



# INVESTMENT FUND CBL European Leaders Equity Fund

## ANNUAL REPORT for 2024

Prepared in accordance with the IFRS  
Accounting Standards adopted by the European Union

Riga, 2025



**CBL ASSET  
MANAGEMENT**

## TABLE OF CONTENTS

Information on the Investment Fund	3
Investment Management Joint Stock Company Report	4
Report on the Implementation of the Engagement Policy	6
Statement of Responsibility of the Management Board of the Investment Management Joint Stock Company	7
Financial Statements:	
Statement of Assets and Liabilities	8
Statement of Income and Expenses	9
Statement of Changes in Net Assets	10
Cash Flow Statement	11
Notes to the Financial Statements	12
Custodian Bank Report	23
Auditors' Report	24

## INFORMATION ON THE INVESTMENT FUND

Name of the Fund:	CBL European Leaders Equity Fund
Type of the Fund:	Investment fund
Date of registration of the Fund:	7 March 2013
Date of start of operations of the Fund:	20 November 2013
Number of the Fund:	FL127
Name of the investment management joint stock company:	CBL Asset Management IPAS
Registered office of the investment management joint stock company:	Republikas laukums 2a, Riga, LV-1010, Latvia
Registration number of the investment management joint stock company:	40003577500
Number of the license for investment management joint stock company operations:	06.03.07.098/367
Name of the Fund's Custodian:	Citadele banka AS
Registered office of the Fund's Custodian:	Republikas laukums 2a, Riga, LV-1010, Latvia
Registration number of the Fund's Custodian:	40103303559
Name, surname and position of members of the Supervisory Board and the Management Board of the investment management joint stock company:	<p>Supervisory Board of the investment management joint stock company:</p> <p>Vaidas Žagunis, Chairperson of the Supervisory Board, appointed on 03.08.2021</p> <p>Vladimirs Ivanovs, Deputy Chairperson of the Supervisory Board, appointed on 03.08.2021</p> <p>Ruta Ezerskiene, Member of the Supervisory Board, appointed on 03.11.2023, resigned on 17.03.2025</p> <p>Edward Rebane, Member of the Supervisory Board, appointed on 17.03.2025</p> <p>Management Board of the investment management joint stock company:</p> <p>Kārlis Purgailis, Chairperson of the Management Board</p> <p>Zigurds Vaikulis, Member of the Management Board</p> <p>Lolita Sičeva, Member of the Management Board</p>
Rights and responsibilities related to the investment fund management:	Members of the Supervisory Board and Management Board shall perform all duties provided for in the laws and regulations of the Republic of Latvia and the Articles of Association of the investment management joint stock company.
Fund Managers:	Andrejs Piļka Edgars Lao
Rights and responsibilities related to the Fund management:	The Fund Managers shall perform all duties of the Fund Manager provided for in the laws and regulations of the Republic of Latvia, Articles of Association of the investment management joint stock company and the Fund Prospectus.
Auditors:	<p>Rihards Grasis Certified Auditor Certificate No.227</p> <p>KPMG Baltics SIA Roberta Hirša iela 1, Riga Latvia, LV-1045, Licence No. 55</p>

## INVESTMENT MANAGEMENT JOINT STOCK COMPANY REPORT

The asset manager of the investment fund CBL European Leaders Equity Fund (hereinafter – the Fund) is CBL Asset Management, an investment management joint stock company with registered office at Republikas laukums 2a, Riga, LV-1010, and registration number 40003577500 (hereinafter – the Company). The investment company's operating licence number is 06.03.07.098/367, which was last re-registered on 19 January 2015.

The Fund's investment objective is to achieve long-term capital growth by primarily investing in shares of companies incorporated or operating mainly in Europe. The Fund generates income through share price appreciation and dividend income. Regarding the investments underlying this financial product the EU criteria for environmentally sustainable economic activities were not considered.

At year-end, the cash position represented 1.56% of the Fund's net assets. The Fund's net assets increased by EUR 1,109,915 in 2024 and amounted to EUR 9,480,383 at year-end. The gross asset value as at 31.12.2024 was EUR 9,499,438. The value of the Fund's holding in 2024 increased by EUR 2.31 to EUR 53.32. The total return on the Fund in 2024 was positive 4.53% in the Fund's base currency (euro) at the foreign exchange rates quoted on the financial markets at the end of the day.

The year 2024 was quite favourable for world equity markets. The S&P 500, the main US stock market index, climbed by 25% during the year. European and emerging market shares were relatively weaker, although in absolute terms their performance cannot be called a bad result. The Stoxx Europe 600 broad market index rose by 9.6%, while emerging market equity indices climbed by 8% on average.

In the US, the macroeconomic situation continued to improve. American household spending continued to grow steadily throughout the year, the labour market remained generally favourable, and towards the end of the year the first positive signs also appeared in the manufacturing sector. The US gross domestic product showed overall growth of 2.8% in 2024 (+2.9% in 2023). In the euro area, however, activity and sentiment readings remained relatively subdued throughout the year. Moderate growth in the first three quarters and stagnation at the end of the year resulted in annual GDP growth of 0.7% (+0.4% year-on-year). The relatively weaker economic situation in Europe also explains the more modest performance of the region's stock markets.

The downward trend in inflation rates in 2024 allowed the ECB, and later the US Federal Reserve, to start easing monetary policy. In late 2024, inflationary pressures in Western countries as a whole picked up again, leading investors to lower expectations of further significant interest rate cuts. Nevertheless, monetary policy has become much more accommodative for equities overall and, unlike in the previous 2 years, is no longer a major drag on either the US or European equity markets.

Strong financial reports from companies played a key role in the rise in stock market prices. Both US and European companies beat analysts' earnings forecasts every quarter. More than half of European companies beat analysts' earnings forecasts by an average of almost 5% each quarter. US companies showed even stronger financial results, which positively surprised investors each quarter. More than 70% of companies reported quarterly earnings above analysts' forecasts, beating them by an average of 6%. The Information Technology sector performed particularly well, supported by strong global demand for technological innovations and products related to the development of artificial intelligence. The strong financial results encouraged analysts to raise their earnings forecasts for both European and American companies, which were important drivers of the stock market throughout the year.

The US presidential election created some uncertainty. Initially, equity markets were positive about Donald Trump's victory, attributing it to a more favourable tax and business environment for companies. However, the threat of import tariffs by the US President-elect soon took centre stage, which put a considerable damper on the mood of equity markets towards the end of the year. The introduction of US import tariffs could dampen European economic growth and negatively affect the profitability of European companies. Although this contributed to increased volatility and more negative dynamics on equity markets at the end of the year, there is as yet little clarity on this issue. The previous Trump administration was also remembered for tariff wars, but this did not prevent global stock markets from rising successfully.

During 2024, the value of the Fund's stake rose by 4.53%. The largest positive contributors to the Fund's performance were the industrial, consumer and communication services sectors. The largest negative contribution to the Fund's performance came from the healthcare sectors.

Total management expenses for the period under review amounted to EUR 172,501, which is within the 4.00% of the maximum remuneration payable on the Fund's assets set out in the Fund's prospectus. The amount of the remuneration payable on the Fund's assets is determined as a percentage per annum of the average value of the Fund's net assets.

The assets of the Fund during the reporting period covered the remuneration of the investment management joint stock company for the management of the Fund's assets of EUR 135,175, the remuneration of the custodian bank of EUR 17,380 and other expenses of EUR 19,946. The Fund's ongoing charges ratio for the period under review was 1.76% of the Fund's average net asset value. The prospectuses of the investment funds managed by the Company do not provide for performance fees.

Since the end of the reporting period, the relentless and intense public flailing around by the inaugurated US President Donald Trump with the threat, imposition, revision, suspension and/or cancellation of tariffs has brought additional uncertainty and volatility to the financial markets. The imposition of import tariffs on major US trading partners and the countries' responses to them are expected by economists to dampen global economic growth and to show additional inflationary pressures, especially in America itself. This in turn could also have a negative impact on the profitability of companies both in the US and elsewhere in the world, which in turn could lead to further volatility in corporate valuations.

On behalf of the Management Board of the Investment Management Joint Stock Company:

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Kārlis Purgailis  
Chairperson of the Management Board

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Andrejs Pilka  
Fund Manager

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Edgars Lao  
Fund Manager

Riga, 28 April 2025

\*This report is signed with a secure electronic signature and contains a time stamp.

## REPORT ON THE IMPLEMENTATION OF THE ENGAGEMENT POLICY

The Asset Manager shall participate in the management of the companies in which the assets of the Fund are invested by exercising its voting rights, where the voting rights held by the Fund amount to at least 5% of the total number of votes. During the reporting period, the Asset Manager did not implement any engagement activities through voting rights at general meetings of shareholders and/or bondholders and did not use the services of proxy advisors.

On behalf of the Management Board of the Investment Management Joint Stock Company:

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Kārlis Purgailis  
Chairperson of the Management Board

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Andrejs Pilka  
Fund Manager

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Edgars Lao  
Fund Manager

Riga, 28 April 2025

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## STATEMENT OF RESPONSIBILITY OF THE MANAGEMENT BOARD OF THE INVESTMENT MANAGEMENT JOINT STOCK COMPANY

The Management Board of the Investment Management Company (hereinafter – the Company) is responsible for preparation of financial statements of the CBL European Leaders Equity Fund (hereinafter – the Fund).

The financial statements set out on pages 8 to 22 have been prepared based on the supporting documents and give a clear and fair view of the financial position of the Fund as at 31 December 2024 and of its performance for the year then ended.

The above financial statements have been prepared in accordance with the IFRS Accounting Standards as adopted by the European Union, as required by the Bank of Latvia – Regulation No. 382 “On Preparation of Annual Reports, Consolidated Annual Reports and Semi-Annual Reports of Investment Fund and Open Alternative Investment Fund”, on a going concern basis. Appropriate accounting policies have been consistently applied during the reporting period. The judgements and estimates made by management in the preparation of the financial statements have been prudent and reasonable.

The Management Board of the Investment Management Joint Stock Company is responsible for the maintenance of proper accounting records, the safeguarding of assets of the CBL European Leaders Equity Fund and detecting and preventing fraud and other unfair practices. The Management Board is also responsible for compliance with the Law on Investment Management Companies of the Republic of Latvia, the regulations of the Bank of Latvia and other legislative requirements of the Republic of Latvia.

On behalf of the Management Board of the Investment Management Joint Stock Company:

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Kārlis Purgailis  
Chairperson of the Management Board

Riga, 28 April 2025

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## STATEMENT OF ASSETS AND LIABILITIES

	<b>Notes</b>	<b>31.12.2024</b>	<b>31.12.2023</b>
<b>Assets</b>			
Due on demand from credit institutions	3	147,455	177,622
<b>Financial assets at fair value through profit or loss</b>			
Equity instruments	4	9,351,763	8,208,872
<b>Financial assets measured at amortised cost</b>			
Other assets		220	-
<b>Total assets</b>		<b>9,499,438</b>	<b>8,386,494</b>
<b>Liabilities</b>			
<b>Financial liabilities measured at amortised cost</b>			
Accrued expenses	5	(19,055)	(16,026)
<b>Total liabilities</b>		<b>(19,055)</b>	<b>(16,026)</b>
<b>Net assets</b>		<b>9,480,383</b>	<b>8,370,468</b>

The accompanying notes on pages 12 to 22 are an integral part of these financial statements.

On behalf of the Management Board of the Investment Management Joint Stock Company:

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Kārlis Purgailis  
Chairperson of the Management Board

Riga, 28 April 2025

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## STATEMENT OF INCOME AND EXPENSES

	Notes	2024	2023
<b>Income for the reporting period</b>			
Interest income		2,475	617
Dividend income		111,343	99,260
Other income		10,192	6,545
<b>Total income</b>	7	<b>124,010</b>	<b>106,422</b>
<b>Expenses for the reporting period</b>			
Remuneration to the investment management joint stock company		(135,175)	(99,985)
Remuneration to the custodian bank		(17,380)	(12,855)
Other Fund management expenses	6	(19,946)	(16,607)
<b>Total expenses</b>		<b>(172,501)</b>	<b>(129,447)</b>
<b>Increase in investment value</b>			
Realised (decrease)/increase in investment value	8	(284,984)	76,528
Unrealised increase in investment value	9	677,247	1,354,496
<b>Total increase in investment value</b>		<b>392,263</b>	<b>1,431,024</b>
<b>Increase in net assets from investments</b>		<b>343,772</b>	<b>1,407,999</b>

The accompanying notes on pages 12 to 22 are an integral part of these financial statements.

On behalf of the Management Board of the Investment Management Joint Stock Company:

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Kārlis Purgailis  
Chairperson of the Management Board

Riga, 28 April 2025

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## STATEMENT OF CHANGES IN NET ASSETS

	Notes	2024	2023
Net assets at the beginning of the reporting period		8,370,468	6,327,317
Increase in net assets from investment		343,772	1,407,999
<b>Transactions in share certificates and units</b>			
Inflow from sale of share certificates and units		2,858,716	1,572,112
Outflow on redemption of share certificates and units		(2,092,573)	(936,960)
<b>Increase in net assets from transactions in share certificates and units</b>		<b>766,143</b>	<b>635,152</b>
Increase in net assets during the reporting period		1,109,915	2,043,151
<b>Net assets at the end of the reporting period</b>	17	<b>9,480,383</b>	<b>8,370,468</b>
Number of issued share certificates and units at the beginning of the reporting year		164,080	151,419
Number of issued share certificates and units at the end of the reporting year	17	177,798	164,080
Net assets per share certificate and unit at the beginning of the reporting year		51.01	41.79
<b>Net assets per share certificate and unit at the end of the reporting year</b>	17	<b>53.32</b>	<b>51.01</b>

The accompanying notes on pages 12 to 22 are an integral part of these financial statements.

On behalf of the Management Board of the Investment Management Joint Stock Company:

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Kārlis Purgailis  
Chairperson of the Management Board

Riga, 28 April 2025

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## CASH FLOW STATEMENT

	Notes	2024	2023
Interest income		2,475	617
Dividend income		112,464	100,662
Other income		10,192	6,642
Investment management expenses		(169,475)	(126,822)
Acquisition of investments	10	(6,537,644)	(5,203,836)
Inflow from sale of investments	10	5,790,124	4,691,446
Foreign currency conversion result		(4,209)	(3,010)
<b>Decrease in cash and cash equivalents from operating activities</b>		<b>(796,073)</b>	<b>(534,301)</b>
<b>Cash flow from financing activities</b>			
Inflow from sale of share certificates and units		2,858,496	1,572,112
Outflow on redemption of share certificates and units		(2,092,573)	(936,960)
<b>Increase in cash and cash equivalents from financing activities</b>		<b>765,923</b>	<b>635,152</b>
<b>Net (decrease)/increase in cash and cash equivalents during the reporting period</b>		<b>(30,150)</b>	<b>100,851</b>
<b>Cash and cash equivalents at the beginning of the reporting year</b>		<b>177,622</b>	<b>76,597</b>
Effects of changes in foreign exchange rates on cash and cash equivalents		(17)	174
<b>Cash and cash equivalents at the end of the reporting year</b>	3	<b>147,455</b>	<b>177,622</b>

The accompanying notes on pages 12 to 22 are an integral part of these financial statements.

On behalf of the Management Board of the Investment Management Joint Stock Company:

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Kārlis Purgailis  
Chairperson of the Management Board

Riga, 28 April 2025

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## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 1 GENERAL INFORMATION

Name of the Fund:	CBL European Leaders Equity Fund
Type of fund:	Investment fund
Scope of the Fund:	The investment fund aims to achieve long-term capital growth by investing primarily in shares of issuers that are established or have their principal activities in Europe, without sectoral restrictions. The income of the Fund is generated by share price appreciation and dividend income. The Fund shall promote environmental and/or social characteristics within the meaning of Article 8 of the SFDR. The Fund shall not track the performance of a financial index.
Name of the investment management joint stock company:	CBL Asset Management IPAS (the Company) Republikas laukums 2a, Riga, LV-1010, Latvia

### NOTE 2 SIGNIFICANT ACCOUNTING PRINCIPLES

#### Principles for the preparation of financial statements

All interest income and expenses are accounted for on an accrual basis.

Interest income and expense on assets or liabilities carried at amortised cost is recognised in the income statement using the effective interest method. The effective interest rate is the rate that exactly discounts the future cash flows of a financial instrument over the expected life of the financial asset or liability. For financial instruments at fair value through profit or loss, interest income is recognised on an accrual basis but without applying the effective interest rate. Dividend income is recognised when received; in certain cases, dividend income may be recognised as the share price declines following the issuer's announcement of a dividend payment. However, there were no such events in 2024.

#### Income and expense recognition

All interest income and expenses are accounted for on an accrual basis.

Interest income and expense on assets or liabilities carried at amortised cost is recognised in the income statement using the effective interest method. The effective interest rate is the rate that exactly discounts the future cash flows of a financial instrument over the expected life of the financial asset or liability. For financial instruments at fair value through profit or loss, interest income is recognised on an accrual basis but without applying the effective interest rate. The remuneration of the Asset Manager for managing the Fund and a custodian fee is calculated as a percentage of the value of the Fund's assets and is accrued daily and paid monthly.

#### Revaluation of foreign currencies

Transactions in foreign currencies are revalued in euro at the reference foreign exchange rate published by the European Central Bank on the transaction date. Monetary assets and liabilities denominated in foreign currencies are revalued in euro at the foreign exchange reference rate published by the European Central Bank at the end of the last day of the reporting period. Non-monetary assets and liabilities denominated in foreign currencies and measured at fair value in a foreign currency are translated into the functional currency using the exchange rate of the day on which the fair value was determined. Foreign exchange gains or losses arising from changes in foreign exchange rates are included in the statement of income and expenses as gains or losses on revaluation of foreign currency positions. The exchange rates published by the European Central Bank for the currencies most used in the preparation of the Fund's statement of assets and liabilities (foreign currency unit to EUR) were as follows:

<u>Currency</u>	<u>31.12.2024</u>	<u>31.12.2023</u>
CHF	0.9412	0.926
DKK	7.4578	7.4529
GBP	0.82918	0.86905
NOK	11.795	11.2405
PLN	4.275	4.3395
SEK	11.459	11.096
USD	1.0389	1.105

#### Cash

Cash of the Fund are all claims of the Fund on credit institutions.

#### Financial instruments

Financial assets are recognised in the balance sheet when, and only when, the Company becomes a party to the contractual provisions of the financial instrument. Financial assets are classified as at amortised cost, at fair value through other comprehensive income or at fair value through profit or loss. The basis for classification is both the business model within which the financial assets are managed and the contractual cash flow characteristics of the financial asset. The asset classification category is determined at the time of acquisition based on guidelines established by management. To decide whether a financial asset is classified in a particular category, the Company determines at the time of acquisition whether the asset meets the criteria for a particular business model and contractual cash flows. The business model revealed through in the Group's activities. It results from the way in which the Company typically manages its financial assets to generate cash flows. Therefore, this assessment is not made on the grounds of scenarios that the Company does not consider sufficiently realistic. In the event of a stress scenario, if cash flows were recovered in a manner different from that expected by the Company under a typical business model, this would not be a basis for considering that a prior period error had occurred, nor would a reclassification of the remaining financial assets relating to a particular business model be required. However, historical cash flows would need to be evaluated in classifying future acquisitions and could be the basis for a change in the business model.

Financial assets are initially recognised at fair value plus directly attributable transaction costs, except for financial assets at fair value through profit or loss. Regular way purchases or sales of assets are recognised using settlement date accounting. The settlement date refers to the recognition of the asset on the date the asset is transferred to the Fund and the derecognition of the asset on the date the Company transfers it to a third party.

### **Financial assets and liabilities measured at amortised cost**

To be measured at amortised cost, a financial asset must be held simultaneously within a business model that seeks to hold the financial asset to receive its contractual cash flows, and the financial asset's contractual cash flows must be fixed and determinable over time and must comply with the 'principal and interest only' principle.

Financial assets measured at amortised cost are carried at amortised cost using the effective interest method, less any provision for impairment.

Provisions for impairment losses on financial assets that are not impaired (Stage 1 and Stage 2) are measured as the present value of any cash shortfall, being the difference between the contractual cash flows expected to be received by the Company and the cash flows expected to be received by the Company, discounted at the financial asset's effective interest rate. The provision for impairment losses on financial assets that are impaired at the reporting period end date (Stage 3) is measured as the difference between the gross carrying amount and the present value of estimated future cash flows, discounted at the financial asset's effective interest rate. For financial assets purchased or issued with impairment, the credit-adjusted effective interest rate is applied from initial recognition.

Income or expense from a financial asset measured at amortised cost is recognised through profit or loss when the financial asset is derecognised, reclassified or amortised, or to recognise or reverse an impairment loss. Financial assets measured at amortised cost are recognised at the date of issue. From the date of signature of the relevant contract until the actual date of issue, they are accounted for as a lending liability in off-balance sheet items. If the financial assets cannot be recovered, they are written off and recorded as a reduction in the allowance for credit losses. The decision to write off loans is made by the Company's management. Proceeds from the recovery of loans previously written off are recognised through profit or loss.

The Company classifies all financial liabilities as carried at amortised cost using the effective interest method, except for derivative financial instruments, which are measured at fair value through profit or loss. Gains or losses on financial liabilities measured at amortised cost are recognised through profit or loss when the financial liability is derecognised and amortised.

### **Financial instruments at fair value through profit or loss**

Financial assets are measured at fair value through profit or loss if they are not measured at amortised cost or at fair value through other comprehensive income. Most of the Fund's financial assets are classified in this category because the Fund's business model is designed to increase its net assets through holding and trading these assets. Financial assets or liabilities can be designated at fair value through profit or loss upon initial recognition if this helps to avoid or significantly reduce accounting mismatches. These mismatches could otherwise arise from different accounting treatments for assets, liabilities, income, or expenses. Additionally, a group of financial liabilities or both financial assets and liabilities can be measured and evaluated on a fair value basis according to a documented risk management or investment strategy, with performance reported internally to management on this basis.

After initial recognition, financial assets and liabilities of swaps are remeasured at fair value based on quoted market prices or prices quoted by brokers. This category includes certain assets and liabilities that are managed and whose returns are measured on a fair value basis in accordance with a documented risk management or investment strategy. Financial assets and liabilities held for trading are measured at fair value through profit or loss. Financial assets and liabilities are held for trading if they are acquired to profit from short-term price movements or dealer margin, or if they are included in a portfolio characterised by short-term profit-taking. The Fund also has demand claims on credit institutions, but given the short-term structure and credit ratings, the allowance for credit losses is not material.

### **Recognition and derecognition from assets**

Purchases and sales of financial assets are recognised on the settlement date. Financial assets are derecognised when the rights to the cash flows from the financial assets expire or when the Fund has transferred all risks and rewards of ownership. Financial assets classified as financial assets at fair value through profit or loss are initially recognised at fair value, with any costs associated with closing a transaction being recognised in the income statement. Other financial assets are initially recognised at fair value, including transaction costs.

### **Provisions for impairment of financial assets**

The Company estimates expected credit losses. The impairment allowance requirements apply to financial assets measured at amortised cost but not to financial assets measured at fair value through profit or loss. Impairment provisions are recognised based on future information, even if the loss event has not occurred. A wide range of information is considered in the assessment, but as most of these exposures are credit rated, the calculation relies heavily on external credit ratings and estimated default probabilities derived from multi-period rating migration matrices calculated by rating agencies. If an external rating agency credit rating is not available for assessment, it may be replaced by an internally calculated credit quality level. Credit risk indicators (default, delinquency, restructuring) and individual issuer credit risk assessment are also considered. The Company considers exposures with investment grade credit ratings to be low risk assets and therefore it is assumed that they have not significantly increased in credit risk since acquisition. For exposures rated below investment grade by more than 3 notches, a decline in credit rating since the original acquisition is considered as a factor indicating a significant increase in credit risk. Estimated credit losses are recognised based on the stage of the provision to which the exposure is allocated at the reporting date. A 12-month expected credit loss is recognised for Stage 1 exposures where there has been no material increase in credit risk since initial recognition. Life-cycle expected credit losses are recognised for Stage 2 exposures where the credit risk has increased significantly since initial recognition and for Stage 3 exposures that are in default. Stage 3 exposures, if identified, would be subject to additional comprehensive assessment, including comparison with market valuations for similar exposures, market depth of the underlying security, past trading performance and other available information.

### **Fair value of financial assets and liabilities**

Fair value is the price that would be received from selling an asset or paid to transfer a liability in an arm's length transaction between market participants at the measurement date in the principal market, or in its absence, the most advantageous market to which the Company has access at that date. The fair value of liabilities reflects the risk of default.

When possible, the Company measures the fair value of a financial instrument using quoted prices in an active market. A market is considered active if transactions in the asset or liability occur frequently enough and in sufficient volume to permit regular price

information to be obtained. The revaluation of securities is carried out using financial information available on Bloomberg and NASDAQ OMX Riga on the bid prices of these securities. Purchases and sales of securities are recognised on the settlement date. The acquisition value of securities sold is determined using the FIFO (first in, first out) method. Where a quoted price in an active market is not available, the Company uses valuation techniques that use observable market data to the extent possible and unobservable inputs to the extent possible. The valuation method chosen includes all factors that market participants would consider in determining the transaction price. At initial recognition, the best evidence of the fair value of a financial instrument is the transaction price, i.e. the fair value of the consideration paid or received. If the Company determines that the fair value at initial recognition differs from the transaction price and the fair value is not evidenced either by a quoted price in an active market for an identical asset or liability or by the results of a valuation technique that uses only observable inputs, the financial instrument is initially measured at fair value, adjusted to reflect the difference between the fair value at initial recognition and the transaction price. This difference is subsequently recognised in profit or loss, as appropriate, considering the expected life of the instrument, but not later than the point at which the value can be fully supported by observable market data or the transaction is completed. The portfolios of financial assets and financial liabilities exposed to market risk and credit risk managed by the Company based on net exposure to either market risk or credit risk are valued by reference to the price that would be paid to sell a net long position (or paid to transfer a net short position) in the individual risks. These portfolio level adjustments are allocated to individual assets and liabilities based on relative risk adjustments for each individual portfolio of instruments. A description of the methods used to determine fair value by 3 levels, based on the degree of observability of the information used in the valuation techniques, is presented below.

Level 1 - Financial instruments are valued using unadjusted prices in active markets. Valuation technique: observable market inputs. This category mainly includes equity instruments, debt instruments, short-term bonds and standardised derivatives valued using quoted exchange prices. Securities traded in active markets over-the-counter are also included in this category.

Level 2 - Financial instruments are valued using techniques based on observable market data. In some cases, valuation reports prepared by independent third parties or prices in less liquid markets are used. Valuation technique: unobservable market inputs. This category is predominantly less liquid debt instruments and derivatives which are valued based on available market data. The price of less liquid debt securities is adjusted for yield spreads available in the market.

Level 3 - Financial instruments are valued using techniques in which significant inputs are not based on observable market data. The Company recognises a change in the fair value hierarchy level for instruments in the Fund's reports at the end of the reporting period in which the change occurs. There have been no changes in the fair value hierarchy levels compared to last year.

The portfolios of financial assets and financial liabilities exposed to market risk and credit risk that the Company manages for the Fund, based on the net exposure to either market risk or credit risk, are valued by reference to the price that would be paid to sell a net long position (or paid to transfer a net short position) in the individual exposures. These portfolio-level adjustments are allocated to individual assets and liabilities based on the relative risk adjustment for each individual instrument in the portfolio.

#### Taxes

The income of the Fund is subject to income taxes in the country where it is earned. The Fund is not subject to corporate income tax in the Republic of Latvia.

#### Standards published or amended during the financial year

- Classification of liabilities as current or non-current (amendments to IAS 1);
- Long-term liabilities with specific conditions (amendments to IAS 1);
- Lease liabilities in sale and leaseback transactions (additions to IFRS 16);
- Financing contracts with suppliers (additions to IAS 7 and IFRS 7);

In 2024, the Fund has no transactions affected by the new effective standards or amendments thereto and the Company's accounting policies already comply with the requirements of the new standards.

#### Standards published but not yet in force

A number of new or amended standards are effective for annual periods beginning after 1 January 2024 (some of which have not yet been endorsed by the European Union) and early adoption is permitted; however, the Fund has not early adopted the new or amended standards in preparing these financial statements.

The new and amended standards listed below are not expected to have a material impact on the financial statements of the Fund:

- No Substitutability (amendments to IAS 21);
- Amendments to classification and measurement of financial instruments (additions to IFRS 9 and IFRS 7);
- Annual Improvements to IFRS Accounting Standards, Volume 11 (issued 18 July 2024);
- IFRS 18 Presentation and Disclosures in Financial Statements (issued 9 April 2024);
- IFRS 19 Subsidiaries without Public Accountability: Disclosures (issued 9 May 2024).

#### NOTE 3 DUE ON DEMAND FROM CREDIT INSTITUTIONS

	% of the Fund's net assets		% of the Fund's net assets	
	31.12.2024	31.12.2024	31.12.2023	31.12.2023
Due on demand from credit institutions, Citadele banka AS	147,455	1.56%	177,622	2.12%

#### NOTE 4 EQUITY INSTRUMENTS

	% of the Fund's net assets		% of the Fund's net assets	
	31.12.2024	31.12.2024	31.12.2023	31.12.2023
<b>Corporate equity instruments</b>				
Equity instruments for companies in the OECD region	9,351,763	98.64%	8,208,872	98.07%
<b>Total equity instruments</b>	<b>9,351,763</b>	<b>98.64%</b>	<b>8,208,872</b>	<b>98.07%</b>



The following table shows the equity instruments by country of origin of the issuer at 31 December 2024:

Financial instrument	ISIN code	Currency	Quantity	Acquisition value (EUR)	Carrying amount 31.12.2024	% of the Fund's net assets 31.12.2024
<b>Financial instruments traded on regulated markets:</b>				<b>7,849,886</b>	<b>9,351,763</b>	<b>98.64%</b>
<b>Equity instruments of German issuers:</b>				<b>1,513,167</b>	<b>1,905,934</b>	<b>20.10%</b>
SAP AG	DE0007164600	EUR	1,328	168,340	313,607	3.31%
Nemetschek SE	DE0006452907	EUR	3,014	180,842	281,809	2.97%
Rational AG	DE0007010803	EUR	325	253,927	267,475	2.82%
DEUTSCHE BOERSE STK N	DE0005810055	EUR	1,200	258,172	267,240	2.82%
GEA Group AG	DE0006602006	EUR	5,550	255,375	265,845	2.80%
Scout24 SE	DE000A12DM80	EUR	3,024	199,960	257,040	2.71%
CTS Eventim AG & Co. KGaA	DE0005470306	EUR	3,090	196,551	252,918	2.67%
<b>Equity instruments of Dutch issuers:</b>				<b>873,428</b>	<b>1,273,146</b>	<b>13.42%</b>
ASM International NV	NL0000334118	EUR	555	185,576	310,134	3.27%
Wolters Kluwer NV	NL0000395903	EUR	1,838	203,414	294,356	3.10%
ASML Holding NV	NL0010273215	EUR	379	136,301	257,227	2.71%
Adyen NV	NL0012969182	EUR	144	220,484	206,496	2.18%
BE Semiconductor Industries NV	NL0012866412	EUR	1,549	127,653	204,933	2.16%
<b>Equity instruments of Swedish issuers:</b>				<b>1,092,391</b>	<b>1,115,052</b>	<b>11.76%</b>
Atlas Copco AB	SE0017486889	SEK	18,426	262,776	270,625	2.85%
AAK AB	SE0011337708	SEK	8,898	215,851	244,289	2.58%
Sectra AB	SE0022419784	SEK	9,200	228,536	221,108	2.33%
Fortnox AB	SE0017161243	SEK	31,500	201,213	198,033	2.09%
Alfa Laval AB	SE0000695876	SEK	4,500	184,015	180,997	1.91%
<b>Equity instruments of Swiss issuers:</b>				<b>987,336</b>	<b>1,053,565</b>	<b>11.11%</b>
ABB Ltd	CH0012221716	CHF	5,850	190,895	304,993	3.22%
Siegfried Holding AG	CH0014284498	CHF	220	255,392	230,472	2.43%
VAT Group AG	CH0311864901	CHF	530	191,020	193,034	2.04%
Logitech International SA	CH0025751329	CHF	2,241	155,081	178,670	1.88%
Inficon Holding AG	CH0011029946	CHF	133	194,948	146,396	1.54%
<b>Equity instruments of French issuers:</b>				<b>716,933</b>	<b>832,421</b>	<b>8.79%</b>
Safran SA	FR0000073272	EUR	1,251	223,452	265,212	2.80%
Schneider Electric SE	FR0000121972	EUR	1,038	239,838	250,054	2.64%
Hermes International	FR0000052292	EUR	91	133,688	211,211	2.23%
L'Oréal SA	FR0000120321	EUR	310	119,955	105,944	1.12%
<b>Equity instruments of Italian issuers:</b>				<b>513,188</b>	<b>557,043</b>	<b>5.87%</b>
Reply SpA	IT0005282865	EUR	1,622	234,833	243,787	2.57%
Ferrari NV	NL0011585146	EUR	460	147,573	188,140	1.98%
Moncler SpA	IT0004965148	EUR	2,460	130,782	125,116	1.32%
<b>Equity instruments of Polish issuers:</b>				<b>423,061</b>	<b>468,449</b>	<b>4.94%</b>
CD Projekt SA	PLOPTTC00011	PLN	5,700	231,682	255,267	2.69%
Dino Polska SA	PLDINPL00011	PLN	2,338	191,379	213,182	2.25%
<b>Equity instruments of UK issuers:</b>				<b>413,288</b>	<b>435,433</b>	<b>4.60%</b>
Cranswick PLC	GB0002318888	GBP	4,500	255,615	263,212	2.78%
Auto Trader Group PLC	GB00BVYVFW23	GBP	18,090	157,673	172,221	1.82%
<b>Equity instruments of Danish issuers:</b>				<b>431,050</b>	<b>420,170</b>	<b>4.44%</b>
Novo Nordisk A/S	DK0062498333	DKK	2,776	256,654	230,893	2.44%
ROCKWOOL A/S	DK0010219153	DKK	554	174,396	189,277	2.00%
<b>Equity instruments of Norwegian issuers:</b>				<b>120,310</b>	<b>339,729</b>	<b>3.58%</b>
Kongsberg Gruppen ASA	NO0003043309	NOK	3,133	120,310	339,729	3.58%
<b>Equity instruments of Spanish issuers:</b>				<b>186,717</b>	<b>312,550</b>	<b>3.30%</b>
Industria de Diseno Textil SA	ES0148396007	EUR	6,251	186,717	312,550	3.30%
<b>Equity instruments of issuers in Belgium:</b>				<b>213,750</b>	<b>312,040</b>	<b>3.29%</b>
Lotus Bakeries NV	BE0003604155	EUR	29	213,750	312,040	3.29%
<b>Equity instruments of Finnish issuers:</b>				<b>205,861</b>	<b>186,259</b>	<b>1.96%</b>
Wartsila OYJ Abp	FI0009003727	EUR	10,886	205,861	186,259	1.96%
<b>Equity instruments of Irish issuers:</b>				<b>159,406</b>	<b>139,972</b>	<b>1.48%</b>
Experian PLC	GB00B19NLV48	GBP	3,369	159,406	139,972	1.48%
<b>Total equity instruments:</b>				<b>7,849,886</b>	<b>9,351,763</b>	<b>98.64%</b>



The following table shows the equity instruments by country of origin of the issuer at 31 December 2023:

Financial instrument	ISIN code	Currency	Quantity	Acquisition value (EUR)	Carrying amount 31.12.2023	% of the Fund's net assets 31.12.2023
<b>Financial instruments traded on regulated markets:</b>				<b>6,785,405</b>	<b>8,208,872</b>	<b>98.07%</b>
<b>Equity instruments of German issuers:</b>				<b>1,679,190</b>	<b>1,973,030</b>	<b>23.57%</b>
Beiersdorf AG	DE0005200000	EUR	1,815	195,249	245,570	2.93%
AIXTRON SE	DE000A0WMPJ6	EUR	6,350	151,330	245,110	2.93%
Infineon Technologies AG	DE0006231004	EUR	6,138	191,257	231,525	2.77%
SAP AG	DE0007164600	EUR	1,629	196,016	227,343	2.72%
Nemetschek SE	DE0006452907	EUR	2,870	154,261	225,065	2.69%
Scout24 SE	DE000A12DM80	EUR	3,212	205,469	206,018	2.46%
Muenchener Rueckversicherungs	DE0008430026	EUR	470	156,629	176,814	2.11%
CTS Eventim AG & Co. KGaA	DE0005470306	EUR	2,500	144,797	156,875	1.87%
Hannover Rueck SE	DE0008402215	EUR	700	145,867	150,710	1.80%
Dr Ing hc F Porsche AG	DE000PAG9113	EUR	1,350	138,315	108,000	1.29%
<b>Equity instruments of Swiss issuers:</b>				<b>1,597,931</b>	<b>1,913,391</b>	<b>22.86%</b>
VAT Group AG	CH0311864901	CHF	578	199,007	263,970	3.15%
Partners Group Holding AG	CH0024608827	CHF	191	202,787	250,365	2.99%
STMicroelectronics NV	NL0000226223	EUR	4,966	204,082	225,034	2.69%
ABB Ltd	CH0012221716	CHF	5,472	165,306	220,003	2.63%
Logitech International SA	CH0025751329	CHF	2,550	164,712	219,256	2.62%
Belimo Holding AG	CH1101098163	CHF	415	194,574	206,783	2.47%
Sika AG	CH0418792922	CHF	696	177,333	205,568	2.46%
Straumann Holding AG	CH1175448666	CHF	1,350	167,831	197,324	2.36%
Cie Financiere Richemont SA	CH0210483332	CHF	1,002	122,299	125,088	1.49%
<b>Equity instruments of Dutch issuers:</b>				<b>838,256</b>	<b>1,170,493</b>	<b>13.99%</b>
BE Semiconductor Industries NV	NL0012866412	EUR	1,970	162,348	269,595	3.22%
ASM International NV	NL0000334118	EUR	550	171,601	259,078	3.10%
ASML Holding NV	NL0010273215	EUR	376	118,312	256,582	3.06%
Wolters Kluwer NV	NL0000395903	EUR	1,900	200,224	244,910	2.93%
Adyen NV	NL0012969182	EUR	120	185,771	140,328	1.68%
<b>Equity instruments of French issuers:</b>				<b>432,528</b>	<b>556,678</b>	<b>6.64%</b>
L'Oréal SA	FR0000120321	EUR	447	168,014	202,089	2.41%
LVMH Moët Hennessy Louis Vuitton SA	FR0000121014	EUR	244	157,911	179,560	2.14%
Hermès International	FR0000052292	EUR	91	106,603	175,029	2.09%
<b>Equity instruments of Polish issuers:</b>				<b>358,101</b>	<b>444,489</b>	<b>5.31%</b>
LPP SA	PLLPP0000011	PLN	60	189,169	222,606	2.66%
Dino Polska SA	PLDINPL00011	PLN	2,095	168,932	221,883	2.65%
<b>Equity instruments of Swedish issuers:</b>				<b>296,150</b>	<b>364,762</b>	<b>4.36%</b>
Atlas Copco AB	SE0017486889	SEK	12,000	147,010	187,689	2.24%
Evolution Gaming Group AB	SE0012673267	SEK	1,630	149,140	177,073	2.12%
<b>Equity instruments of UK issuers:</b>				<b>309,051</b>	<b>350,450</b>	<b>4.19%</b>
RELX PLC	GB00B2B0DG97	GBP	5,096	138,467	182,308	2.18%
Next PLC	GB0032089863	GBP	1,800	170,584	168,142	2.01%
<b>Equity instruments of Italian issuers:</b>				<b>319,341</b>	<b>328,889</b>	<b>3.93%</b>
Moncler SpA	IT0004965148	EUR	3,118	167,513	174,359	2.08%
Ferrari NV	NL0011585146	EUR	505	151,828	154,530	1.85%
<b>Equity instruments of Danish issuers:</b>				<b>261,874</b>	<b>268,404</b>	<b>3.21%</b>
Novo Nordisk A/S	DK0062498333	DKK	2,870	261,874	268,404	3.21%
<b>Equity instruments of Spanish issuers:</b>				<b>164,253</b>	<b>259,934</b>	<b>3.10%</b>
Industria de Diseno Textil SA	ES0148396007	EUR	6,564	164,253	259,934	3.10%
<b>Equity instruments of issuers in Belgium:</b>				<b>213,401</b>	<b>247,500</b>	<b>2.96%</b>
Lotus Bakeries NV	BE0003604155	EUR	30	213,401	247,500	2.96%
<b>Equity instruments of Norwegian issuers:</b>				<b>158,995</b>	<b>171,876</b>	<b>2.05%</b>
Kongsberg Gruppen ASA	NO0003043309	NOK	4,153	158,995	171,876	2.05%
<b>Equity instruments of Portuguese issuers:</b>				<b>156,334</b>	<b>158,976</b>	<b>1.90%</b>
Jeronimo Martins SGPS SA	PTJMT0AE0001	EUR	6,900	156,334	158,976	1.90%
<b>Total equity instruments:</b>				<b>6,785,405</b>	<b>8,208,872</b>	<b>98.07%</b>

**NOTE 5 ACCRUED EXPENSES**

	31.12.2024	31.12.2023
Accrued expenses for the asset manager's fees	11,460	9,551
Accrued expenses for custodian fees	1,474	1,228
Accrued expenses for professional services of auditors	1,634	1,513
Accrued expenses for the Bank of Latvia	2,811	2,155
Other expenses	1,677	1,579
<b>Total accrued expenses:</b>	<b>19,055</b>	<b>16,026</b>

**NOTE 6 OTHER FUND MANAGEMENT EXPENSES FOR THE REPORTING PERIOD**

	31.12.2024	31.12.2023
Expenses for professional services of auditors	1,634	1,513
Expenses for the Bank of Latvia	11,195	8,177
Expenses for information sources and analytical studies	6,724	6,037
Other expenses	393	880
<b>Total other fund management expenses:</b>	<b>19,946</b>	<b>16,607</b>

**NOTE 7 FUND INCOME FOR THE REPORTING PERIOD**

	31.12.2024	31.12.2023
Dividend income	111,343	99,260
Interest income on claims on credit institutions	2,475	617
Other income	10,192	6,545
<b>Total income:</b>	<b>124,010</b>	<b>106,422</b>

**NOTE 8 REALISED INCREASE/(DECREASE) IN INVESTMENT VALUE**

	31.12.2024	31.12.2023
Income for the period from sale of investments*	5,748,747	4,939,355
Acquisition value of investments sold during the reporting period	(5,473,932)	(4,840,358)
Increase in value of sold investments recognised in previous reporting periods	55,555	182,780
Impairment of investments sold recognised in previous reporting periods	(615,354)	(205,249)
<b>Total realised increase in investment value:</b>	<b>(284,984)</b>	<b>76,528</b>

\* Income for the reporting period from the sale/(redemption) of investments is recorded at the exchange rate on the date of acquisition of the financial instrument. Gains or losses arising from changes in foreign exchange rates are reflected in the gain or loss on the investment recognised in the previous reporting period.

**NOTE 9 UNREALISED INCREASE/(DECREASE) IN INVESTMENT VALUE**

	31.12.2024	31.12.2023
Result of revaluation of equity instruments at fair value	730,067	1,239,500
Foreign currency revaluation result	(52,820)	114,996
<b>Total unrealised increase in investment value:</b>	<b>677,247</b>	<b>1,354,496</b>

**NOTE 10 CHANGES IN THE VALUE OF INVESTMENTS**

The table below shows the change in the value of investments in 2024:

	31.12.2023	Increase during the reporting period	Decrease during the reporting period*	Fair value revaluation result	31.12.2024
Financial assets at fair value through profit or loss					
Equity instruments	8,208,872	6,537,644	(5,790,124)	395,371	9,351,763
<b>Total investments</b>	<b>8,208,872</b>	<b>6,537,644</b>	<b>(5,790,124)</b>	<b>395,371</b>	<b>9,351,763</b>

\* Decrease during the reporting period is carried at the exchange rate on the date the investment is sold. This item includes income from the sale and redemption of investments and coupons received.

The table below shows the change in the value of investments in 2023:

	31.12.2022	Increase during the reporting period	Decrease during the reporting period*	Fair value revaluation result	31.12.2023
Financial assets at fair value through profit or loss					
Equity instruments	6,264,098	5,203,836	(4,691,446)	1,432,384	8,208,872
<b>Total investments</b>	<b>6,264,098</b>	<b>5,203,836</b>	<b>(4,691,446)</b>	<b>1,432,384</b>	<b>8,208,872</b>

\* Decrease during the reporting period is carried at the exchange rate on the date the investment is sold. This item includes income from the sale and redemption of investments and coupons received.

#### NOTE 11 PLEDGED ASSETS

During the year under review, the Fund did not issue any guarantees or sureties or pledge or otherwise encumber any assets.

#### NOTE 12 TAXES AND DUTIES

In 2024 and 2023, no taxes, duties or allowances were paid on the assets of the Fund.

#### NOTE 13 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

The management of the investment management joint stock company considers that the carrying amounts of financial assets and liabilities are consistent with their fair values. Fair values are determined using market quotes, based on information published by stock exchanges and brokers, and based on daily net asset quotations by fund managers. All financial assets of the Fund qualify as Level 1 as at both 31.12.2024 and 31.12.2023.

#### NOTE 14 RISK MANAGEMENT

Investment process risk can be defined as a probability of undesirable outcome that may materialise in a given market economy at a given point in time. Risk management is described as risk identification, measurement and its possible prevention. The investment process may be affected by the exchange rate risk, interest rate risk, price risk, credit risk, liquidity risk and other risks, including operational risk. The Fund's investment strategy is designed to minimise these risks, but the Company cannot guarantee that these risks can be completely avoided in the future.

##### Risk management framework

Risk identification and measurement is a responsibility of an independent unit - the Risk Management Department of the Company, which develops and presents the information on risk profile to the Fund Manager. The Fund Manager can make certain decisions on the necessity to reduce existing or potential risks.

Risk measurement process employs models that are developed by the company, are based on historical data and are adjusted according to the economic situation. Certain models are also used to predict the financial risk factor changes under both normal and exceptional financial market circumstances.

The Manager of Investment Fund follows risk diversification and hedging principles whose objective is to reduce the investment risk that are developed in accordance with the Management Policy. When investing for the account of the Fund, the Fund Manager shall obtain sufficient information on potential or acquired investment targets and shall monitor the financial and economic situation of issuers in whose securities the Fund's assets will be or have been invested. When developing the Fund's investment strategy and setting risk limits, the Company performs an analysis of the Fund's distribution of maturity, geographic location and types of currency investments by assessing the risk level for each of these factors. The Manager acts in strict compliance with the Prospectus of the Fund, Fund Management Regulations, as well as regulations and restrictions prescribed in laws and regulations of the Republic of Latvia.

##### Market risk

Market risk is the probability that the Fund's value may decrease when any of the market factors changes, for example, in case of changes in interest rates (interest rate risk), prices of securities (price risk), foreign currency exchange rates (foreign currency risk) or other market risk factors. The assessment of each of these market risk sources is provided below, however, they cannot be fully diversified.

##### Price volatility risk

For equity securities (shares), price movements depend on two variables: the changes in the stock indices of the country concerned (for the Central Asian region, this is the change in the corporate stock index - RENCASIA), and the financial situation of the issuer concerned (its ability to make money in the future), which in turn affects the fluctuations between the demand and supply equilibrium. The former is also often referred to as systematic risk; the latter as specific risk.

Systematic risk is managed based on forecasts of the overall development of the economy in a given geographical region and the potential development of the economy in a given sector. Specific risk is managed by a detailed study of the issuer's financial position and profitability as well as other factors affecting the price of the security, mainly based on the issuer's public reports, media coverage, etc. This focuses on both the volatility (deviations) of security prices and their correlations. As a result, it is possible to calculate the total price risk of the securities in the portfolio, considering their historical yields.

The risk of market price volatility was calculated as at 31 December 2024. The standard deviation of the benchmark index values of the relevant investment fund category was used for the price volatility risk calculation.

	2024	Standard deviation in the reference index	Carrying amount, EUR	Potential negative impact on the current year profit, EUR	Potential positive impact on the current year profit, EUR	% of the Fund's net assets EUR*
Classified as financial assets at fair value through profit or loss						
- Equity instruments		10.00%	9,351,763	(935,176)	935,176	9.86%
<b>Total:</b>			<b>9,351,763</b>	<b>(935,176)</b>	<b>935,176</b>	<b>9.86%</b>

\* Net value of investment fund assets is reflected as a percentage of the Fund's net assets.

The risk of market price volatility was calculated as at 31 December 2023. The standard deviation of the benchmark index values of the relevant investment fund category was used for the price volatility risk calculation.

2023	Standard deviation in the reference index	Carrying amount, EUR	Potential negative impact on the current year profit, EUR	Potential positive impact on the current year profit, EUR	% of the Fund's net assets EUR*
Classified as financial assets at fair value through profit or loss					
- Equity instruments	20.00%	8,208,872	(1,641,774)	1,641,774	19.61%
<b>Total:</b>		<b>8,208,872</b>	<b>(1,641,774)</b>	<b>1,641,774</b>	<b>19.61%</b>

\* Net value of investment fund assets is reflected as a percentage of the Fund's net assets.

#### Exchange rate risk

Exchange rate risk arises when the nominal currency of securities or other financial instruments in the Fund differs from the currency of the Fund (EUR). Exchange rate fluctuations may result in gains or losses, depending on the direction of exchange rate fluctuations and the currency position of the Fund. Exchange rate risk can be limited by the diversification effect that arises when a Fund has several currencies and the movements in the exchange rates of these currencies are not closely correlated. The impact of exchange rate movements on the net asset value of the Fund is shown in the table below. The exchange rate movements are the one-year standard deviation of the respective exchange rate.

Impact of exchange rate changes (2024)				Impact of exchange rate changes (2023)			
Currency	Share in the fund (% of assets)	Exchange rate against EUR	Impact on the value of the fund	Currency	Share in the fund (% of assets)	Exchange rate against EUR	Impact on the value of the fund
EUR	58.11%	0.00%	0.00%	EUR	60.44%	0.00%	0.00%
SEK	11.76%	5.72%	0.67%	CHF	20.17%	5.11%	1.03%
CHF	11.11%	5.21%	0.58%	PLN	5.31%	6.26%	0.33%
GBP	6.07%	4.05%	0.25%	SEK	4.36%	7.37%	0.32%
PLN	4.94%	4.91%	0.24%	GBP	4.19%	4.80%	0.20%
DKK	4.43%	0.53%	0.02%	DKK	3.48%	0.54%	0.02%
NOK	3.58%	7.01%	0.25%	NOK	2.05%	9.42%	0.19%
<b>Total</b>	<b>100.00%</b>		<b>2.01%</b>	<b>Total</b>	<b>100.00%</b>		<b>2.09%</b>

The following table shows the breakdown of the Fund's assets and liabilities by currency at 31 December 2024:

	EUR	SEK	CHF	GBP	PLN	DKK	NOK	Total
<b>Assets</b>								
Due on demand from credit institutions	147,455	-	-	-	-	-	-	147,455
Financial instruments at fair value through profit or loss								
Equity instruments	5,379,393	1,115,052	1,053,565	575,405	468,449	420,170	339,729	9,351,763
Other assets	220	-	-	-	-	-	-	220
<b>Total assets</b>	<b>5,527,068</b>	<b>1,115,052</b>	<b>1,053,565</b>	<b>575,405</b>	<b>468,449</b>	<b>420,170</b>	<b>339,729</b>	<b>9,499,438</b>
<b>Liabilities</b>								
Accrued expenses	(19,055)	-	-	-	-	-	-	(19,055)
<b>Total liabilities</b>	<b>(19,055)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(19,055)</b>
<b>Net assets</b>	<b>5,508,013</b>	<b>1,115,052</b>	<b>1,053,565</b>	<b>575,405</b>	<b>468,449</b>	<b>420,170</b>	<b>339,729</b>	<b>9,480,383</b>
Net long/(short) position	58.11%	11.76%	11.11%	6.07%	4.94%	4.43%	3.58%	100.00%

The following table shows the breakdown of the Fund's assets and liabilities by currency at 31 December 2023:

	EUR	CHF	PLN	SEK	GBP	DKK	NOK	Total
<b>Assets</b>								
Due on demand from credit institutions	154,345	-	-	-	-	23,277	-	177,622.00
Financial instruments at fair value through profit or loss								
Equity instruments	4,920,534	1,688,357	444,489	364,762	350,450	268,404	171,876	8,208,872
<b>Total assets</b>	<b>5,074,879</b>	<b>1,688,357</b>	<b>444,489</b>	<b>364,762</b>	<b>350,450</b>	<b>291,681</b>	<b>171,876</b>	<b>8,386,494</b>
<b>Liabilities</b>								
Accrued expenses	(16,026)	-	-	-	-	-	-	(16,026)
<b>Total liabilities</b>	<b>(16,026)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(16,026)</b>
<b>Net assets</b>	<b>5,058,853</b>	<b>1,688,357</b>	<b>444,489</b>	<b>364,762</b>	<b>350,450</b>	<b>291,681</b>	<b>171,876</b>	<b>8,370,468</b>
Net long/(short) position	60.44%	20.17%	5.31%	4.36%	4.19%	3.48%	2.05%	100.00%

### Concentration risk

The industry and geography of the issuer are additional risk factors that may affect both the price of the security issued and the issuer's own solvency, and it is therefore important to identify concentration risk, i.e., the extent to which the value of the Fund is affected by changes in certain regions and/or industries. The geographical breakdown of concentration risk (based on the country with the greatest impact on the issuer's solvency) and the sectoral breakdown are set out in the tables below.

The following table shows the geographical breakdown of the Fund's assets and liabilities at 31 December 2024:

	Latvia	OECD countries	Total
<b>Assets</b>			
Due on demand from credit institutions	147,455	-	147,455
Financial instruments at fair value through profit or loss			
Equity instruments	-	9,351,763	9,351,763
Other assets	220	-	220
<b>Total assets</b>	<b>147,675</b>	<b>9,351,763</b>	<b>9,499,438</b>
<b>Liabilities</b>			
Accrued expenses	(19,055)	-	(19,055)
<b>Total liabilities</b>	<b>(19,055)</b>	<b>-</b>	<b>(19,055)</b>
<b>Net assets</b>	<b>128,620</b>	<b>9,351,763</b>	<b>9,480,383</b>

The following table shows the geographical breakdown of the Fund's assets and liabilities at 31 December 2023:

	Latvia	OECD countries	Total
<b>Assets</b>			
Due on demand from credit institutions	177,622	-	177,622
Financial instruments at fair value through profit or loss			
Equity instruments	-	8,208,872	8,208,872
<b>Total assets</b>	<b>177,622</b>	<b>8,208,872</b>	<b>8,386,494</b>
<b>Liabilities</b>			
Accrued expenses	(16,026)	-	(16,026)
<b>Total liabilities</b>	<b>(16,026)</b>	<b>-</b>	<b>(16,026)</b>
<b>Net assets</b>	<b>161,596</b>	<b>8,208,872</b>	<b>8,370,468</b>

The following table shows the breakdown of the Fund's net assets by country (based on the issuer's country of incorporation):

Country	Carrying amount 31.12.2024	% of the Fund's net assets 31.12.2024	Carrying amount 31.12.2023	% of the Fund's net assets 31.12.2023
Germany	1,905,934	20.10%	1,973,030	23.57%
Netherlands	1,273,146	13.42%	1,170,493	13.99%
Sweden	1,115,052	11.76%	364,762	4.36%
Switzerland	1,053,565	11.11%	1,913,391	22.86%
France	832,421	8.79%	556,678	6.64%
Italy	557,043	5.87%	328,889	3.93%
Poland	468,449	4.94%	444,489	5.31%
United Kingdom	435,433	4.60%	350,450	4.19%
Denmark	420,170	4.44%	268,404	3.21%
Norway	339,729	3.58%	171,876	2.05%
Spain	312,550	3.30%	259,934	3.10%
Belgium	312,040	3.29%	247,500	2.96%
Finland	186,259	1.96%	-	0.00%
Ireland	139,972	1.48%	-	0.00%
Latvia	128,620	1.36%	161,596	1.93%
Portugal	-	0.00%	158,976	1.90%
<b>Total</b>	<b>9,480,383</b>	<b>100.00%</b>	<b>8,370,468</b>	<b>100.00%</b>

The following table shows the sectoral breakdown of the Fund's portfolio according to the GICS (Global Industry Classification Standard). Information is provided for securities for which such information is available.

Sector	Carrying amount 31.12.2024	% of the Fund's net assets 31.12.2024	Carrying amount 31.12.2023	% of the Fund's net assets 31.12.2023
Industry	3,147,828	33.20%	1,477,539	17.65%
IT services	2,341,092	24.68%	2,298,916	27.48%
Consumer goods	1,138,667	12.02%	1,076,018	12.85%
Communication services	937,446	9.89%	362,893	4.33%
Consumer services	837,017	8.83%	1,744,321	20.83%
Pharmaceuticals	682,473	7.20%	465,728	5.57%
Financial services	267,240	2.82%	577,889	6.90%
Raw materials	-	0.00%	205,568	2.46%
<b>Total:</b>	<b>9,351,763</b>	<b>98.64%</b>	<b>8,208,872</b>	<b>98.07%</b>

#### Liquidity risk

Liquidity risk may arise if the Fund has difficulties meeting its financial obligations. The Fund Manager maintains an asset structure of the Fund that enables the Fund to sell securities in a timely manner and without material loss.

The following table shows the maturity structure of the Fund's assets and liabilities at 31 December 2024:

	Up to 1 month	1 - 6 Months	Indefinite	Total
<b>Assets</b>				
Due on demand from credit institutions	147,455	-	-	147,455
Financial instruments at fair value through profit or loss				
Equity instruments	-	-	9,351,763	9,351,763
Other assets	220	-	-	220
<b>Total assets</b>	<b>147,675</b>	<b>-</b>	<b>9,351,763</b>	<b>9,499,438</b>
<b>Liabilities</b>				
Accrued expenses	(12,933)	(6,122)	-	(19,055)
<b>Total liabilities</b>	<b>(12,933)</b>	<b>(6,122)</b>	<b>-</b>	<b>(19,055)</b>
<b>Net assets</b>	<b>134,742</b>	<b>(6,122)</b>	<b>9,351,763</b>	<b>9,480,383</b>
Net position %	1.42%	(0.06%)	98.64%	100.00%

The following table shows the geographical breakdown of the Fund's assets and liabilities at 31 December 2023:

	Up to 1 month	1 - 6 Months	Indefinite	Total
<b>Assets</b>				
Due on demand from credit institutions	177,622	-	-	177,622
Financial instruments at fair value through profit or loss				
Equity instruments	-	-	8,208,872	8,208,872
<b>Total assets</b>	<b>177,622</b>	<b>-</b>	<b>8,208,872</b>	<b>8,386,494</b>
<b>Liabilities</b>				
Accrued expenses	(10,779)	(5,247)	-	(16,026)
<b>Total liabilities</b>	<b>(10,779)</b>	<b>(5,247)</b>	<b>-</b>	<b>(16,026)</b>
<b>Net assets</b>	<b>166,843</b>	<b>(5,247)</b>	<b>8,208,872</b>	<b>8,370,468</b>
Net position %	1.99%	(0.06%)	98.07%	100.00%

#### NOTE 15 INFORMATION ON HOLDERS OF SHARE CERTIFICATES OF THE FUND

The following table shows the proportion of share certificates held by the Company's related and other parties in the total number of the issued share certificates:

	% of the total number		% of the total number	
	31.12.2024	31.12.2024	31.12.2023	31.12.2023
Share certificates held by related parties	9,945	5.59%	8,670	5.28%
Share certificates held by other persons	167,853	94.41%	155,410	94.72%
<b>Number of issued share certificates at the end of the reporting period</b>	<b>177,798</b>	<b>100.00%</b>	<b>164,080</b>	<b>100.00%</b>



#### NOTE 16 RELATED PARTY TRANSACTIONS

Most of the Fund's investments are purchased through a custodian bank. Citadele banka AS also receives a custodian fee, which is disclosed in the statement of income and expenses, and Citadele banka AS holds the cash of the Fund (see Note 3). During the reporting period, the Fund earned interest income of EUR 2,475 on claims on credit institutions, with EUR 617 earned in 2023 (see Note 7).

In 2024, related parties transacted in the Fund's investment certificates (see Note 15). For the purposes of these financial statements, related parties are: officers of the Company, employees of the Company and other natural persons involved in the provision of management services by the Company and whose activities are controlled by the Company, or natural persons who are first degree relatives; companies within the Group of Citadele banka AS; during 2024, 1,764 certificates were purchased and 489 certificates were sold by related parties. During 2023, 1,379 certificates were purchased, and 1,157 certificates were sold by related parties.

Purchases and reselling transactions of share certificates of the Fund are calculated based only on the share certificates held by related parties that were classified as related parties of the Fund as at 31 December 2024 and 31 December 2023.

#### NOTE 17 PERFORMANCE DYNAMICS OF THE INVESTMENT FUND

	31.12.2024	31.12.2023	31.12.2022
<b>Net assets (EUR)*</b>	<b>9,480,383</b>	<b>8,370,468</b>	<b>6,327,317</b>
Number of share certificates	177,798	164,080	151,419
Value of the unit of the Fund	53.32	51.01	41.79
Fund return**	4.53%	22.06%	(35.79%)

\* Net asset value in EUR determined using end-of-day foreign exchange rates quoted on financial markets.

\*\* Yield calculated assuming 365 days per year using end-of-day foreign exchange rates.

#### NOTE 18 EVENTS AFTER THE END OF THE REPORTING PERIOD

There have been no significant events since the end of the reporting year and up to the date of approval that could have a material effect on the assessment of the 2024 Annual Report or on the financial position of the Fund. After the end of the reporting period, in accordance with the resolution of shareholders of Citadele Group, there have been changes in the composition of the Supervisory Board of CBL Asset Management IPAS, on 17.03.2025 the Bank of Latvia has approved the appointment of Edward Rebane as a member of the Supervisory Board of CBL Asset Management IPAS. Ruta Ezerskiene has been relieved of her duties as a member of the Supervisory Board.



Riga,

**DATE: AS STATED IN THE TIME STAMP OF THE ELECTRONIC SIGNATURE**

**CUSTODIAN BANK REPORT**

**For the period from 1st January 2024 to 31st December 2024**

To the holders of "CBL European Leaders Equity Fund"  
Investment Fund Share Certificates

AS "Citadele banka", registered in the Register of Enterprises of the Republic of Latvia on June 30, 2010, with No. 40103303559, registered office: Republikas laukums 2a, Riga, hereby confirms the following:

- in accordance with the custody agreement concluded on 7<sup>th</sup> April 2017 (hereinafter - the Custody Agreement), AS "Citadele banka" (hereinafter the Custodian) performs custodian's duties for the investment fund "CBL European Leaders Equity Fund" (hereinafter - the Fund) established by IPAS "CBL Asset Management" (hereinafter - the Company);
- the Custodian performs the functions of the Fund's custodian pursuant to the law "On Investment Management Companies" and other laws and regulations applicable to the Custodian (hereinafter - the Law).

The Custodian is responsible for the performance of obligations set forth for it in the Law and in the Custody Agreement. The main duties of the Custodian include:

- holding the Fund's assets in accordance with the Law and the Custody Agreement;
- ensuring the maintenance of the Fund's accounts, receiving and executing the Company's orders, as well as settlement of the orders according to requirements of the Law and the Custody Agreement;
- ensuring that the value of Fund's net assets and Fund Share Certificates is estimated in accordance with requirements of the Law, Regulations of Latvijas Banka, Fund prospectus and the Fund Management Rules;
- ensuring that issue, sale or repurchase of the Fund Share Certificates is effected in compliance with requirements of the Law, Fund's prospectus and the Fund Management Rules.
- ensuring that Fund income is allocated in accordance with the Law, the Fund prospectus and the Fund Management Rules.

During the period from January 1<sup>st</sup>, 2024 to December 31<sup>st</sup>, 2024 according to the information provided to the Custodian by the Company:

- Issue, sale and repurchase of the Fund Share Certificates were effected in compliance with requirements of the Law, Fund prospectus and the Fund Management Rules;
- Fund assets were held in accordance with requirements of the Law and the Custody Agreement;
- the value of Fund's net assets was assessed in accordance with requirements of the Law, Regulations of Latvijas Banka, Fund prospectus and the Fund Management Rules;
- the Company's orders, as well as transactions executed with the Fund's assets were performed in accordance with the Law, Fund prospectus, the Fund Management Rules and the Custody Agreement.

Chairwoman of the Management Board

Rūta Ežerskienė

Member of the Management Board

Valters Ābele

**THIS DOCUMENT IS SIGNED ELETRONICALLY WITH SECURE ELECTRONIC SIGNATURE AND CONTAINS TIME STAMP**



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## **Independent Auditors' Report**

### **To the shareholders of the investment fund 'CBL European Leaders Equity Fund'**

#### **Report on the audit of financial statements**

##### *Our Opinion on the Financial Statements*

We have audited the financial statements of the investment fund 'CBL European Leaders Equity Fund' ("the Fund") managed by IPAS 'CBL Asset Management' ("the Asset Manager") as set out on pages 8 to 22 of the accompanying Annual Report. The accompanying financial statements include:

- Overview of assets and liabilities as 31 December 2024,
- Report on income and expenses for the year then ended,
- Statement of changes to net assets for the year then ended,
- Statement of cash flows for the year then ended, and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the investment fund 'CBL European Leaders Equity Fund' as at 31 December 2024, and of its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as adopted by the European Union.

##### *Basis for Opinion*

In accordance with the 'Law on Audit Services' of the Republic of Latvia we conducted our audit in accordance with International Standards on Auditing adopted in the Republic of Latvia (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibility for the Audit of the Financial Statements* section of our report.

We are independent of the Fund and the Asset Manager in accordance with the Code of Ethics for Professional Accountants (IESBA Code) by the International Ethics Standards Board for Accountants and the independence requirements included in the 'Law on Audit Services' of the Republic of Latvia that are relevant to our audit of the financial statements in the Republic of Latvia. We have also fulfilled our other professional ethics responsibilities and objectivity requirements in accordance with the IESBA Code and the 'Law on Audit Services' of the Republic of Latvia.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

##### *Reporting on Other Information*

The management of the Asset Manager is responsible for the other information. The other information comprises:

- Information about the investment fund, as set out on page 3 of the accompanying Annual Report,
- Report of the Investment Management Company, as set out on page 4 and 5 of the accompanying Annual Report,



- Report on the implementation of the engagement policy, presented on page 6 of the accompanying Annual Report,
- Statement of responsibility of the board of the Asset Manager, as set out on page 7 of the accompanying Annual Report.
- Custodian Bank Report, as set out on page 23 of the accompanying Annual Report.

Our opinion on the financial statements does not cover the other information included in the Annual Report, and we do not express any form of assurance conclusion thereon, except as described in the *Other Reporting Responsibilities in Accordance with the Legislation of the Republic of Latvia related to Other Information* section of our report.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed and in light of the knowledge and understanding of the Asset Manager and the Fund and its environment obtained in the course of our audit, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

*Other Reporting Responsibilities in Accordance with the Legislation of the Republic of Latvia Related to Other Information*

In addition, in accordance with the 'Law on Audit Services' of the Republic of Latvia, our responsibility is to express an opinion on whether the Asset Manager's Report is prepared in accordance with the requirements of Regulation No. 382 'Regulation on the preparation of annual reports, consolidated annual reports and interim reports of an investment fund and open alternative investment fund' issued by the Bank of Latvia (Regulation No. 382).

Based solely on the work required to be undertaken in the course of our audit, in our opinion, in all material respects:

- the information presented in the Asset Manager's Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Asset Manager's Report has been prepared in accordance with the requirements of Regulation No. 382.

*Responsibilities of Management and Those Charged with Governance for the Financial Statements*

Management is responsible for the preparation of the financial statements that give a true and fair view in accordance with IFRS Accounting Standards as adopted by the European Union and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the management of the Asset Manager is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management of the Asset Manager either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.



Those charged with governance are responsible for overseeing the Fund's financial reporting process.

*Auditors' Responsibility for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Asset Manager's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Fund to cease to continue as a going concern;
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a fair presentation.



We communicate with those charged with governance of the Fund and the Asset Manager regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG Baltics SIA  
Licence No. 55

Rihards Grasis  
Member of the Board  
Sworn Auditor  
Certificate No. 227  
Riga, Latvia  
28 April 2025

This report is an English translation of the original Latvian. In the event of discrepancies between the two reports, the Latvian version prevails.