Share Classes, Accrued Income is distributed to investors in cash.

The income or loss of the Investor are reflected in the increase or decrease in the value of the Share Certificates.

The Investor can only receive their income from the investments in the Fund in cash by requesting the Company to redeem the Share Certificates owned or by selling them on the secondary market.

14. BEGINNING AND END OF A REPORTING YEAR OF THE FUND

The reporting period of the Fund is 12 months, and it corresponds to the reporting year of the Company. The reporting year of the Fund corresponds to a calendar year.

15. INVESTMENT MANAGEMENT COMPANY

Name of the Company: CBL Asset Management IPAS

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

The office of the Company's executive body is at the legal address of the company.

Founded on: 11 January 2002

Unified registration number: 40003577500

Registered and Paid Capital of the Company: EUR 5,904,918

Shareholders of the Company: **Citadele banka AS**
Unified registration number: 40103303559
Number of shares 5,904,918 with voting rights
Equity interest 100.00%

Licences and Special Permits:

Licence for Investment Management Services No 06.03.07.098/367.

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

Alternative Investment Fund Manager Licence No 06.13.08.098/369.

15.1. Rights and Obligations of the Fund Management Company

The Company deals with the Fund's assets and related rights in its own name and at the expense of the Investors by investing the Fund's assets in the investment targets specified in the Law and the Prospectus and according to the risk reduction principle.

In managing the Fund, the Company is obliged to act as an attentive and diligent owner to ensure that the respective services are provided in the interests of the Fund and Investors and with appropriate professionalism and care.

In carrying out the Fund management activities, the Company does not need to have Investors' consent.

The Company is entitled to remuneration for the Fund management, including charges and compensation of expenses.

The Company is obliged to bring legal action on behalf of the Investors against the Custodian or third parties in its own name, if applicable and does not result in duplication of claims or unequal treatment of the Investors. This, however, is without prejudice to the rights of the Investors to bring legal actions in their own name.

15.2. Council of the Company

at the approval date of amendments to the Prospectus:

Vaidas Žagūnis	Chairman of the Council, Member of the Management Board of AS Citadele banka
Vladimirs Ivanovs	Deputy Chairman of the Council
Edward Rebane	Member of the Council, Member of the Management Board of AS Citadele banka

15.3. Management Board of the Company

at the approval date of amendments to the Prospectus:

Kārlis Purgailis	Chairman of the Management Board
Zigurds Vaikulis	Member of the Management Board
Lolita Sičeva	Member of the Management Board

The current composition of the Company's Council and Management Board is available at https://www.cblgroup.com/lv/companies/cblam

15.4. Fund Managers

The Management Board of the Company appoints at least two Fund Managers. Each Fund Manager is empowered to issue orders concerning the Fund's assets under management in accordance with the Prospectus, Fund Rules and decisions of the Management Board of the Company. The procedures for making decisions and submitting applications are governed by the Fund Rules.

The Fund Managers are allowed to work only at one investment management company.

Fund Managers

Edgars Lao	Head of the Fund Management
Andris Kokts	Portfolio Manager at the Fund Management

15.5. Other Investment Funds Managed by the Company

CBL European Leaders Equity Fund

CBL Opportunities Funds

CBL Global Emerging Markets Bond Fund

CBL US Leaders Equity Fund

15.6. Company Fee: Calculation and Payment Procedure

The Company fee for the Fund management is calculated daily and accrued throughout the month. In calculating the fee payable to the Company for the Fund management on the current day of the calculation of the Fund's net asset value, the Company assumes that the reporting year of the Fund consists of 365 days.

The Company fee for the Fund management, attributable to the Share Certificate Class, is calculated at the established rate on the current day of calculating the Fund's value as follows:

$$KSA_{t,i} = FNAV_{t-1,i} * \frac{L_{1,i}}{365} * N$$

$KSA_{t,i}$ – the fee payable to the Company for managing the Fund at the date of the calculation *t*, attributable to the Fund's Share Certificate Class *i*;

$FNAV_{t-1,i}$ – the value of the Share Certificate Class i on the previous day of the calculation of the Fund's value (*t*-1);

N – the number of calendar days from the last day of the calculation of the Fund's value;

$L_{1,i}$ – the fee rate payable to the Company according to Paragraph 7.2 attributable to the Share Certificate Class *i*, according to Paragraph 7.2.

The fee for the Fund's management is covered from the Fund's assets on a monthly basis. The Company calculates and the Custodian checks the calculation and transfers the fee to the Company

16. CUSTODIAN

Name of the Custodian:	Citadele Banka AS
Founded on:	30 June 2010
Unified registration number:	40103303559
Licences:	Licence for Credit Institution Activities No 06.01.05.405/280
Legal address of the Custodian:	Republikas laukums 2A, Riga LV-1010, Latvia

The office of the Custodian' executive body is at the legal address of the company.

16.1. Obligations of the Custodian and Related Potential Conflicts of Interest

AS Citadele banka is appointed the Fund Custodian in accordance with the Custodian Agreement signed with the Company for an indefinite duration which can be terminated according to the circumstances and procedure specified in the Agreement.

The Custodian holds the Fund's assets, monitors the Fund's asset transactions carried out by the Company as well as performs other duties specified in the Law and Custodian Agreement.

The Custodian ensures that: (a) the emission, sale, redemption, repurchasing and cancellation of the Share Certificates are carried out in accordance with the Law, Prospectus and Fund Rules; (b) the value of the Share Certificates is calculated in accordance with the Law, the LB regulations, Prospectus and Fund Rules; (c) the Fund's income is used in accordance with the Law, the LB regulations, Prospectus and Fund Rules; (d) the fee for the Fund's asset transactions is paid on a timely basis.

The Custodian executes the orders of the Company, unless they are contrary to the Law, the LB Regulations, Prospectus, Fund Rules and Custodian Agreement and their performance is possible.

The Custodian in its own name instigates legal actions for the Investors against the Company, if the circumstances require it. This, however, is without prejudice to the rights of the Investors to bring legal actions in their own name. The Custodian is entitled to bring a counterclaim if recovery proceedings are commenced on the Fund's assets in connection with the Custodian's obligations.

In fulfilling the obligations as stipulated by the Law, the Custodian operates honestly and fairly, in a professional manner, independently of the Company and the Fund, and in the interests of the Investors.

The Custodian has the right to enter into agreements with the Intermediaries to secure the holding of the Fund's assets and settling of transactions with the Fund's assets as well as assigning the performance of other obligations. The Custodian selects such Intermediaries and continues to monitor their activities over the period of receiving the services in accordance with the provisions of the laws and regulations of the Republic of Latvia and Custodian agreement.

At the approval date of amendments to the Prospectus the Custodian held the Fund's assets with the following Intermediaries:

- Clearstream Banking S.A.,
- Nasdaq CSD SE,
- Saxo Bank A/S,
- State Street Fund Services (Ireland) Ltd,
- Raiffeisen Bank International AG,
- Schroder Investment Management (Europe) S.A.
- Allfunds Bank, S.A.U. Luxembourg branch

An updated list of the Custodian's Intermediaries holding the Fund's assets on behalf of the Custodian as well as other related information are available upon request at the Custodian's office.

In the circumstances specified in the Law when foreign legislation provides for holding particular financial instruments only with an Intermediary registered in the respective foreign country, the Custodian, following the procedure laid down in the Law, is permitted to hold the financial instruments included in the Fund's assets with such a foreign Intermediary to which regulatory requirements similar to the supervision requirements established in the Republic of Latvia and their monitoring are not applicable and which is not subject to annual statutory audits carried out by certified auditors which prescribe receipt of an opinion on the existence of the financial instruments. In this case, the information regarding the holding of financial instruments with an Intermediary registered in a foreign country, the justification for such a holding and the related risks is published on the website: https://www.cblam.lv/en/funds/ and is also available at the request of the Investor the at the Custodian's office. The Custodian is entitled to hold the financial instruments included in the Fund's assets with such a foreign Intermediary until the time when an Intermediary complying with the requirements laid down in the Law is registered in the respective foreign country. The holding of financial instruments with a foreign intermediary is subject to risks arising from the application of foreign laws, intermediary risk, and risks associated with the custody of financial instruments registered abroad, including outside the European Union, as described in the chapter "RISK PROFILE OF THE FUND AND RISKS RELATED TO THE INVESTMENTS" of this Prospectus.

When ensuring the holding of the Fund's assets as well as when performing the other obligations of the Custodian, conflicts of interest may arise. The Custodian, based on the laws and regulations of the Republic of Latvia and the procedures for preventing conflicts of interests, analyses potential conflicts of interest, which may arise in providing the Custodian's services to the Fund.

The Custodian and Company are members of a single group; therefore, conflicts of interest between the Fund and Custody may occur. Recognising the business profile of the Custodian as Citadele banka, it can also provide other services to the Company and/or Fund. Accordingly, conflicts of interest may arise between the structural units of AS Citadele banka which provide various services. The Custodian also provides custody services to other customers; accordingly, conflicts of interests may arise between the Fund and other customers of the Custodian. Conflicts of interest may also arise in relation to assigning the Custodian's obligations to third parties, e.g., when obligations are transferred to another party belonging to the same group as the Custodian.

The Custodian, in accordance with the laws and regulations of the Republic of Latvia, has developed internal procedures for proper identification, management and monitoring of potential conflicts of interest and has functionally and hierarchically separated the obligations of the Custodian from other obligations which lead to potential conflicts of interest. Moreover, the management structures of the Custodian and Company have been designed to enable the Company and Custodian to operate independently and perform their obligations in the best interests of the Investors and Fund.

Updated information on potential conflicts of interest in relation to the performance of the Custodian's obligations is available at the request of the Investors at the Custodian's office.

Every Investor must constantly follow and carefully read the information published in this chapter "CUSTODIAN" on the specified website.

Liability

The Custodian is fully responsible and liable for any damage caused to the Fund, Investors and Company where the Custodian has breached the Law or the Custodian Agreement intentionally or negligently performed its duties. In the cases and in accordance with the procedures specified in the applicable laws and regulations, the Custodian is liable to the Fund and Investors for the loss of financial instruments held with the Custodian Bank or a third party.

Where the Custodian has approved a transaction that failed to comply with the provisions of the Law or has not reported any breaches of those provisions, the Custodian and Company are jointly liable for the damage caused to the Fund.

The Custodian is not liable for any loss caused to the Fund and/or the Company because of the insolvency of the Intermediary, inter alia, in connection with the application of insolvency law of the respective country as well as laws and regulations restricting circulation of financial instruments, payment operations, securities and funds transfer operations and currency conversion as well as the introduction of special arrangements or restrictions. Such losses are attributable to the Fund.

The holding of the Fund's assets, which have been entrusted to the Custodian, with third parties does not relieve the Custodian of the liability provided in the laws and regulations and Custodian Agreement.

16.2. Custodian fee

The fee payable to the Custodian is included in the Fund's asset value calculation on every business day. In calculating the fee payable to the Custodian for the Fund management **on the current day**, the Company assumes that the reporting year of the Fund consists of 365 days.

The Custodian fee, attributable to the Share Certificate Class, is calculated at the established rate on the current day of the calculation of the Fund's value as follows:

$$KTA_{t,i} = FNAV_{t-1,i} * \frac{L_{2,i}}{365} * N$$

$KSA_{t,i}$ – the fee payable to the Custodian at the date of the calculation *t*, attributable to the Fund's Share Certificate Class *i*;

$FNAV_{t-1,i}$ – the value of the Share Certificate Class i on the previous day of the calculation of the Fund's value (*t*-1);

N – the number of calendar days from the last day of the calculation of the Fund's value;

$L_{1,i}$ – the fee rate payable to the Custodian according to Paragraph 7.2 attributable to the Share Certificate Class *i*, according to Paragraph 7.2.

The fee to the Custodian is paid monthly in accordance with the procedure laid down in the Custodian Agreement.

17. MODE AND PROCEDURE FOR RECEIVING THE ANNUAL AND SEMI-ANNUAL REPORTS OF THE FUND

The Investors can receive annual and semi-annual reports 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 till 17:30 or on the Company's website: www.cblam.lv.

Annual and semi-annual reports of the Fund in foreign countries are available according to the legislative requirements of the state where the Share Certificates of the Fund are publicly traded.

18. DESCRIPTION OF THE PREVIOUS PERFORMANCE OF THE FUND

The Investors can familiarize with the description of the previous performance of the Fund, including comparative tables of financial performance for at least last three years, at the office of IPAS CBL Asset Management (address: Republikas laukums 2A, Riga, LV-1010, Latvia) on business days from 08:30 till 17:30 or on the Company's website under the section "Performance":

https://www.cblam.lv/en/funds/eastern-european-usd/;

https://www.cblam.lv/en/funds/eastern-european-eur/.

The Company draws the Investors' attention to the fact that the historical performance of the Fund does not guarantee the future performance of the Fund. The Fund's value can either increase or decrease and the manager does not guarantee the preservation of the original investments.

19. REMUNERATION POLICY

The Company applies the Citadele Group Remuneration Policy, the purpose of which is to attract, motivate, develop and retain professional and talented employees, as well as to support the achievement of the Company's long-term and short-term objectives. The Policy ensures that remuneration is aligned with employee performance, is fair in relation to other employees of the Company, and remains competitive in the labour market. In addition, the Policy establishes specific principles for positions that have an impact on the risk profile, ensuring that excessive risk-taking is not encouraged, that it does not limit the Citadele Group's ability to strengthen its own capital, and that it is consistent with the Citadele Group's values. The Policy does not conflict with the principles of protecting the interests of clients or investors and other stakeholders. It is recognised that guaranteeing a fixed amount of variable remuneration is not consistent with prudent risk management and does not comply with the principles governing the award of variable remuneration; therefore, such arrangements must not be included in future remuneration plans.

Remuneration structure:

- Fixed remuneration component (base salary) is determined in accordance with the employee's professional experience and the level of responsibility associated with the position, as defined in the job description and employment contract. Fixed remuneration includes salary and special payments to employees that are not related to performance but to other factors. The Management Board of Citadele Bank determines job groups and corresponding salary ranges for each group, including positions that affect the risk profile. Salary ranges are established considering qualitative remuneration survey results within the financial sector.
- Variable remuneration component reflects the employee's achievements beyond the requirements specified in the job description, as well as the sustainability of those achievements and the assessment of related risks. Variable remuneration includes sales commissions, bonuses for achieving qualitative and quantitative objectives (both in cash and financial instruments), special bonuses for outstanding achievements, the long-term incentive programme, and other financial benefits. No performance fees are provided for in the prospectuses of the investment funds managed by the Company.

The Company's Remuneration Policy incorporates sustainability risk considerations, as well as the requirement to comply with the Citadele Group Code of Ethics and to align employee conduct with the interests of stakeholders. The Citadele Group is committed to implementing fair, reasonable and sustainable remuneration practices to support long-term business development. The Remuneration Policy establishes requirements ensuring that employee behaviour is consistent with the Citadele Group's values and the interests of a broader range of stakeholders. Growth in the value of assets under management is not the sole or primary component of the Remuneration Policy; therefore, the risk that individual incentives when making investment decisions may conflict with sustainability risk considerations is limited.

Furthermore, to further limit excessive risk-taking and reduce the focus on the achievement of short-term objectives, a portion of the variable remuneration for job groups that influence the business and portfolio risk profile is deferred for a period ranging from one to three years. The Citadele Group continuously monitors market developments and regularly enhances the Remuneration Policy by incorporating innovations related to sustainable finance and environmental, social and governance (ESG) considerations.

The Supervisory Board of Citadele Bank is responsible for establishing the core principles of the Citadele Group Remuneration Policy, as well as for overseeing its development, periodic review and update (at least annually), and implementation. The Supervisory Board of the Company approves and oversees the Remuneration Policy and the implementation of related procedures and measures.

20. SUSTAINABILITY AND ENGAGEMENT

The Fund's investment process includes the assessment of Sustainability factors; however, the Fund does not aim at sustainable investments as its objective, nor does it promote environmental and/or social characteristics within the meaning of SFDR.

The Company believes that Sustainability factors may affect the Fund's value of the investments made by the Company over time. A sustainable investment approach is developing fast. The Company shares the view that by integrating the Sustainability factors in the asset management, the return on investment grows, or the impact is neutral at a lower overall risk level, as demonstrated by academic research as well. Moreover, integrating Sustainability factors into the asset management process contributes to the sustainable development of the world as well.

The general investment process is based on risk analysis, considering financial and operational factors such as the company's business model, strategic capabilities, and the level of Sustainability risk inherent in its operations and management. The Company assesses both absolute and industry relative Sustainability risk in the asset management process by considering a best-in-class investment approach. For each asset class and each investment fund managed by the Company, the integration of Sustainability factors is tailored to the type of asset class (see information on the website below). The Fund Managers are responsible for the integration of Sustainability factors into the Fund's management process and the engagement process.

The Company engages with companies because engagement could create long-term value. The purpose of the engagement is to promote sustainable operations and development of companies, where the Fund invests. The Company's main engagement activities are focused on those companies in which the Company has made the most significant investments.

The Company's "Sustainability and Engagement Policy" contains detailed information on the integration of Sustainability factors in the Fund management process, including the mitigation of principal adverse impact (within the meaning of SFDR), the methods used, the sources of information and data, the limits, if any, and compliance. The Policy is available at https://www.cblam.lv/en/sustainability/

21. CERTIFICATION OF VERACITY OF THE INFORMATION IN THE PROSPECTUS BY THE BOARD OF THE COMPANY:

"We hereby certify that the information presented in this Prospectus is true and no facts that might undermine the interests of potential investors have been concealed."