



# Investment Fund CBL Global Emerging Markets Bond Fund Annual Report 2021

Prepared in accordance with  
FCMC Regulations on Preparation of  
Annual Reports, Consolidated Annual Reports  
and Semi-Annual Reports of Investment Fund  
and Open Alternative Investment Fund and  
International Financial Reporting Standards  
adopted by the European Union

Riga, 2022

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## **INFORMATION ON THE INVESTMENT FUND**

Name of the und:	CBL Global Emerging Markets Bond Fund
Type of the Fund:	Investment fund
Classes:	- R Acc USD ISIN: LV0000400968  - R Acc EUR (hedged) ISIN: LV0000400828
Registration date of the Fund:	23 May 2013 (re-registered on 30 March 2015)
Number of the Fund:	FL130
Investment management company name:	CBL Asset Management IPAS
Investment management company's registered office:	Republikas laukums 2a, Riga, LV-1010, Latvia
Investment management company's registration number:	40003577500
Number of the license for investment management 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
Investment management company's Council and Board members and their positions:	Council of the investment management company: Chairperson of the Council – Vaidas Žagūnis, appointed on 03.08.2021 Chairperson of the Council – Vladimirs Ivanovs, resigned on 03.08.2021 Deputy Chairperson of the Council – Vladimirs Ivanovs appointed on 03.08.2021 Deputy Chairperson of the Council – Vaidas Žagūnis, resigned on 03.08.2021 Member of the Council - Blohmé Nils Magnus Göran, appointed on 03.08.2021 Member of the Council - Peter Meier, resigned on 03.08.2021  Board of the investment management company: Chairperson of the Board – Kārlis Purgailis Board Member – Zigurds Vaikulis Board Member – Andris Kotāns Board Member – Lolita Sičeva
Rights and responsibilities related to investment fund management:	The Council and the Board members shall perform all duties prescribed in laws and regulations of the Republic and in the Articles of Association of the investment management company
Fund Managers:	Andris Kotāns Edgars Lao
Rights and responsibilities related to the Fund's management:	The Fund Manager shall perform all duties prescribed in laws and regulations of the Republic of Latvia, in the Articles of Association of the investment management company and in the prospectus of the Fund
Auditors:	Rainers Vilāns Certified Auditor Certificate No 200  KPMG Baltics AS Vesetas iela 7 Riga, LV-1013, Latvia Licence No 55

## **INVESTMENT MANAGEMENT COMPANY REPORT**

The investment fund "CBL Global Emerging Markets Bond Fund" (hereinafter - the Fund) is a debt security investment fund offering share certificates of two classes: R Acc USD and R Acc EUR (hedged). Investors have the opportunity to invest both in the euros, i.e., in R Acc EUR (hedged) class share certificates, and in the U.S. dollars, i.e., in R Acc USD class share certificates. The Fund manager is the investment management company CBL Asset Management, legal address Republikas laukums 2a, Riga, LV-1010, registered under No. 40003577500. The Investment Company's operating license is No. 06.03.07.098/367.

The Fund aims at achieving long-term capital appreciation by investing in debt securities issued or guaranteed by central governments, municipalities, central banks, credit institutions and commercial companies of the developing countries. The investment portfolio of the Fund is diversified to include investments in different currencies, industries and countries, thereby achieving a higher protection against volatility of the Fund's asset value versus investments in a single currency, industry or country securities. There were no changes in the Fund's policy during the reporting period.

In 2019, the net assets of the Fund decreased by 10.38% or EUR 3,000,281 and at the end of the reporting period amounted to EUR 25,899,698. As at 31 December 2020, gross assets amounted to EUR 26,171,323. The return of the Fund and its value are calculated for each sub-class individually. At the end of the reporting period the value of the unit of the CBL Global Emerging Markets Bond Fund Class R Acc USD decreased by EUR 0.40 to EUR 9.11, while the value of the unit of the CBL Global Emerging Markets Bond Fund Class R Acc EUR (hedged) increased by EUR 0.29 and reached EUR 11.78. In 2020, the return of the CBL Global Emerging Markets Bond Fund Class R Acc USD was -4.19% (negative) (in the euros according to the ECB exchange rates) and 4.67% (positive) in the Fund's base currency (USD) fixed by the financial markets at the end of the day. In 2020, the return of the CBL Global Emerging Markets Bond Fund Class R Acc EUR (hedged) was 2.52% (positive).

In 2021, the net assets of the Fund decreased by 0.31% or EUR 80,345 and at the end of the reporting period amounted to EUR 25,819,353. As at 31 December 2021, gross assets amounted to EUR 26,009,578. The return of the Fund and its value are calculated for each sub-class individually. At the end of the reporting period the value of the unit of the CBL Global Emerging Markets Bond Fund Class R Acc USD increased by EUR 0.78 and reached EUR 9.89, while the value of the unit of the CBL Global Emerging Markets Bond Fund Class R Acc EUR (hedged) decreased by EUR 0.10 to EUR 11.68. In 2021, the return of the CBL Global Emerging Markets Bond Fund Class R Acc USD was 8.56% (in euros according to the ECB exchange rates) and 0.18% in the Fund's base currency (USD) fixed by the financial markets at the end of the day. In 2021, the return of the CBL Global Emerging Markets Bond Fund Class R Acc EUR (hedged) was -0.85% (negative).

The year 2021 was ambiguous for financial markets. Riskier assets performed strongly, with global equities rising by around 20%, while low-risk fixed-income assets faced significant headwinds as US government bonds showed their first negative performance since 2013. The sharp rise in risk-free bond returns in Q1 2021 was the result of market participants anticipating potential inflation risks and expected changes in the monetary policies of the world's major economies. In such circumstances, the Eurobonds market of developing countries closed the year with minor losses, while the value of the unit of our Fund's R Acc USD share class, while the value of the unit of our Fund's R Acc USD share class managed to close it with a positive performance of 0.2%, slightly outperforming the overall market.

The Eastern Europe region was by far the largest positive contributor to the Fund's performance as security selection in the region's corporate segment was very successful. On the other hand, the Fund had a negative contribution from its investments in the Latin American governments segment since the government of Argentina has long been unable to reach an agreement on further cooperation with the International Monetary Fund. During the reporting period, the largest decline was in the European region, where we significantly reduced our investments in Romania, Russia, Hungary and Kazakhstan, while at the same time we expanded the Fund's investment geography by, inter alia, making new investments in companies that operate in Africa. At the end of the reporting period, the debt securities held within the Fund's portfolio were diversified among 25 countries, and the Fund's average return in US dollar terms was 5.7%, average duration - 3.8 and the average credit rating - Ba2.

In the reporting period, the total management costs amounted to EUR 383,656, which did not exceed the maximum amount of 3.00% provided in the Fund's Prospectus. The investment management company fee amounted to EUR 328,335, custodian fee - EUR 47,280 and other management expenses - EUR 8,041. In 2021, the Fund's ongoing charge figure was 1.49% of the Fund's average net asset value. The prospectuses of the investment funds managed by the Company do not provide for performance fees.

As of the last day of the reporting year until the date of signing these financial statements there have been significant events as described in Note 17. IPAS The management team of IPAS CBL Asset Management closely follows developments both on domestic and global scale of such factors as stability of economic growth, monetary and fiscal policies of leading economies as well as potential inflationary and political risks, as they have a substantial impact on the economic and capital market dynamics of emerging markets. The instrument selection, regardless of the sector and the country will continue to be a decisive factor in the Fund's investment process.

For the Board of the Investment Management Company:

\_\_\_\_\_  
Kārlis Purgailis  
Chairperson of the Board

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Andris Kotāns  
Fund Manager

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Edgars Lao  
Fund Manager

Riga, 29 April 2022

\*This document is signed electronically with a secure electronic signature and contains a time-stamp.

#### **REPORT ON THE ENGAGEMENT POLICY IMPLEMENTATION**

The Company is mainly involved in managing the entities in which the Fund has invested by exercising its voting rights, particularly, where the Fund holds at least 5% of their total. The Fund Managers are responsible for the implementation of involvement measures. During the reporting period the implementation of involvement measures were carried out with fourteen issuers. The Fund Managers called on companies to improve disclosure practices important to investors, participate in the process of developing new terms of issue to ensure better investor protection as well as and voted on changes to bond prospectuses and rules, in one case also voting against the proposed changes because, in our view, the potential changes were not in the best interests of bond investors in that particular case. During the reporting period, an extensive engagement with the European Lingerie Group was concluded concerning the bond restructuring process, during which discussions were held with the company's representatives, shareholders, potential investors and respective advisors and actively participating in the committee set up by the bondholders.

For the Board of the Investment Management Company:

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Kārlis Purgailis  
Chairperson of the Board

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Andris Kotāns  
Fund Manager

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Edgars Lao  
Fund Manager

Riga, 29 April 2022

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**STATEMENT OF RESPONSIBILITY OF THE BOARD OF THE INVESTMENT MANAGEMENT COMPANY**

The Board of the Company is responsible for preparation of financial statements of the investment fund “CBL Global Emerging Markets Bond Fund” (hereinafter - the Fund).

The financial statements on pages 8 through 29 are prepared based on source documents and present fairly the financial position of the Fund as at 31 December 2021 and the results of its operations in 2021.

Financial statements mentioned above are prepared in accordance with the International Financial Reporting Standards adopted by the European Union, as required by the regulation of the Financial and Capital Market Commission (FCMC) 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 methods have been consistently applied in the reporting period, except for the changes made to the accounting policies with regard to interest income and revaluation results. Prudent and reasonable judgments and estimates have been made by the Management in the preparation of the financial statements.

The Board of the Company is responsible for the maintenance of proper accounting records, the safeguarding of CBL Global Emerging Markets Bond Fund assets and the prevention and detection of fraud and other irregularities. The Board is also responsible for ensuring compliance with the Law on Investment Management Companies, regulations of the Financial and Capital Market Commission (FCMC) and other laws and regulations of the Republic of Latvia.

For the Board of the Investment Management Company:

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Kārlis Purgailis  
Chairperson of the Board

Riga, 29 April 2022

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

**CUSTODIAN BANK REPORT**

**For the period from 1 January 2021 to 31 December 2021**

To the holders of CBL Global Emerging Markets Bond Fund  
Investment Fund Share Certificates

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

- in accordance with the custodian agreement concluded on 7 April 2017 (hereinafter - the Custodian Agreement), AS Citadele banka (hereinafter the Custodian) performs custodian's duties for the investment fund CBL Global Emerging Markets Bond 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 Custodian Agreement. The main duties of the Custodian include:

- holding the Fund's assets in accordance with the Law and the Custodian 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 Custodian 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 Financial and Capital Market Commission, 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 1 January 2021 to 31 December 2021 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 Custodian Agreement;
- the value of Fund's net assets was assessed in accordance with requirements of the Law, Regulations of Financial and Capital Market Commission, 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 Custodian Agreement.

Member of the Management Board

Valters Ābele

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**STATEMENT OF ASSETS AND LIABILITIES**

	Notes	<u>31.12.2021.</u>	<u>31.12.2020.</u>
<b>Assets</b>			
Due on demand from credit institutions	3	1,401,826	1,153,833
Financial assets at fair value through profit or loss:			
Debt instruments	4	24,517,867	24,501,412
Derivative financial instruments	5	89,885	516,078
<b>Total assets</b>		<u><b>26,009,578</b></u>	<u><b>26,171,323</b></u>
<b>Liabilities</b>			
Financial liabilities at fair value through profit or loss:			
Derivative financial instruments	5	(154,976)	(230,875)
Accrued expenses	6	(35,249)	(40,750)
<b>Total liabilities</b>		<u><b>(190,225)</b></u>	<u><b>(271,625)</b></u>
<b>Net assets</b>		<u><b>25,819,353</b></u>	<u><b>25,899,698</b></u>

The accompanying notes on pages 12 through 29 form an integral part of these financial statements.

For the Board of the Investment Management Company:

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Kārlis Purgailis  
Chairperson of the Board

Riga, 29 April 2022

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**STATEMENT OF INCOME AND EXPENSES**

	Notes	<u>31.12.2021.</u>	<u>31.12.2020.</u>
<b>Income for the reporting period</b>			
Interest income	7	1,269,293	1,022,559
Other income		40,813	2,000
<b>Total income</b>		<b>1,310,106</b>	<b>1,024,559</b>
<b>Expenses for the reporting period</b>			
Remuneration to investment management company		(328,335)	(338,159)
Custodian Fee		(47,280)	(40,579)
Other Fund management expenses		(8,041)	(11,209)
Interest expenses		(31)	(213)
<b>Total expenses</b>		<b>(383,687)</b>	<b>(390,160)</b>
<b>Increase/ (decrease) in investment value</b>			
Realized (decrease)/increase in investment value	8	(100,015)	(502,108)
Unrealized (decreased)/increase in investment value	9	(895,780)	337,141
<b>Total (decrease) in investments</b>		<b>(995,795)</b>	<b>(164,967)</b>
Foreign currency revaluation result		158,929	(802,478)
<b>Increase/(decrease)/increase in net assets from investment</b>		<b>89,553</b>	<b>(333,046)</b>

The accompanying notes on pages 12 through 29 form an integral part of these financial statements.

For the Board of the Investment Management Company:

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Kārlis Purgailis  
Chairperson of the Board

Riga, 29 April 2022

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**STATEMENT OF CHANGES IN NET ASSETS**

<b>CBL Global Emerging Markets Bond Fund</b>	<b>31.12.2021.</b>	<b>31.12.2020.</b>
Net assets at the beginning of the reporting period	25,899,698	28,899,979
Increase/(decrease) in net assets from investment	89,553	(333,046)
Transactions with share certificates		
Inflow from sale of share certificates	2,700,327	7,099,859
Outflow on redemption of share certificates	(2,870,225)	(9,767,094)
(Decrease) in net assets from transactions with share certificates	(169,898)	(2,667,235)
Net asset (decrease) in the reporting period	(80,345)	(3,000,281)
<b>Net assets at the end of the reporting period</b>	<b>25,819,353</b>	<b>25,899,698</b>

  

<b>CBL Global Emerging Markets Bond Fund: Class R Acc USD</b> <b>ISIN : LV0000400968</b>	<b>31.12.2021.</b>	<b>31.12.2020.</b>
Number of share certificates issued at the beginning of the reporting period	382,621	403,288
Number of share certificates issued at the end of the reporting period	372,425	382,621
Net assets per share certificate at the beginning of the reporting period	9.11	9.51
<b>Net assets per share certificate at the end of the reporting period</b>	<b>9.89</b>	<b>9.11</b>

  

<b>CBL Global Emerging Markets Bond Fund: Class R Acc EUR</b> <b>(hedged) ISIN : LV0000400828</b>	<b>31.12.2021.</b>	<b>31.12.2020.</b>
Number of share certificates issued at the beginning of the reporting period	1,902,075	2,181,735
Number of share certificates issued at the end of the reporting period	1,894,892	1,902,075
Net assets per share certificate at the beginning of the reporting period	11.78	11.49
<b>Net assets per share certificate at the end of the reporting period</b>	<b>11.68</b>	<b>11.78</b>

The accompanying notes on pages 12 through 29 form an integral part of these financial statements.

For the Board of the Investment Management Company:

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Kārlis Purgailis  
Chairperson of the Board

Riga, 29 April 2022

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**STATEMENT OF CASH FLOWS**

	Notes	<u>31.12.2021.</u>	<u>31.12.2020.</u>
<b>Cash flow from/to operating activities</b>			
Interest income		1,133,668	1,036,876
Other income		40,813	2,000
Interest expenses		(31)	(213)
Investment management expenses		(389,570)	(395,029)
Acquisition of investments	10	(19,918,989)	(21,463,364)
Sale/ disposal of investments		20,497,512	21,145,167
Foreign currency revaluation and FX derivatives result		(1,032,837)	960,951
<b>Increase in cash and cash equivalents from operating activities</b>		<u><b>330,566</b></u>	<u><b>1,286,388</b></u>
<b>Cash flow from/to financing activities</b>			
Inflow from sale of share certificates		2,700,327	7,099,859
Outflow on redemption of share certificates		(2,870,225)	(9,767,094)
<b>(Decrease) in cash and cash equivalents from financing activities</b>		<u><b>(169,898)</b></u>	<u><b>(2,667,235)</b></u>
<b>Increase/(decrease) in cash and cash equivalents, net</b>		<u><b>160,668</b></u>	<u><b>(1,380,847)</b></u>
<b>Cash and cash equivalents at the beginning of the reporting year</b>		<b>1,153,833</b>	<b>2,668,368</b>
Foreign currency revaluation result		<b>87,325</b>	<b>(133,688)</b>
<b>Cash and cash equivalents at the end of the reporting year</b>	<b>3</b>	<u><b>1,401,826</b></u>	<u><b>1,153,833</b></u>

The accompanying notes on pages 12 through 29 form an integral part of these financial statements.

For the Board of the Investment Management Company:

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Kārlis Purgailis  
Chairperson of the Board

Riga, 29 April 2022

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## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 1 GENERAL INFORMATION

Name of the Fund:	CBL Global Emerging Markets Bond Fund (hereinafter - the Fund)
Type of the Fund:	Investment fund
Scope of the Fund:	Investments primarily in debt securities issued or guaranteed by the emerging countries' governments, local authorities, central banks, credit institutions and commercial undertakings. The Fund's investment portfolio is diversified between investments in different countries and sectors, with the aim of providing more protection against fluctuations in the value of the Fund's assets, compared with investments in securities of only one country or sector.
	The Fund's base currency is the U.S. dollar (USD).
Investment management company name:	IPAS CBL Asset Management (hereinafter - the Company) Republikas laukums 2a, Rīga, LV-1010, Latvia

### NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Basis of preparation

The financial statements of IF CBL Global Emerging Markets Bond Fund (hereinafter - the Fund) are prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS) and as required by the Regulation of the Financial and Capital Market Commission (FCMC) On Preparation of Annual Reports, Consolidated Annual Reports and Semi-Annual Reports of Investment Fund and Open Alternative Investment Fund.

The financial statements are prepared on a historical cost basis and adjusted for the fair value of the financial instruments held for trading.

The monetary unit used in the financial statements is the euro (EUR), the official currency of the Republic of Latvia. The financial statements cover the period 1 January 2021 through 31 December 2021.

#### Functional and reporting currency

The functional currency of the Fund is the U.S. dollar, but complying with the FCMC requirements, the Fund also maintains accounts in the euros.

#### Significant estimates and assumptions

The preparation of financial statements in conformity with IFRS requires making of substantial assumptions. Moreover, when preparing the financial statements, the management of the Company has to make assumptions and judgments to apply the Fund's accounting policy. Preparation of financial statements in compliance with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures in the financial statements at the date of financial statements as well as income and expenses recognized in the reporting period.

The most significant estimates and assumptions refer to the measurement of the fair value of financial assets.

#### Income and expense recognition

All interest income and expenses are recognized on an accrual basis.

For assets and liabilities at amortized cost, interest income and expenses are recognized in the statement of income and expenses, using the effective interest method. The effective interest rate is the rate that is used for the exact discounting of future cash flows of the financial instrument over the expected useful life of the financial asset or liability. For financial instruments at fair value through profit or loss, interest income is recognized on an accrual basis without applying the effective interest rate.

Remuneration for the Fund's management and Custodian fee is calculated as a certain part of the value of the Fund's assets, accrued on a daily basis but paid out on a monthly basis.

Two types of transactions with derivative financial instruments (DFI) are concluded at the expense of the Fund. The first type relates to the Fund's total assets aiming to hedge foreign currency risks or earn profit. In this case, all income or expenses from DFI are attributed to the Fund's total assets. The other type focuses on containing the volatility of the value of the unit of the R Acc EUR (hedged) class share certificates due to changing exchange rates between the currency of the share certificate class (EUR) and the Fund's base currency (USD). In this case, all income and expenses from DFI are attributed only to the Fund's assets which are attributable to the R Acc EUR (hedged) class share certificates.

Derivatives listed on stock exchanges or traded on other regulated markets are valued at a price for which the instrument can be sold (the last purchase price at the market close on the day of the calculation of the Fund's 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 the calculation of the Fund's value or at a price that is calculated on the basis of the market price of the underlying asset. A compensatory transaction is a transaction that liquidates a derivative.

#### Foreign currency revaluation

Transactions in foreign currencies are revaluated into euro at the foreign exchange rate stated by the European Central Bank as at the transaction date. Monetary assets and liabilities denominated in foreign currencies are revaluated into euro according to the foreign exchange rate stated by the European Central Bank as at the end of the last day of the reporting period. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are revaluated into functional currency at the exchange rate at the date when the fair value was determined. The exchange rates (foreign currency units against the EUR) stated by the European Central Bank that were mainly applied when preparing the statement of assets and liabilities of the fund were as follows:

<u>Currency</u>	<u>31.12.2021.</u>	<u>31.12.2020.</u>
USD	1.1326	1.22710

### **Cash and cash equivalents**

Cash and cash equivalents comprise the Fund's current account balances and other short term high liquidity investments with original maturity of less than 3 months.

### **Financial instruments**

The Company recognizes a financial asset when, and only when, the Company becomes a party to the contract. Financial assets are classified as either measured at amortized cost, at fair value through other comprehensive income or at fair value through profit or loss. The basis for classification is both business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. At acquisition the applicable classification is evaluated based on the guidelines established by the Company. To classify a financial asset to a particular category, the Company at inception determines whether the asset meets the relevant business model and contractual cash flow criteria. The business model is revealed through the activities of the Company. It stems from the Company's typical way of managing its financial assets in order to generate cash flows; thus, the assessment is not performed on the basis of scenarios that the Company does not reasonably expect to occur. In a stress case, if cash flows are recovered in a way that is different from the Company's expectations embedded in the business model, it does not give rise to a prior period error nor does it change the classification of the remaining financial assets held in that business model. However, for future acquisitions historical cash flows are considered and may give rise to changes in the business model.

All financial assets are recognized initially at fair value plus directly attributable transaction costs, except in the case of financial assets stated at fair value through profit or loss. All "regular way" purchases and sales of investments are recognized using settlement date accounting. The settlement date is the date when an asset is delivered to or by the Company. Settlement date accounting refers to the recognition of an asset on the day it is transferred to the Company and to the de-recognition of an asset, on the day that it is transferred by the Company.

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

A financial asset is measured at fair value through profit or loss unless it is measured at amortized cost or at fair value through other comprehensive income. Given the specifics of the Fund's activities, most of the financial assets are classified under this category as the Fund's business model is designed to increase the net asset value as a result of holding or trading of financial assets. For equity instruments that would otherwise be measured at fair value through profit or loss an irrevocable election at initial recognition on instrument-by-instrument basis is made to present subsequent changes in fair value in other comprehensive income. Also a financial asset or liability, at initial recognition, may be irrevocably designated as measured at fair value through profit or loss if doing so eliminates or significantly reduces "accounting mismatch" that would otherwise arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases, or when a group of financial liabilities or a group of financial assets and financial liabilities are managed and its performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the management.

Excluding interest on interest rate swaps, interest on financial assets measured at fair value through profit or loss is included in net interest income. Revaluation and trading gains or losses arising from changes in fair value of financial assets or financial liabilities that are measured at fair value through profit or loss, as well as interest on interest rate swaps, are recognized directly in the statement of income as net financial income. Such financial assets and liabilities are subsequently re-measured at fair value based on available market prices or broker quotes.

Included in this category are certain life insurance contract liabilities, which are managed and evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Financial assets and liabilities which are held for trading are measured at fair value through profit or loss. Financial assets and liabilities are held for trading if they are either acquired to generate profit from short-term fluctuations in price or dealer's margin or they are a part of the portfolio characterized by generating short-term profit. The Fund also has balances due on demand from credit institutions; however, given their structure and credit ratings, the expected credit loss allowances are not significant.

For the purposes of price risk management, the Fund can perform transactions in derivative financial instruments. For accounting purposes, all derivatives are classified as held for trading. Subsequent to initial recognition and measurement, the contracts are recognized at their fair value. The fair value of these contracts is recognized in the statement of assets and liabilities as derivative financial instruments. The notional value of these contracts is disclosed in the notes to the financial statements.

Profit or loss from changes in claims and liabilities that arise from the contracts are charged to the statement of income and expenses as the foreign currency revaluation result.

### **Recognition and derecognition**

All purchases and sales of financial assets are recognized on the settlement date. Financial assets are derecognized when the contractual rights to receive cash flows from the financial asset expire or when the Fund has transferred substantially all the risks and benefits incidental to ownership of an asset. Financial assets at fair value through profit or loss are initially recognized at fair value and all transaction costs are carried to the statement of income and expenses. Other financial assets are initially recognized at fair value plus transaction costs.

### **Allowances for impairment of financial assets**

The Company estimates expected credit losses (ECL). Requirements for ECL allowances apply to financial assets at amortized cost, but do not apply to financial assets at fair value through profit or loss. Impairment allowances are recognized based on forward-looking information, even if no credit loss event has occurred. The assessment considers a broad range of information, but as most of these types of exposures are assigned credit ratings, it relies heavily on external credit ratings and reported by rating agencies default rates derived by calculating multi-period rating transition matrices. If unavailable for evaluation purposes, external credit ratings may be substituted by internally calculated credit quality levels. Credit risk triggers (event of insolvency, any delay of payments, restructuring of debt) and individual credit risk analysis of the issuer are also considered. The Group deems investment grade rated exposures as

low credit risk, thus these are assumed not to have experienced a significant increase in credit risk. For non-investment grade exposures decrease in external credit rating by more than 3 notches since acquisition is deemed significant increase in credit risk. Expected credit losses are recognized based on the stage in which the exposure is allocated at the reporting date. 12-month ECL are recognized for Stage 1 exposures, where credit risk since initial recognition has not increased significantly. Lifetime ECL are recognized for Stage 2 exposures, whose credit risk has increased significantly since initial recognition, and Stage 3 exposures which are credit impaired. Stage 3 exposures, if any identified, would additionally be subjected to comprehensive evaluation, including comparison to market valuations for similar exposures, analysis of market depth of the respective security, past trading performance and all 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 the Fund's financial instruments using the price of the respective financial instrument quoted in an active market. A market is regarded active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Securities are revaluated based on the bid prices available from Bloomberg and NASDAQ OMX Riga financial information. Securities purchase and sales transactions are recognized at the settlement date. The acquisition cost is measured using the FIFO (*first in, first out*) method.

If there is no quoted price in an active market, then the Company uses valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

As regards initial recognition, the best evidence of fair value is the transaction price, i.e., the fair value of remuneration given or received. If the Company determines that the fair value at initial recognition differs from the transaction price and the fair value is evidenced neither by the quoted market price of an identical asset or liability in an active market, nor by results of assessment methods that use only observable data, the financial instrument is initially carried at fair value which is adjusted to reflect the difference between the fair value at initial recognition and the transaction price. Later this difference is recognized in the profit or loss statement, taking into account the instrument's expected useful life, but no later than the time when the value may be fully justified by observable market data or when the transaction is completed.

Financial asset and financial liability portfolios that are exposed to market risk and credit risk, managed by the Fund based on the net exposure to either market risk or credit risk, are assessed taking into account the price which would be paid for the sale of the net long position (or paid to transfer net short position) for particular risks. These portfolio-level adjustments are allocated to individual assets and liabilities based on relative risk adjustments related to each of the individual instruments in the portfolio.

The description of the methods used in determining the fair value by 3 levels based on the level of the observable inputs used in the valuation techniques is provided below.

Level 1 represents financial instruments whose fair value is determined based on stock exchange prices quoted in an active market. This category generally includes shares, debt securities, short-term bonds and standardized derivatives whose value is assessed using stock exchange price quotes. Securities that are traded in active OTC markets are also included in this category.

Level 2 represents financial instruments whose fair value is determined by using available market data such as prices for similar financial instruments that have been traded in market transactions. This category generally includes less liquid debt securities and derivatives that are measured based on available market data. The price of less liquid debt securities is adjusted by the difference between the available yield rates.

Level 3 represents financial instruments whose fair value is determined using available market data and the Company's internal estimates.

The Company recognizes changes in the fair value hierarchy level for instruments at the end of the reporting period in which the changes have occurred. Compared to the previous year, there have been no changes in the fair value hierarchy.

Financial asset and financial liability portfolios that are exposed to market risk and credit risk, which for the Fund are managed by the Company, based on the net exposure to either market risk or credit risk, are assessed taking into account the price that would be paid for the sale of the net long position (or paid to transfer net short position) for particular risks. These portfolio-level adjustments are allocated to individual assets and liabilities based on relative risk adjustments related to each of the individual instruments in the portfolio.

#### **Taxes**

The Fund's income is subject to taxes in the country where it has been generated. The Fund is not subject to corporate income tax of the Republic of Latvia.

#### **New requirements entering into force in 2021 without impacting the Fund materially**

IFRS 16 Leases-Covid-19 Related Rent Concessions (Amendments)

Interest Rate Benchmark Reform – Phase 2 – IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 (Amendments)

#### **Future requirements not yet in force from 1 January 2021**

The EU has issued a number of new standards, amendments to standards and interpretations that are effective for annual periods beginning on or after 1 January 2021, but that have not yet been endorsed by the EU. They have not been applied in preparing these financial statements. The Company is not inclined towards their early adoption. The Company is in the process of evaluating the potential effect, if any, of the changes arising from these new standards and interpretations.

IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current (Amendments)

IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies (Amendments)  
IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (Amendments)  
IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments).

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

	% of the Fund's net assets		% of the Fund's net assets	
	31.12.2021.	31.12.2021	31.12.2020.	31.12.2020.
Due on demand from credit institutions, AS Citadele Banka	1,401,826	5.43%	1,153,833	4.46%
<b>Total demand deposits with credit institutions</b>	<b>1,401,826</b>	<b>5.43%</b>	<b>1,153,833</b>	<b>4.46%</b>

**NOT 4 DEBT INSTRUMENTS AND OTHER FIXED INCOME INSTRUMENTS**

	% of the Fund's net assets		% of the Fund's net assets	
	31.12.2021.	31.12.2021.	31.12.2020.	31.12.2020.
<b>Debt instruments of credit institutions:</b>	<b>1,287,483</b>	<b>1,244,140</b>	<b>4.21%</b>	<b>4.99%</b>
Debt instruments of credit institutions of non-OECD countries	1,287,483	1,244,140	4.21%	4.99%
<b>Corporate debt instruments:</b>	<b>20,785,344</b>	<b>18,582,309</b>	<b>5.43%</b>	<b>80.51%</b>
Corporate debt instruments of non-OECD countries	15,225,409	12,179,192	5.28%	58.97%
Corporate debt instruments of OECD countries	5,192,087	6,403,117	5.89%	20.11%
Latvian corporate debt instruments	367,848	-	5.31%	1.42%
<b>Government debt instruments:</b>	<b>1,519,796</b>	<b>1,697,579</b>	<b>7.11%</b>	<b>5.88%</b>
Central government debt instruments of non-OECD countries	958,443	1,697,579	5.81%	3.71%
Local government debt instruments of OECD countries	561,353	-	9.32%	2.17%
<b>Financial institution debt instruments:</b>	<b>925,244</b>	<b>2,977,384</b>	<b>13.12%</b>	<b>3.58%</b>
Debt instruments of financial institutions of non-OECD countries	-	539,944	0.00%	0.00%
Debt instruments of financial institutions of OECD countries	925,244	2,437,440	13.12%	3.58%
<b>Total debt instruments and other fixed income instruments</b>	<b>24,517,867</b>	<b>24,501,412</b>	<b>5.76%</b>	<b>94.96%</b>

All debt instruments and other fixed income instruments are classified as financial assets at fair value through profit or loss.

In 2021, all fixed income financial instruments held by the Fund are traded on regulated markets. In 2020, all fixed income financial instruments held by the Fund are traded on regulated markets, except for not traded on regulated markets instruments worth EUR 432,902.

The following table presents the debt instruments broken down by the issuer's country of origin as at 31 December 2021:

Financial instrument	ISIN code	Currency	Nominal amount	Acquisition value (EUR)	Carrying amount 31.12.2021.	% of the Fund's net assets 31.12.2021.
<b>Financial instruments traded on regulated markets:</b>				<b>24,308,340</b>	<b>24,517,867</b>	<b>94.96%</b>
<b>Debt instruments of Mexican issuers:</b>				<b>2,727,223</b>	<b>2,576,308</b>	<b>9.98%</b>
Grupo KUO SAB De CV 5.75% 07/2027	USP4954BAF33	USD	850,000	745,050	792,619	3.07%
Cemex SAB de CV 7.375% 06/2027	USP2253TJP59	USD	750,000	715,872	732,221	2.84%
Total Play Telecomunicaciones SA de CV 7.5% 11/2025	USP9190NAB93	USD	700,000	591,183	635,099	2.46%
Credito Real SAB de CV SOFOM ER 5.0% 02/2027	XS2060698219	EUR	700,000	675,118	416,369	1.61%
<b>Debt instruments of Brazilian issuers:</b>				<b>2,415,702</b>	<b>2,574,626</b>	<b>9.97%</b>
Adecoagro SA 6.0% 09/2027	USL00849AA47	USD	750,000	545,601	692,561	2.68%
CSN Inova Ventures 6.75% 01/2028	USG2583XAB76	USD	700,000	676,513	667,231	2.58%
NBM US Holdings Inc 7% 05/2026	USU63768AA01	USD	700,000	632,572	653,785	2.54%

Financial instrument	ISIN code	Currency	Nominal amount	Acquisition value (EUR)	Carrying amount 31.12.2021.	% of the Fund's net assets 31.12.2021.
Gol Finance SA 7% 01/2025	USL4441RAA43	USD	700,000	561,016	561,049	2.17%
<b>Debt instruments of Indian issuers:</b>				<b>1,543,608</b>	<b>1,589,145</b>	<b>6.16%</b>
Adani Ports & Special Economic Zone Ltd 4.2% 08/2027	USY00130VS35	USD	1,000,000	899,331	929,837	3.61%
JSW Steel Ltd 5.95% 04/2024	XS1981202861	USD	700,000	644,277	659,308	2.55%
<b>Debt instruments of Indonesian issuers:</b>				<b>1,478,164</b>	<b>1,574,063</b>	<b>6.10%</b>
Tower Bersama Infrastructure Tbk PT 2.75% 01/2026	XS2279432384	USD	1,000,000	865,097	891,067	3.45%
Listrindo Capital BV 4.95% 09/2026	USN5276YAD87	USD	750,000	613,067	682,996	2.65%
<b>Debt instruments of South African issuers:</b>				<b>1,414,241</b>	<b>1,457,426</b>	<b>5.65%</b>
SASOL Financing USA LLC 5.875% 03/2024	US80386WAA36	USD	800,000	728,193	745,659	2.89%
Sappi Papier Holding GmbH 3.125% 04/2026	XS1961852750	EUR	700,000	686,048	711,767	2.76%
<b>Debt instruments of Paraguayan issuers:</b>				<b>1,453,229</b>	<b>1,430,595</b>	<b>5.54%</b>
Telefonica Celular 5.875% 04/2027	USP90475AB31	USD	850,000	812,952	784,978	3.04%
Frigorifico Concepcion SA 7.7% 07/2028	USP4R54KAA49	USD	700,000	640,277	645,617	2.50%
<b>Debt instruments of Uzbek issuers:</b>				<b>1,221,150</b>	<b>1,285,481</b>	<b>4.98%</b>
Ipoteka-Bank ATIB 5.5% 11/2025	XS2260457754	USD	850,000	726,471	767,082	2.97%
Uzauto Motors AJ 4.85% 05/2026	XS2330272944	USD	600,000	494,679	518,399	2.01%
<b>Debt instruments of Peruvian issuers:</b>				<b>1,165,109</b>	<b>1,198,210</b>	<b>4.64%</b>
Auna SAA 6.5% 11/2025	USP0592VAA63	USD	700,000	628,194	638,265	2.47%
Camposol SA 6% 02/2027	USP19189AE26	USD	600,000	536,915	559,945	2.17%
<b>Debt instruments of Lithuanian issuers:</b>				<b>983,551</b>	<b>995,401</b>	<b>3.85%</b>
Akropolis Group Uab 2.875% 06/2026	XS2346869097	EUR	600,000	596,878	578,621	2.24%
AUGA group AB 6.00% 12/2024	LT0000404238	EUR	420,000	386,673	416,780	1.61%
<b>Debt instruments of Colombian issuers:</b>				<b>881,415</b>	<b>895,176</b>	<b>3.47%</b>
Ecopetrol SA 6.875% 04/2030	US279158AN94	USD	900,000	881,415	895,176	3.47%
<b>Debt instruments of Moroccan issuers:</b>				<b>821,564</b>	<b>837,643</b>	<b>3.24%</b>
Vivo Energy Investments BV 5.125% 09/2027	XS2231814570	USD	900,000	821,564	837,643	3.24%
<b>Debt instruments of Estonian issuers:</b>				<b>797,830</b>	<b>796,797</b>	<b>3.08%</b>
Mainor Ulemiste 5.5% 04/2023	EE3300111343	EUR	450,000	450,000	442,510	1.71%
Summus Capital OU 6.75% 06/2024	LV0000802478	EUR	350,000	347,830	354,287	1.37%
<b>Debt instruments of issuers in Trinidad and Tobago:</b>				<b>768,046</b>	<b>723,289</b>	<b>2.80%</b>
Trinidad Generation UnLtd 5.25% 11/2027	USP9400VAA90	USD	800,000	768,046	723,289	2.80%
<b>Debt instruments of Russian issuers:</b>				<b>710,230</b>	<b>707,283</b>	<b>2.74%</b>
PIK Securities DAC 5.625% 11/2026	XS2010026560	USD	800,000	710,230	707,283	2.74%
<b>Debt instruments of issuers in Burkina Faso:</b>				<b>716,235</b>	<b>706,527</b>	<b>2.74%</b>
Endeavour Mining PLC 5% 10/2026	USG3R41AAA47	USD	800,000	716,235	706,527	2.74%
<b>Debt instruments of Serbian issuers:</b>				<b>663,945</b>	<b>650,959</b>	<b>2.52%</b>
Serbia International Bond 3.125% 05/2027	XS2170186923	EUR	600,000	663,945	650,959	2.52%
<b>Debt instruments of Guatemalan issuers:</b>				<b>629,524</b>	<b>649,134</b>	<b>2.51%</b>
Central American Bottling Corp 5.75% 01/2027	USG20011AC94	USD	700,000	629,524	649,134	2.51%
<b>Debt instruments of Moldovan issuers:</b>				<b>587,826</b>	<b>634,529</b>	<b>2.46%</b>
Aragvi Finance International DAC 8.45% 04/2026	XS2326545204	USD	700,000	587,826	634,529	2.46%
<b>Debt instruments of Ukrainian issuers:</b>				<b>593,186</b>	<b>624,540</b>	<b>2.42%</b>
MHP Lux SA 6.95% 04/2026	XS1713469911	USD	700,000	593,186	624,540	2.42%
<b>Debt instruments of Turkish issuers:</b>				<b>582,930</b>	<b>561,353</b>	<b>2.17%</b>
Istanbul Metropolitan Municipality 6.375% 12/2025	XS2010029234	USD	700,000	582,930	561,353	2.17%



Financial instrument	ISIN code	Currency	Nominal amount	Acquisition value (EUR)	Carrying amount 31.12.2021.	% of the Fund's net assets 31.12.2021.
<b>Debt instruments of Georgian issuers:</b>				<b>480,838</b>	<b>520,401</b>	<b>2.02%</b>
BGEO Group JSC 6% 07/2023	XS1405775880	USD	550,000	480,838	520,401	2.02%
<b>Debt instruments of Swedish issuers:</b>				<b>505,260</b>	<b>508,875</b>	<b>1.97%</b>
DDM Debt AB 9% 04/2026	SE0015797683	EUR	500,000	505,260	508,875	1.97%
<b>Debt instruments of Latvian issuers:</b>				<b>351,176</b>	<b>367,848</b>	<b>1.42%</b>
Elko Grupa AS 6% 02/2026	LV0000870079	EUR	351,000	351,176	367,848	1.42%
<b>Debt instruments of Danish issuers:</b>				<b>350,273</b>	<b>344,774</b>	<b>1.34%</b>
Idavang A/S 7.25% 11/2025	DK0030472618	EUR	350,000	350,273	344,774	1.34%
<b>Debt instruments of Argentinian issuers:</b>				<b>466,085</b>	<b>307,484</b>	<b>1.19%</b>
Argentine Republic Government International Bond 0.125% 07/2030	XS2177363665	EUR	970,000	466,085	307,484	1.19%
<b>Total debt instruments and other fixed income instruments:</b>				<b>24,308,340</b>	<b>24,517,867</b>	<b>94.96%</b>

The following table presents the debt instruments broken down by the issuer's country of origin as at 31 December 2020:

Financial instrument	ISIN code	Currency	Nominal value	Acquisition value (EUR)	Carrying amount 31.12.2020.	% of the Fund's net assets 31.12.2020.
<b>Financial instruments traded on regulated markets:</b>				<b>24,586,378</b>	<b>24,068,510</b>	<b>92.93%</b>
<b>Debt instruments of Mexican issuers:</b>				<b>2,847,936</b>	<b>2,772,104</b>	<b>10.70%</b>
Credito Real SAB de CV SOFOM ER 5.0% 02/2027	XS2060698219	EUR	800,000	775,095	754,970	2.91%
Grupo KUO SAB De CV 5.75% 07/2027	USP4954BAF33	USD	850,000	745,050	746,777	2.88%
Cemex SAB de CV 7.75% 04/2026	USP2253TJK62	USD	800,000	736,608	696,980	2.70%
Total Play Telecomunicaciones SA de CV 7.5% 11/2025	USP9190NAB93	USD	700,000	591,183	573,377	2.21%
<b>Debt instruments of Brazilian issuers:</b>				<b>2,279,543</b>	<b>2,252,717</b>	<b>8.69%</b>
Adecoagro SA 6.0% 09/2027	USL00849AA47	USD	750,000	545,601	652,838	2.52%
MARB BondCo PLC 6.875% 01/2025	USG5825AAB82	USD	750,000	733,551	651,131	2.51%
Globo Comunicacao e Participacoes SA 4.843% 06/2025	USP47773AN93	USD	600,000	562,315	520,940	2.01%
Tupy Overseas SA 6.625% 07/2024	USL9326VAA46	USD	500,000	438,076	427,808	1.65%
<b>Debt instruments of South African issuers:</b>				<b>2,192,243</b>	<b>2,087,629</b>	<b>8.06%</b>
Sappi Papier Holding GmbH 3.125% 04/2026	XS1961852750	EUR	800,000	787,024	782,632	3.02%
SASOL Financing USA LLC 5.875% 03/2024	US80386WAA36	USD	800,000	728,193	703,569	2.72%
Stillwater Mining Co 7.125% 06/2025	USU85969AD24	USD	700,000	677,026	601,428	2.32%
<b>Debt instruments of Indonesian issuers:</b>				<b>1,772,282</b>	<b>1,851,488</b>	<b>7.15%</b>
Chandra Asri Petrochemical 4.95% 11/2024	USY7141GAA05	USD	900,000	722,623	740,426	2.86%
Indonesia 1.75% 04/2025	XS1810775145	EUR	600,000	616,347	639,573	2.47%
Listrindo Capital BV 4.95% 09/2026	USN5276YAD87	USD	550,000	433,312	471,489	1.82%
<b>Debt instruments of Russian issuers:</b>				<b>1,603,486</b>	<b>1,539,003</b>	<b>5.94%</b>
NLMK 4.5% 06/2023	XS1405775617	USD	900,000	820,862	785,037	3.03%
ALROSA Finance SA 3.1% 06/2027	XS2010030919	USD	900,000	782,624	753,966	2.91%
<b>Debt instruments of Indian issuers:</b>				<b>1,180,502</b>	<b>1,240,172</b>	<b>4.79%</b>
ONGC Videsh Vankorneft Pte Ltd 3.75% 07/2026	XS1457499645	USD	800,000	630,070	715,506	2.76%
JSW Steel Ltd 5.95% 04/2024	XS1981202861	USD	600,000	550,432	524,666	2.03%
<b>Debt instruments of Lithuanian issuers:</b>				<b>1,072,404</b>	<b>1,130,922</b>	<b>4.37%</b>
Maxima Grupe UAB 3.25% 09/2023	XS1878323499	EUR	600,000	612,079	630,339	2.43%

Financial instrument	ISIN code	Currency	Nominal value	Acquisition value (EUR)	Carrying amount 31.12.2020.	% of the Fund's net assets 31.12.2020.
AUGA group AB 6.00% 12/2024	LT0000404238	EUR	500,000	460,325	500,583	1.94%
<b>Debt instruments of Romanian issuers:</b>				<b>1,041,800</b>	<b>1,039,864</b>	<b>4.01%</b>
Globalworth Real Estate Investments Ltd 3.0% 03/2025	XS1799975922	EUR	500,000	540,897	539,944	2.08%
RCS & RDS SA 2.5% 02/2025	XS2107451069	EUR	500,000	500,903	499,920	1.93%
<b>Debt instruments of Hungarian issuers:</b>				<b>824,024</b>	<b>825,011</b>	<b>3.19%</b>
MOL Hungarian Oil & Gas PLC 1.5% 10/2027	XS2232045463	EUR	800,000	824,024	825,011	3.19%
<b>Debt instruments of Uzbek issuers:</b>				<b>767,523</b>	<b>764,663</b>	<b>2.95%</b>
National Bank of Uzbekistan 4.85% 10/2025	XS2242418957	USD	900,000	767,523	764,663	2.95%
<b>Debt instruments of Kazakh issuers:</b>				<b>796,858</b>	<b>757,013</b>	<b>2.92%</b>
KazTransGas JSC 4.375% 09/2027	XS1682544157	USD	800,000	796,858	757,013	2.92%
<b>Debt instruments of Colombian issuers:</b>				<b>750,466</b>	<b>749,153</b>	<b>2.89%</b>
Ecopetrol SA 5.375% 06/2026	US279158AL39	USD	800,000	750,466	749,153	2.89%
<b>Debt instruments of Paraguayan issuers:</b>				<b>812,952</b>	<b>745,653</b>	<b>2.88%</b>
Telefonica Celular 5.875% 04/2027	USP90475AB31	USD	850,000	812,952	745,653	2.88%
<b>Debt instruments of Dutch issuers:</b>				<b>728,784</b>	<b>743,084</b>	<b>2.87%</b>
CTP BV 2.125% 10/2025	XS2238342484	EUR	700,000	728,784	743,084	2.87%
<b>Debt instruments of Azerbaijani issuers:</b>				<b>711,872</b>	<b>699,249</b>	<b>2.70%</b>
Southern Gas Corridor CJSC 6.875% 03/2026	XS1319820897	USD	700,000	711,872	699,249	2.70%
<b>Debt instruments of issuers in Trinidad and Tobago:</b>				<b>768,046</b>	<b>694,898</b>	<b>2.68%</b>
Trinidad Generation UnLtd 5.25% 11/2027	USP9400VAA90	USD	800,000	768,046	694,898	2.68%
<b>Debt instruments of Ukrainian issuers:</b>				<b>625,517</b>	<b>623,102</b>	<b>2.41%</b>
Metinvest BV 5.625% 06/2025	XS2056722734	EUR	600,000	625,517	623,102	2.41%
<b>Debt instruments of Turkish issuers:</b>				<b>553,547</b>	<b>549,747</b>	<b>2.12%</b>
Türkiye Sise ve Cam Fabrikalari AS 6.95% 03/2026	XS1961010987	USD	600,000	553,547	549,747	2.12%
<b>Debt instruments of Czech issuers:</b>				<b>523,907</b>	<b>539,798</b>	<b>2.08%</b>
PPF Telecom Group BV 3.5% 05/2024	XS2176872849	EUR	500,000	523,907	539,798	2.08%
<b>Debt instruments of Peruvian issuers:</b>				<b>536,915</b>	<b>527,170</b>	<b>2.04%</b>
Camposol SA 6% 02/2027	USP19189AE26	USD	600,000	536,915	527,170	2.04%
<b>Debt instruments of Norwegian issuers:</b>				<b>497,481</b>	<b>506,484</b>	<b>1.96%</b>
B2Holding ASA 6.35% 05/2024	NO0010852742	EUR	500,000	497,481	506,484	1.96%
<b>Debt instruments of Georgian issuers:</b>				<b>480,838</b>	<b>479,477</b>	<b>1.85%</b>
BGEO Group JSC 6% 07/2023	XS1405775880	USD	550,000	480,838	479,477	1.85%
<b>Debt instruments of Argentinian issuers:</b>				<b>466,085</b>	<b>358,757</b>	<b>1.39%</b>
Argentine Republic Government International Bond 0.125% 07/2030	XS2177363665	EUR	970,000	466,085	358,757	1.39%
<b>Debt instruments of Danish issuers:</b>				<b>350,273</b>	<b>351,774</b>	<b>1.36%</b>
Idavang A/S 7.25% 11/2025	DK0030472618	EUR	350,000	350,273	351,774	1.36%
<b>Debt instruments of Swedish issuers:</b>				<b>401,094</b>	<b>239,578</b>	<b>0.93%</b>
European Lingerie Group AB 7.75% 02/2021	SE0010831792	EUR	400,000	401,094	239,578	0.93%
<b>Financial instruments not traded on regulated markets:</b>				<b>450,000</b>	<b>432,902</b>	<b>1.67%</b>
<b>Debt instruments of Estonian issuers:</b>				<b>450,000</b>	<b>432,902</b>	<b>1.67%</b>
Mainor Ulemiste 5.5% 04/2023	EE3300111343	EUR	450 000	450,000	432,902	1.67%
<b>Total debt instruments and other fixed income instruments:</b>				<b>25,036,378</b>	<b>24,501,412</b>	<b>94.60%</b>

**NOTE 5 DERIVATIVE FINANCIAL INSTRUMENTS**

The following table presents the notional amount and fair value of currency swaps as at 31 December 2021. The notional amount of foreign exchange transactions is determined in accordance with the claims arising from these transactions.

	31.12.2021.			% of the Fund's net assets 31.12.2021.*
	Notional amount	Fair value		
		Assets	Liabilities	
Foreign currency exchange transactions				
Swaps	27,975,875	89,885	(154,976)	(0.25%)
<b>Total derivative financial instruments</b>	<b>27,975,875</b>	<b>89,885</b>	<b>(154,976)</b>	<b>(0.25%)</b>

\* Net carrying amount of derivative asset and liability is disclosed as percentage of the Fund's net assets.  
All derivative financial instruments are EUR and USD swaps concluded with AS Citadele Banka.

The following table presents the notional amount and fair value of currency swaps as at 31 December 2020. The notional amount of foreign exchange transactions is determined in accordance with the claims arising from these transactions.

	31.12.2020.			% of the Fund's net assets 31.12.2020.*
	Notional amount	Fair value		
		Assets	Liabilities	
Foreign currency exchange transactions				
Swaps	32,496,246	516,078	(230,875)	1.10%
<b>Total derivative financial instruments</b>	<b>32,496,246</b>	<b>516,078</b>	<b>(230,875)</b>	<b>1.10%</b>

\* Net carrying amount of derivative asset and liability is disclosed as percentage of the Fund's net assets.  
All derivative financial instruments are EUR and USD swaps concluded with AS Citadele Banka.

**NOTE 6 ACCRUED EXPENSES**

	31.12.2021.	31.12.2020.
Accrued expenses for investment management company fees	27,374	32,840
Accrued expenses for custodian fees	3,942	3,941
Accrued expenses for professional services	3,933	3,969
<b>Total accrued expenses</b>	<b>35,249</b>	<b>40,750</b>

**NOTE 7 INTEREST INCOME**

	31.12.2021.	31.12.2020.
From debt instruments and other fixed income instruments at fair value through profit or loss	1,269,293	1,022,559
<b>Total interest income</b>	<b>1,269,293</b>	<b>1,022,559</b>

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

	31.12.2021.	31.12.2020.
Proceeds from sale of investments in the reporting period*	20,724,365	21,436,022
Cost of investments sold during the reporting period	(20,696,743)	(21,985,879)
Change in sold investments recognized in prior reporting years	(127,637)	47,749
<b>Total realized (decrease) in investment value</b>	<b>(100,015)</b>	<b>(502,108)</b>

\* Proceeds from sales (disposal) of investments in the reporting period are recognized based on the exchange rate effective at the security acquisition date.

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

	31.12.2021.	31.12.2020.
From debt securities and other fixed income instruments	(830,689)	51,938
From derivative financial instruments*	(65,091)	285,203
<b>Total unrealized (decrease)/increase in investment value</b>	<b>(895,780)</b>	<b>337,141</b>

\* Annual Reports 2021 and 2020 disclose unrealized increase in investment value from derivative financial instruments.

**NOTE 10 CHANGES IN INVESTMENTS**

The following table shows the changes in investments in 2021:

	31.12.2020.	Increase during the reporting period	Decrease during the reporting period*	Fair value revaluation result and interest income recognized	31.12.2021.
Financial assets at fair value through profit or loss:					
Debt instruments and other fixed income instruments	24,501,412	19,918,989	(21,631,180)	1,728,646	24,517,867
Derivative financial instruments, net	285,203	-	(1,033,594)	683,300	(65,091)
<b>Total investments</b>	<b>24,786,615</b>	<b>19,918,989</b>	<b>(22,664,774)</b>	<b>2,411,946</b>	<b>24,452,776</b>

\*Annual Report 2021 includes increase/decrease in investments in derivative financial instruments during the reporting year.

\*\* Decrease during the reporting period is carried at the exchange rate at the date of sale of investments. This position includes proceeds from sales and disposal of investments and the coupons received.

The following table shows the changes in investments in 2020:

	31.12.2019.	Increase during the reporting period	Decrease during the reporting period*	Fair value revaluation result and interest income recognized	31.12.2020.
Financial assets at fair value through profit or loss:					
Debt instruments and other fixed income instruments	26,184,809	21,011,981	(22,182,043)	(513,335)	24,501,412
Derivative financial instruments, net	93,236	451,383	-	(259,416)	285,203
<b>Total investments</b>	<b>26,278,045</b>	<b>21,463,364</b>	<b>(22,182,043)</b>	<b>(772,751)</b>	<b>24,786,615</b>

\*Annual Report 2020 includes increase/decrease in investments in derivative financial instruments during the reporting year.

\*\* Decrease during the reporting period is carried at the exchange rate at the date of sale of investments. This position includes proceeds from sales and disposal of investments and the coupons received.

**NOTE 11 PLEDGED ASSETS**

In the reporting period, the Fund has neither issued any assurances or guarantees nor has it pledged or encumbered any assets.

**NOTE 12 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES**

The following table analyses the estimated fair value of financial instruments at the end of the reporting period by levels of the fair value hierarchy under which the fair value assessment has been categorized.

2021	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>				
Financial assets at fair value through profit or loss:				
Debt instruments and other fixed income instruments	17,472,461	6,677,558	367,848	24,517,867
Derivative financial instruments, net	-	89,885	-	89,885
<b>Total financial assets</b>	<b>17,472,461</b>	<b>6,767,443</b>	<b>367,848</b>	<b>24,607,752</b>
<b>Financial liabilities</b>				
Financial instruments at fair value through profit or loss		(154,976)		(154,976)
<b>Net fair value</b>	<b>17,472,461</b>	<b>6,612,467</b>	<b>367,848</b>	<b>24,452,776</b>

During 2021, securities with an asset value of EUR ,544,926 were reclassified and transferred from Level 1 to Level 2, while those with value of EUR 7,025,018 EUR – from Level 2 to Level 1.

In 2021, there was acquired a security with an asset value of EUR 367,848 and classified as Level 3 asset.

2020	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>				
Financial assets at fair value through profit or loss:				
Debt instruments and other fixed income instruments	10,207,727	14,293,685	-	24,501,412
Derivative financial instruments, net	-	516,078	-	516,078
<b>Total financial assets</b>	<b>10,207,727</b>	<b>14,809,763</b>	<b>-</b>	<b>25,017,490</b>
<b>Financial liabilities</b>				
Financial instruments at fair value through profit or loss		(230,875)		(230,875)
<b>Net fair value</b>	<b>10,207,727</b>	<b>14,578,888</b>	<b>-</b>	<b>24,786,615</b>

During 2020, securities with an asset value of EUR 11,027,521 were reclassified and transferred from Level 1 to Level 2. In 2020, no securities were reclassified from Level 2 to Level 1.

In 2020, the Fund did not hold any financial instruments of Level 3 of the fair value hierarchy.

The following table compares the opening and closing balances of fair value measurements in Level 3 of the fair value hierarchy. The following table compares the opening and closing balances of fair value measurements in Level 3 of the fair value hierarchy.

EUR	<b>Total financial instruments held for trading</b>
<b>The Balance as at 1 January 2021</b>	-
Total profit or loss:	
In the income/loss statement:	37,733
Purchases	351,176
Settlements	(21,060)
<b>The Balance as at 31 December 2021</b>	<b>367,848</b>

The following table presents the valuation methods used to arrive at the fair values of Level 2 and Level 3 as well as the significant unobservable inputs:

Type	Valuation method	Significant unobservable data	Relation between relevant unobservable data and fair value measurement
Financial assets at fair value through profit or loss:			
Debt instruments and other fixed income instruments	Financial market quotes	Not used	Not used
Derivative financial instruments	Financial market quotes	Not used	Not used
Financial assets at fair value through profit or loss (debt instruments) – Level 3	Discounted cash flow method	Discount rate	Estimated fair value would increase/(decrease), if: - the discount rate were lower (higher)

If, at the end of the reporting period, one of the significant unobservable inputs used in the fair value measurement of financial instruments held for trading were to change, with other inputs remaining constant, that change would have the following effect:

As at 31 December 2021	<b>Impact on profit or loss</b>	
	<b>Increase</b>	<b>(Decrease)</b>
Discount rate (2% change)	24,908	(27,162)

#### NOTE 13 RISK MANAGEMENT

Investment process risk can be defined as a probability of undesirable outcome that may materialize in a given market economy in a given period. Risk management is described as risk identification, measurement and its possible prevention. The investment process can be affected by the exchange rate risk, interest rate risk, risk of price changes as well as credit risk, liquidity risk and other risks, including operational risk. The investment strategy of the Fund is aimed at minimizing the aforementioned risks; however, 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, which develops and presents the information on risk profile to the Fund manager. The Fund manager, however, 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 making investments on the Fund's account, the Company obtains sufficient information on potential or acquired investment objects as well as supervises financial and economic position of issuers of the securities in which the Fund's property has been or is to be invested.

When developing the Fund's investment strategy and setting risk limits, the Company performs an analysis of the Fund's distribution of investments by maturity, geographic location and currency assessing the risk level for each of these factors. The Company 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.

#### Interest rate risk

Securities price risk for fixed income securities (bonds) largely depends on market interest rate fluctuations and changes in the issuer credit quality. Market interest rate changes affect the attractiveness of securities in the most direct manner, as substantially it is an alternative source of interest income. If market interest rates are growing, the prices of fixed income securities fall and vice versa. On the other hand, the increase (decrease) in market interest rates have a positive (negative) effect on the coupon rates of fixed income securities with a variable interest rate (when the coupon is fixed as a base rate - such as Euribor or Libor plus an additional margin). After revaluation (moment starting from which a new interest rate will be applied) the coupon yield for such financial instruments increases (decreases), resulting in increase (decrease) of the interest income.

The tables below show the effects of changes in certain currency market interest rates on the value of a particular Fund, where the interest income changes are calculated for one year. Changes in the real value of the Fund may differ from estimates and the difference may be material.

#### Changes in the market value of fixed income financial instruments and interest income (2021, EUR)

Currency	Changes in the base rates, bp	Changes in the annual interest income	Changes in market value	Impact of the base rate changes on the total value of the portfolio
EUR	100	3,030	(250,637)	(247,607)
USD	100	-	(756,732)	(756,732)
<b>Total</b>		<b>3,030</b>	<b>(1,007,369)</b>	<b>(1,004,339)</b>

#### Changes in the market value of fixed income financial instruments and interest income (2021, % of net assets)

Currency	Changes in the base rates, bp	Changes in the annual interest income	Changes in market value	Impact of the base rate changes on the total value of the portfolio
EUR	100	0.01%	-0.97%	-0.96%
USD	100	-	-2.93%	-2.93%
<b>Total</b>		<b>0.01%</b>	<b>-3.90%</b>	<b>-3.89%</b>

#### Changes in the market value of fixed income financial instruments and interest income (2021, EUR)

Currency	Changes in the base rates, bp	Changes in the annual interest income	Changes in market value	Impact of the base rate changes on the total value of the portfolio
EUR	-100	(3,030)	250,637	247,607
USD	-100	-	756,732	756,732
<b>Total</b>		<b>(3,030)</b>	<b>1,007,369</b>	<b>1,004,339</b>

#### Changes in the market value of fixed income financial instruments and interest income (2020, EUR)

Currency	Changes in the base rates, bp	Changes in the annual interest income	Changes in market value	Impact of the base rate changes on the total value of the portfolio
EUR	100	6,215	(433,555)	(427,340)
USD	100	-	(642,519)	(642,519)
<b>Total</b>		<b>6,215</b>	<b>(1,076,074)</b>	<b>(1,069,859)</b>

#### Changes in the market value of fixed income financial instruments and interest income (2020, % of net assets)

Currency	Changes in the base rates, bp	Changes in the annual interest income	Changes in market value	Impact of the base rate changes on the total value of the portfolio
EUR	100	0.02%	-1.67%	-1.65%
USD	100	-	-2.48%	-2.48%
<b>Total</b>		<b>0.02%</b>	<b>-4.15%</b>	<b>-4.13%</b>

#### Changes in the market value of fixed income financial instruments and interest income (2020, EUR)

Currency	Changes in the base rates, bp	Changes in the annual interest income	Changes in market value	Impact of the base rate changes on the total value of the portfolio
EUR	-100	(6,215)	433,555	427,340
USD	-100	-	642,519	642,519
<b>Total</b>		<b>(6,215)</b>	<b>1,076,074</b>	<b>1,069,859</b>

**Changes in the market value of fixed income financial instruments and interest income (2021, % of net assets)**

Currency	Changes in the base rates, bp	Changes in the annual interest income	Changes in market value	Impact of the base rate changes on the total value of the portfolio
EUR	-100	-0.01%	0.97%	0.96%
USD	-100	-	2.93%	2.93%
<b>Total</b>		<b>-0.01%</b>	<b>3.90%</b>	<b>3.89%</b>

**Changes in the market value of fixed income financial instruments and interest income (2020, % of net assets)**

Currency	Changes in the base rates, bp	Changes in the annual interest income	Changes in market value	Impact of the base rate changes on the total value of the portfolio
EUR	-100	-0.02%	1.67%	1.65%
USD	-100	-	2.48%	2.48%
<b>Total</b>		<b>-0.02%</b>	<b>4.15%</b>	<b>4.13%</b>

**Foreign currency risk**

Foreign currency risk arises when the nominal currency of securities and other financial instruments in the Fund differs from the Fund's currency. Exchange rate fluctuations may cause profit or loss depending on the direction of exchange rate fluctuations and the currency's position in the Fund. Foreign currency risk of the Fund is effectively managed by concluding forward and/or swap transactions.

The following table shows the breakdown of the Fund's assets and liabilities by currency profile as at 31 December 2021:

	USD	EUR	Total
<b>Assets</b>			
Due on demand from credit institutions	696,284	705,542	1,401,826
Financial instruments at fair value through profit or loss:			
Debt instruments and other fixed income instruments	19,417,593	5,100,274	24,517,867
Derivative financial instruments	(13,388,701)	13,478,586	89,885
<b>Total assets</b>	<b>6,725,176</b>	<b>19,284,402</b>	<b>26,009,578</b>
<b>Liabilities</b>			
Financial instruments at fair value through profit or loss:			
Derivative financial instruments	(3,032,603)	2,877,627	(154,976)
Accrued expenses	-	(35,249)	(35,249)
<b>Total liabilities</b>	<b>(3,032,603)</b>	<b>2,842,378</b>	<b>(190,225)</b>
<b>Net assets</b>	<b>3,692,573</b>	<b>22,126,780</b>	<b>25,819,353</b>
Net long/(short) position	14.30%	85.70%	100.00%

The following table shows the breakdown of the Fund's assets and liabilities by currency profile as at 31 December 2020:

	USD	EUR	Total
<b>Assets</b>			
Due on demand from credit institutions	1,046,616	107,217	1,153,833
Financial instruments at fair value through profit or loss:			
Debt instruments and other fixed income instruments	15,532,961	8,968,451	24,501,412
Derivative financial instruments	(21,775,022)	22,291,100	516,078
<b>Total assets</b>	<b>(5,195,445)</b>	<b>31,366,768</b>	<b>26,171,323</b>
<b>Liabilities</b>			
Financial instruments at fair value through profit or loss:			
Derivative financial instruments	8,570,349	(8,801,224)	(230,875)
Accrued expenses	-	(40,750)	(40,750)
<b>Total liabilities</b>	<b>8,570,349</b>	<b>(8,841,974)</b>	<b>(271,625)</b>
<b>Net assets</b>	<b>3,374,904</b>	<b>22,524,794</b>	<b>25,899,698</b>
Net long/(short) position	13.03%	86.97%	100.00%

The effect of exchange rate fluctuations on the notional value of the Fund is disclosed in the table below. Exchange rate changes represent one year standard deviation of the particular rate.

Effect of exchange rate fluctuations (2021)				Effect of exchange rate fluctuations (2020)			
Currency	Share in the Fund (% of net assets)	Change in the exchange rate against USD	Impact on the Fund's value	Currency	Share in the Fund (% of net assets)	Change in the exchange rate against USD	Impact on the Fund's value
USD	14.30%	0.00%	0.00%	USD	13.03%	0.00%	0.00%
EUR	85.70%	5.72%	4.90%	EUR	86.97%	7.57%	6.59%
<b>Total</b>	<b>100.00%</b>		<b>4.90%</b>	<b>Total</b>	<b>100.00%</b>		<b>6.59%</b>

The effect of exchange rate fluctuations on the value of the CBL Global Emerging Markets Bond Fund (Class R Acc EUR (hedged)) is disclosed in the table below. Exchange rate changes represent one year standard deviation of the particular rate.

Effect of exchange rate fluctuations (2021)				Effect of exchange rate fluctuations (2020)			
Currency	Share in the Fund (% of net assets)	Change in the exchange rate against USD	Impact on the Fund's value	Currency	Share in the Fund (% of net assets)	Change in the exchange rate against USD	Impact on the Fund's value
USD	12.26%	0.00%	0.00%	USD	11.28%	0.00%	0.00%
EUR	73.48%	5.72%	4.20%	EUR	75.26%	7.57%	5.70%
<b>Total</b>	<b>85.74%</b>		<b>4.20%</b>	<b>Total</b>	<b>86.54%</b>		<b>5.70%</b>

The effect of exchange rate fluctuations on the value of the CBL Global Emerging Markets Bond Fund (Class R Acc USD) is disclosed in the table below. Exchange rate changes represent one year standard deviation of the particular rate.

Effect of exchange rate fluctuations (2021)				Effect of exchange rate fluctuations (2020)			
Currency	Share in the Fund (% of net assets)	Change in the exchange rate against USD	Impact on the Fund's value	Currency	Share in the Fund (% of net assets)	Change in the exchange rate against USD	Impact on the Fund's value
USD	2.04%	0.00%	0.00%	USD	1.75%	0.00%	0.00%
EUR	12.22%	5.72%	0.70%	EUR	11.71%	7.57%	0.89%
<b>Total</b>	<b>14.26%</b>		<b>0.70%</b>	<b>Total</b>	<b>13.46%</b>		<b>0.89%</b>

#### Credit risk

Credit risk refers to the probability that the value of the Fund may decrease if the Fund's counterparty or the issuer of debt securities is unable or refuses to meet the obligations. Consequently, only safe counterparties with a good reputation are selected when performing transactions with the Fund's assets. The Fund manager regularly monitors the solvency of the Fund's counterparties, analyses their credit rating, financial situation and information in mass media. The Fund's asset credit quality is managed based on the international rating agencies Standard & Poor's, Moody's and Fitch credit ratings. In addition, issuers' financial statements, financial position and future prospects are also analysed. The table shows the classification of debt securities issuers and credit institutions in which the Fund has deposits by credit ratings according to the following classification:

- High-quality financial instruments: MA - AA- (Standard & Poor's); Aaa - Aa3 (Moody's Investors Service); AAA - AA- (Fitch);
- Investment grade financial instruments: A+ - BBB- (Standard & Poor's); A1 - Baa3 (Moody's Investors Service); A+ - BBB- (Fitch);
- High risk financial instruments: BB+ - BB- (Standard & Poor's); Ba1 - Ba3 (Moody's Investors Service); BB+ - BB- (Fitch);
- Speculative financial instruments: B+ - C (Standard & Poor's); B1 - C (Moody's Investors Service); B+ - C (Fitch).

The following table shows the breakdown of the Fund's assets by credit ratings as at 31 December 2021:

	High-quality financial instruments	Investment grade financial instruments	Higher risk financial instruments	Speculative financial instruments	No rating	Total
Due on demand from credit institutions	-	1,401,826	-	-	-	1,401,826
Financial instruments at fair value through profit or loss:						
Debt instruments and other fixed income instruments	-	1,820,904	14,719,185	6,051,579	1,926,199	24,517,867
Derivative financial instruments	-	(65,091)	-	-	-	(65,091)
<b>Total investments</b>	-	<b>3,157,639</b>	<b>14,719,185</b>	<b>6,051,579</b>	<b>1,926,199</b>	<b>25,854,602</b>



The following table shows the breakdown of the Fund's assets by credit ratings as at 31 December 2020:

	High-quality financial instruments	Investment grade financial instruments	Higher risk financial instruments	Speculative financial instruments	No rating	Total
Due on demand from credit institutions	-	1,153,833		-	-	1,153,833
Financial instruments at fair value through profit or loss:						
Debt instruments and other fixed income instruments	-	6,508,287	13,356,901	3,111,387	1,524,837	24,501,412
Derivative financial instruments	-	285,203		-	-	285,203
<b>Total investments</b>	<b>-</b>	<b>7,947,323</b>	<b>13,356,901</b>	<b>3,111,387</b>	<b>1,524,837</b>	<b>25,940,448</b>

### Concentration risk

The business sector of the issuer and its geographical position are additional credit risk factors that can influence both the price of the securities issued and the issuer's solvency. Therefore, it is important to identify concentration risk - i.e., the extent to which the Fund's value depends on changes in certain regions and/or sectors. Geographical distribution of credit risk concentration (based on the country whose position most affects the issuer's solvency) and distribution across sectors are presented in the tables below.

The following table shows the geographical profile of the Fund's assets and liabilities as at 31 December 2021:

	Latvia	Other OECD countries	Non-OECD countries	Total
<b>Assets</b>				
Due on demand from credit institutions	1,401,826	-	-	1,401,826
Financial instruments at fair value through profit or loss:				
Debt instruments and other fixed income instruments	367,848	6,678,684	17,471,335	24,517,867
Derivative financial instruments	89,885	-	-	89,885
<b>Total assets</b>	<b>1,859,559</b>	<b>6,678,684</b>	<b>17,471,335</b>	<b>26,009,578</b>
<b>Liabilities</b>				
Derivative financial instruments	(154,976)	-	-	(154,976)
Accrued expenses	(35,249)	-	-	(35,249)
<b>Total liabilities</b>	<b>(190,225)</b>	<b>-</b>	<b>-</b>	<b>(190,225)</b>
<b>Net assets</b>	<b>1,669,334</b>	<b>6,678,684</b>	<b>17,471,335</b>	<b>25,819,353</b>

The following table shows the geographical profile of the Fund's assets and liabilities as at 31 December 2020:

	Latvia	Other OECD countries	Non-OECD countries	Total
<b>Assets</b>				
Due on demand from credit institutions	1,153,833	-	-	1,153,833
Financial instruments at fair value through profit or loss:				
Debt instruments and other fixed income instruments	-	8,840,557	15,660,855	24,501,412
Derivative financial instruments	516,078	-	-	516,078
<b>Total assets</b>	<b>1,669,911</b>	<b>8,840,557</b>	<b>15,660,855</b>	<b>26,171,323</b>
<b>Liabilities</b>				
Derivative financial instruments	(230,875)	-	-	(230,875)
Accrued expenses	(40,750)	-	-	(40,750)
<b>Total liabilities</b>	<b>(271,625)</b>	<b>-</b>	<b>-</b>	<b>(271,625)</b>
<b>Net assets</b>	<b>1,398,286</b>	<b>8,840,557</b>	<b>15,660,855</b>	<b>25,899,698</b>

The following table shows the breakdown of the Fund's net assets by countries:

Country	% of the Fund's net assets		% of the Fund's net assets	
	Carrying amount 31.12.2021.	31.12.2021.	Carrying amount 31.12.2020.	31.12.2020.
Mexico	2,576,308	9.98%	2,772,104	10.70%
Brazil	2,574,626	9.97%	2,252,717	8.69%
Latvia	1,669,334	6.46%	1,398,286	5.40%
India	1,589,145	6.16%	1,240,172	4.79%
Indonesia	1,574,063	6.10%	1,851,488	7.15%
South Africa	1,457,426	5.65%	2,087,629	8.06%
Paraguay	1,430,595	5.54%	745,653	2.88%
Uzbekistan	1,285,481	4.98%	764,663	2.95%

Country	% of the Fund's net assets		% of the Fund's net assets	
	Carrying amount 31.12.2021.	31.12.2021.	Carrying amount 31.12.2020.	31.12.2020.
Peru	1,198,210	4.64%	527,170	2.04%
Lithuania	995,401	3.85%	1,130,922	4.37%
Columbia	895,176	3.47%	749,153	2.89%
Morocco	837,643	3.24%	-	0.00%
Estonia	796,797	3.08%	432,902	1.67%
Trinidad and Tobago	723,289	2.80%	694,898	2.68%
Russia	707,283	2.74%	1,539,003	5.94%
Burkina Faso	706,527	2.74%	-	0.00%
Serbia	650,959	2.52%	-	0.00%
Guatemala	649,134	2.51%	-	0.00%
Moldova	634,529	2.46%	-	0.00%
Ukraine	624,540	2.42%	623,102	2.41%
Turkey	561,353	2.17%	549,747	2.12%
Georgia	520,401	2.02%	479,477	1.85%
Sweden	508,875	1.97%	239,578	0.93%
Denmark	344,774	1.34%	351,774	1.36%
Argentina	307,484	1.19%	358,757	1.39%
Rumania	-	0.00%	1,039,864	4.01%
Hungary	-	0.00%	825,011	3.19%
Kazakhstan	-	0.00%	757,013	2.92%
Netherlands	-	0.00%	743,084	2.87%
Azerbaijan	-	0.00%	699,249	2.70%
Czech Republic	-	0.00%	539,798	2.08%
Norway	-	0.00%	506,484	1.96%
<b>Total</b>	<b>25,819,353</b>	<b>100.00%</b>	<b>25,899,698</b>	<b>100.00%</b>

The following table shows the breakdown of the Fund's net assets by sectors:

Sector	% of the Fund's net assets		% of the Fund's net assets	
	Carrying amount 31.12.2021.	31.12.2021.	Carrying amount 31.12.2020.	31.12.2020.
Consumer staples	5,221,665	20.23%	3,313,835	12.79%
Commodities	4,222,713	16.36%	6,211,806	23.99%
Telecommunications services	2,311,144	8.95%	2,358,748	9.11%
Manufacturing	2,283,505	8.85%	1,296,524	5.01%
Real estate	2,082,701	8.06%	-	0.00%
Utilities	1,406,285	5.45%	1,166,387	4.50%
Consumption services	1,356,042	5.25%	1,188,326	4.59%
Commercial banks	1,287,483	4.99%	-	0.00%
Government	958,443	3.71%	1,697,579	6.55%
Financial services	925,244	3.58%	4,221,524	16.30%
Energy	895,176	3.47%	3,046,683	11.76%
Pharmacy	638,265	2.47%	-	0.00%
Municipality	561,353	2.17%	-	0.00%
IT services	367,848	1.42%	-	0.00%
Other	1,301,486	5.04%	1,398,286	5.40%
<b>Total</b>	<b>25,819,353</b>	<b>100.00%</b>	<b>25,899,698</b>	<b>100.00%</b>

#### Liquidity risk

Liquidity risk can occur if the Fund has difficulty in meeting its financial obligations. The Fund Manager strives to maintain such asset structure which ensures a possibility of selling securities in due time and with no significant losses.

The following table shows the maturity profile of the Fund's assets and liabilities as at 31 December 2021:

	Up to 1 month	1-3 months	3-6 months	6-12 months	1-5 years	More than 5 years and indefinite	Total
<b>Assets</b>							
Due on demand from credit institutions	1,401,826	-	-	-	-	-	1,401,826
Financial instruments at fair value:							
Debt instruments and other fixed income instruments	-	-	-	-	14,232,804	10,285,063	24,517,867
Derivative financial instruments	79,784	10,101	-	-	-	-	89,885
<b>Total assets</b>	<b>1,481,610</b>	<b>10,101</b>	<b>-</b>	<b>-</b>	<b>14,232,804</b>	<b>10,285,063</b>	<b>26,009,578</b>
<b>Liabilities</b>							
Financial instruments at fair value:							
Derivative financial instruments	(151,734)	(3,242)	-	-	-	-	(154,976)
Accrued expenses	(31,316)	-	(3,933)	-	-	-	(35,249)
<b>Total liabilities</b>	<b>(183,050)</b>	<b>(3,242)</b>	<b>(3,933)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(190,225)</b>
<b>Net assets</b>	<b>1,298,560</b>	<b>6,859</b>	<b>(3,933)</b>	<b>-</b>	<b>14,232,804</b>	<b>10,285,063</b>	<b>25,819,353</b>
Net position, %	5.03%	0.03%	-0.02%	0.00%	55.12%	39.84%	100.00%

The following table shows the maturity profile of the Fund's assets and liabilities as at 31 December 2020:

	Up to 1 month	1-3 months	3-6 months	6-12 months	1-5 years	More than 5 years and indefinite	Total
<b>Assets</b>							
Due on demand from credit institutions	1,153,833	-	-	-	-	-	1,153,833
Financial instruments at fair value:							
Debt instruments and other fixed income instruments	-	239,578	-	-	10,632,705	13,629,129	24,501,412
Derivative financial instruments	195,493	320,585	-	-	-	-	516,078
<b>Total assets</b>	<b>1,349,326</b>	<b>560,163</b>	<b>-</b>	<b>-</b>	<b>10,632,705</b>	<b>13,629,129</b>	<b>26,171,323</b>
<b>Liabilities</b>							
Financial instruments at fair value:							
Derivative financial instruments	(201,686)	(29,189)	-	-	-	-	(230,875)
Accrued expenses	(36,781)	-	(3,969)	-	-	-	(40,750)
<b>Total liabilities</b>	<b>(238,467)</b>	<b>(29,189)</b>	<b>(3,969)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(271,625)</b>
<b>Net assets</b>	<b>1,110,859</b>	<b>530,974</b>	<b>(3,969)</b>	<b>-</b>	<b>10,632,705</b>	<b>13,629,129</b>	<b>25,899,698</b>
Net position, %	4.30%	2.05%	(0.02%)	-	41.05%	52.62%	100.00%

#### NOTE 14 INFORMATION ON THE FUND'S SHARE CERTIFICATE HOLDERS

The following tables show the proportion of the share certificates held by the Citadele group and the Company's related parties who have a significant influence in the Company as well as the proportion of the share certificates held by the Fund's related parties and other investors in the total number of the share certificates issued:

	% of the total number		% of the total number	
	31.12.2021	31.12.2021	31.12.2020	31.12.2020
<b>IF CBL Global Emerging Markets Bond Fund: Class R Acc EUR (hedged)</b>				
Share certificates held by related parties	258,063	13.62%	230,271	12.11%
Share certificates held by third parties	1,636,829	86.38%	1,671,804	87.89%
<b>Number of share certificates at the end of the reporting period</b>	<b>1,894,892</b>	<b>100.00%</b>	<b>1,902,075</b>	<b>100.00%</b>

IF CBL Global Emerging Markets Bond Fund: Class R Acc USD	% of the total number		% of the total number	
	31.12.2021	31.12.2021	31.12.2020	31.12.2020
Share certificates held by related parties	13,800	3.71%	15,718	4.11%
Share certificates held by third parties	358,625	96.29%	366,903	95.89%
<b>Number of share certificates at the end of the reporting period</b>	<b>372,425</b>	<b>100.00%</b>	<b>382,621</b>	<b>100.00%</b>

#### RELATED PARTY TRANSACTIONS

The majority of the Fund's investments are acquired through the custodian bank. AS Citadele Banka receives a custodian fee, which is disclosed in the statement of income and expenses; the cash of the Fund is also placed with AS Citadele Banka (see Note 3). Besides, all the derivative financial instruments are concluded with AS Citadele Banka (see Note 5). In the reporting period, the result of transactions in financial derivatives was negative (EUR 1,033,594), while in 2020, it was positive (EUR 1,033,594).

During the reporting period, the Fund entered into 15 FX transactions through the custodian bank with a net result of EUR 1,336 negative. In 2020, there were 22 such transactions with a net result of EUR 669 positive.

In the reporting period, the related parties made transactions with the Fund's share certificates (see Note 14). In 2021, the related parties bought 3,870 and sold 5,788 share certificates of CBL Global Emerging Markets Bond Fund (Class R Acc USD) and bought 43,870 and sold 16,078 share certificates of CBL Global Emerging Markets Bond Fund (Class R Acc EUR (hedged)). In 2020, the related parties bought 18,183 and sold 16,905 share certificates of CBL Global Emerging Markets Bond Fund (Class R Acc USD) and bought 13,627 and sold 15,538 share certificates of CBL Global Emerging Markets Bond Fund (Class R Acc EUR (hedged)). Purchase and re-selling transactions of the Fund's share certificates are calculated taking into account only the share certificates held by those related parties which have been classified as related parties of the Fund in 2021 and 2020.

During the reporting period as well as in 2020, the Fund had no investments in debt instruments issued by AS Citadele banka.

#### NOTE 16 PERFORMANCE DYNAMICS OF THE INVESTMENT FUND

CBL Global Emerging Markets Bond Fund: Class R Acc USD	31.12.2021	31.12.2020	31.12.2019
<b>Net assets (EUR)</b>	<b>3,682,192</b>	<b>3,486,338</b>	<b>3,833,606</b>
Number of share certificates	372,425	382,621	403,288
Value of the unit of the investment fund (EUR)	9.89	9.11	9.51
IF return *	8.56%	(4.19%)	10.71%
<b>Net assets (USD)**</b>	<b>4,170,443</b>	<b>4,278,090</b>	<b>4,306,673</b>
Number of share certificates	372,425	382,621	403,288
Value of the unit of the investment fund (USD)	11.20	11.18	10.68
IF return *	0.18%	4.67%	8.54%
<b>CBL Global Emerging Markets Bond Fund: Class R Acc EUR (hedged)</b>	<b>31.12.2021</b>	<b>31.12.2020</b>	<b>31.12.2019</b>
<b>Net assets (EUR)</b>	<b>22,137,161</b>	<b>22,413,360</b>	<b>25,066,373</b>
Number of share certificates	1,894,892	1,902,075	2,181,735
Value of the unit of the investment fund (EUR)	11.68	11.78	11.49
IF return *	(0.85%)	2.52%	5.32%

The total assets of CBL Global Emerging Markets Bond Fund consist of the total net assets of both classes in the Fund's measurement currency; when revaluing the total assets of CBL Global Emerging Markets Bond Fund at the exchange rate published by the European Central Bank, an exchange rate difference between the total amounts of both classes arises which leads to the difference from the net assets presented elsewhere in the financial statements.

The return of CBL Global Emerging Markets Bond Fund: Class R Acc EUR (hedged) of the previous reporting periods refers to the fund CBL Global Emerging Markets Bond Fund.

\* Return is calculated, assuming there are 365 days in a year.

\*\* Net asset value in USD is established using exchange rates fixed by the financial markets at the end of the day.

#### NOTE 17 EVENTS AFTER THE END OF THE REPORTING PERIOD

Since the end of the reporting period, there have been significant events that have affected the value of the unit of the Fund. The year 2022 started with a correction in global stock markets. US inflation data released in January showed that US consumer prices rose 7% in December, the highest level in almost 40 years. Seeing no signs of slowing inflation, market participants panicked and started selling US government bonds. As a result, the yield on 10-year US government bonds exceeded 2% at one point, the highest level in two years.

In mid-February the world was shattered again. An escalation of geopolitical risks between Russia and Ukraine, unprecedented in modern history, has grown into an open military conflict between the two neighbours.

In mid-February, a new blow was struck - an escalation of geopolitical risks, unprecedented in modern history, with Russia's invasion of Ukrainian territory. Western countries reacted by imposing strong sanctions against Russia, which led to a significant increase in commodity prices, putting additional pressure on already high inflation rates and threatening the growth potential of the world economy. The unprecedented geopolitical situation negatively affected the

liquidity of financial instruments, making it difficult to manage the Fund effectively. At the end of the reporting period, the Fund held only one security of a Russian company with a total weight of 2.74% of the Fund's net assets and one of a Ukrainian company with a weight of 2.42% of the Fund's net assets. As at 31 March 2022, the total weight of these securities was 1.41% of the Fund's net assets, reflecting a decline in the market price of the relevant securities. From 1 January 2022 to mid-April, the CBL Global Emerging Markets Bond Fund had outflows of EUR 366,035 or 1.42% of assets and inflows of EUR 832,156 or 3.02% of assets. No restrictions have been imposed on the repurchase of Fund shares. We believe that significant outflows are unlikely, but if they do occur, we do not foresee any difficulties for the bond fund to realise the required portfolio positions, given the high liquidity of the investment portfolio.



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## Independent Auditors' Report

### To the shareholders of investment fund "CBL Global Emerging Markets Bond Fund"

#### Report on the audit of financial statements

##### *Our opinion on the financial statements*

We have audited the financial statements of investment fund 'CBL Global Emerging Markets Bond Fund' ("the Fund") managed by IPAS 'CBL Asset Management' ("the Asset Manager") as set out on pages 8 to 29 of the accompanying Annual Report. The accompanying financial statements include:

- Overview of assets and liabilities as at 31 December 2021,
- 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 investment fund 'CBL Global Emerging Markets Bond Fund' as at 31 December 2021, and of its financial performance and changes in net assets and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) 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 (hereinafter – ISAs) adopted in the Republic of Latvia. 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 Fund 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:



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- Information about the investment fund, as set out on page 3 of the accompanying Annual Report,
- Investment Management Companies Report, as set out on pages 4 of the accompanying Annual Report.
- Report on the implementation of the engagement policy, presented on page 5 of the accompanying Annual Report
- Statement of responsibility of the board of the Asset Manager, as set out on page 6 of the accompanying Annual Report.
- Custodian Bank Report, as set out on page 7 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 Fund Manager and 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. 181 '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 Financial and Capital Market Commission ("Regulation No. 181").

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

- 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. 181 of the Financial and Capital Market Commission of the Republic of Latvia.

*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 the International Financial Reporting Standards (IFRSs) 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 Fund 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 Fund Manager management



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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 judgment 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 Manager to cease Fund 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.





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KPMG Baltics SIA

Licence No. 55

Rainers Vilāns

Partner pp KPMG Baltics SIA

Sworn auditor

Certificate No. 200

Riga, Latvia

29 April 2022

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