



CBL Optimal Opportunities Fund - EUR

Sub-fund
Semiannual report 2022
(non-audited)

For the period
1 January till 30 June 2022

Riga, 2022



**CBL ASSET
MANAGEMENT**



TABLE OF CONTENTS

| | |
|--|---|
| Investment Fund information | 3 |
| Investment Management company's report | 4 |
| Financial Statements: | |
| Statement of assets and liabilities | 6 |
| Statement of income and expense | 7 |
| Statement of changes in net assets | 8 |
| Notes of Financial Statements | 9 |

INVESTMENT FUND INFORMATION

| | |
|--|--|
| Name of the Fund: | CBL Opportunities Funds |
| Registration date of the Fund: | 24 August 2007 |
| Type of the Fund: | Investment fund with sub-funds |
| Name of the Sub-fund: | CBL Optimal Opportunities Fund – EUR |
| Number of the Sub-fund: | FFL70 |
| Sub-fund ISIN: | LV0000400398 |
| 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: | <p>Council of the investment management company :</p> <p>Deputy Chairperson of the Council – Vaidas Žagūnis, appointed on 03.08.2021</p> <p>Chairperson of the Council – Vladimirs Ivanovs, resigned on 03.08.2021</p> <p>Member of the Council - Blohmé Nils Magnus Göran, appointed on 03.08.2021</p> <p>Board of the investment management company:</p> <p>Chairperson of the Board – Kārlis Purgailis</p> <p>Board Member - Zigurds Vaikulis</p> <p>Board Member - Andris Kotāns</p> <p>Board Member - Lolita Sičeva</p> |
| Rights and responsibilities related to Fund management: | The Council and the Board Members perform all duties prescribed in laws and regulations of the Republic and in the Articles of Association of the investment management company |
| Fund Managers: | <p>Zigurds Vaikulis</p> <p>Reinis Gerasimovs</p> |
| Rights and responsibilities related to the Fund management : | The Fund Manager 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: | <p>Rainers Vilāns</p> <p>Certified Auditor</p> <p>Certificate No 200</p> <p>KPMG Baltics SIA</p> <p>Vesetas iela 7</p> <p>Riga, LV-1013, Latvia</p> <p>License No 55</p> |

INVESTMENT MANAGEMENT COMPANY REPORT

The manager of the sub-fund CBL Optimal Opportunities Fund – EUR of the investment fund CBL Opportunities Funds (hereinafter the Fund) is the investment management company CBL Asset Management, registered office Republikas laukums 2a, Rīga, LV-1010 (hereinafter the Company). The Company was established on 11 January 2002 under registration number 40003577500 with license number 06.03.07.098/367 for investment management services.

The investment objective of the Fund is to achieve long-term capital appreciation by investing in Share Certificates (Units) of investment funds registered in Latvia or other European Union Member States or into securities equivalent to them. Investments can be made into money market, bond, balanced and equity funds as well as into ETFs and equity securities traded on regulated markets of Member States and OECD Member States without any industry limitations. The share of equity funds in the portfolio may amount to up to 70% of the Fund's assets.

In the reporting period, the Fund's net assets decreased by EUR 1,653,795 or 18.82% and totaled EUR 7,133,759 at the end of the period. Gross asset value as at 30 June 2022 amounted to EUR 7,141,126. At the same time, the value of the unit of the Fund in 2022 decreased by EUR 2.35, reaching EUR 10.68. The Fund overall return in 2022 was negative 18.04% in terms of the euros.

In the first half of 2022, financial markets witnessed a rare phenomenon that was generally highly unfavourable for portfolio investments: both equity and bond markets experienced price falls. The main factor influencing the performance of global financial markets during this period was a sharp change in the monetary thinking of the world's leading central banks and massive increases in interest rates globally, particularly, in the US. Inflation in Western countries has been driven upwards since mid-2021 by excessively strong demand and tight supply chains. Inflationary pressures were later exacerbated by rising energy, food and other resource prices due to the Russian invasion of Ukraine, as Russia and Ukraine account for a significant share of global resource exports. Thus, inflation in Western countries in the first half of the year continued to exceed records set several decades ago.

Beginning in March the Federal Reserve has been raising rates in a targeted manner. At the end of June, the Fed funds rates had already reached the 1.50-1.75% area, compared to 0-0.25% at the beginning of the year. According to the Fed's forecasts, rates could climb above 3% by the end of this year, peaking at around 3.75% next year. Since June this year, the Fed has also started to gradually reduce the size of its balance sheet. Against the backdrop of record inflation in the euro area, the ECB also prepared ground for rate hikes since mid-spring and put an end to the era of negative rates in the monetary union in July. Apparently, euro rates will also be hiked in September, but given the expected economic slowdown in the euro area, the ECB refrained from forecasting how far it is prepared to go.

The determination of the major central banks to fight price rises by raising interest rates aggressively without fear of slowing economic growth or even "flirting" with recession, has led financial market participants and economists to downgrade the growth outlook significantly for Western countries in the coming years. With growing concerns regarding global demand, from the beginning of June commodity markets also took a turn for the worse and prices moved downwards. At the same time, even though business and consumer sentiment data have been weakening for some time already and with rate hikes having a negative impact on the US real estate market, other indicators of activity started to show signs of cooling only relatively recently: manufacturing orders in Western countries started to fall, and price increases started to reverberate negatively in household spending.

Expectations of aggressive rate hikes caused bond yields to rise, pushing down their prices. Safer Western investment-grade bonds, which are more sensitive to interest rate changes, fell more sharply than speculative-grade debt in Q1. Towards the end of the first half of the year, as concerns about the global economic growth outlook intensified, the prices of the riskiest bonds started to fall more sharply. Both segments thus performed broadly similarly over the period, losing close to 15% in euro-hedged terms; US government bonds less so, around 10% in euro-hedged terms. EM bonds performed relatively worse, dropping by 18% over the period under review. Global equity markets finished the first half of 2022 with an 18% fall in euro-hedged terms. Developed country equities generally underperformed emerging markets in euro-hedged terms. The US Fed's aggressive stance on rate hikes also led to a sharp appreciation of the dollar, with the euro becoming cheaper against the US dollar by around 8% since the beginning of the year.

In the second half of this year, the focus of investors and economists could gradually shift from inflation to the challenges on the economic front. Recession forecasts are also starting to appear more frequently in economists' baseline scenarios for the next two years. Corporate profit forecasts, on the other hand, continue to predict relatively healthy growth rates for this year and next. If earnings forecasts do not stand the test of reality, this could have a negative impact on risk asset prices and further intensify volatility in financial markets. At the same time, although stress levels in equity markets have increased significantly since the beginning of the year, equity valuations have improved. After the drops in values, recent excesses have virtually disappeared from them, significantly improving the return potential of equities. Similarly, benchmark rates in the US and the euro area are already largely pricing in expected base rate increases after the sharp rise in yields in the first half of this year. The potential for further rate rises has thus become lower. Bonds could therefore become an important source of positive returns in balanced portfolios in the future.

During the reporting period, the following changes occurred in the Fund. The share of funds invested in bond funds at the end of the period represents 65.02% of the Fund's net asset value, an increase of 3.87 percentage points (pp) compared to the beginning of the year. The share of equity funds decreased by 1.61 pp to 33.63% of the Fund's net asset value. Cash represents 1.45% of the Fund's net assets. All funds in the Fund are registered in a Member State of the European Union. The majority of the funds (54.65%) are invested in funds registered in Luxembourg. The Fund also contains investment funds registered in Latvia and Ireland.

In the reporting period, the total management costs amounted to EUR 46,603, which did not exceed the maximum amount of 1.70% provided in the Fund's prospectus. The investment management company fee totaled EUR 37,433, custodian fee – EUR 7,093, other management expenses - EUR 2,077.

The Fund Manager will closely follow global market developments. In order to adjust the structure of the Fund with regard to the assessment of the current and expected situation, changes will be made mainly in the share of investments in equity funds.

For the Board of the Investment Management Company:

Kārlis Purgailis
Chairperson of the Board

Zigurds Vaikulis
Fund Manager

Andris Kotāns
Fund Manager

Riga, 28 July 2022

*This document is signed electronically with a secure electronic signature and is time-stamped.

STATEMENT OF ASSETS AND LIABILITIES

| | Notes | <u>30.06.2022</u> | <u>31.12.2021</u> |
|---|--------------|--------------------------|--------------------------|
| Assets | | | |
| Due on demand from credit institutions | 1 | 103,530 | 326,278 |
| Financial assets at fair value through profit or loss | | | |
| Share certificates of investment funds and similar securities | 2 | 7,037,596 | 8,470,520 |
| Total assets | | <u>7,141,126</u> | <u>8,796,798</u> |
| Liabilities | | | |
| Deferred income and accrued expenses | | (7,367) | (9,244) |
| Total liabilities | | <u>(7,367)</u> | <u>(9,244)</u> |
| Net assets | | <u>7,133,759</u> | <u>8,787,554</u> |

The accompanying notes on pages 9 through 10 form an integral part of these financial statements.

For the Board of the Investment Management Company:

Kārlis Purgailis
Chairperson of the Board

Riga, 28 July 2022

*This document is signed electronically with a secure electronic signature and is time-stamped.

STATEMENT OF INCOME AND EXPENSES

| | 01.01.2022- 30.06.2022 | 01.01.2021- 30.06.2021 |
|---|-----------------------------------|-----------------------------------|
| Expenses for the reporting period | | |
| Remuneration to investment management company and manager | (37,433) | (26,743) |
| Custodian fee | (7,093) | (5,067) |
| Other Fund management expenses | (2,077) | (1,101) |
| Total expenses | (46,603) | (32,911) |
| (Decrease)/ increase in investment value | | |
| Realized (decrease)/increase in investment value | (78,303) | 5,141 |
| Unrealized (decrease)/increase in investment value | (1,468,355) | 285,244 |
| Total (decrease)/increase in investments | (1,546,658) | 290,385 |
| (Decrease)/increase in net assets from investments | (1,593,261) | 257,474 |

The accompanying notes on pages 9 through 10 form an integral part of these financial statements.

For the Board of the Investment Management Company:

Kārlis Purgailis
Chairperson of the Board

Riga, 28 July 2022

*This document is signed electronically with a secure electronic signature and is time-stamped.



STATEMENT OF CHANGES IN NET ASSETS

| | 01.01.2022- 30.06.2022 | 01.01.2021- 30.06.2021 |
|--|-----------------------------------|-----------------------------------|
| Net assets at the beginning of the reporting year | 8,787,554 | 4,866,441 |
| (Decrease)/increase in net assets from investment | (1,593,261) | 257,474 |
| Transactions with share certificates and units | | |
| Inflow from sale of share certificates and units | 355,586 | 1,746,776 |
| Outflow on redemption of share certificates and units | (416,120) | (180,641) |
| (Decrease)/increase in net assets from transactions with share certificates and units | (60,534) | 1,566,135 |
| Net asset (decrease)/increase in the reporting year | (1,653,795) | 1,823,609 |
| Net assets at the end of the reporting year | 7,133,759 | 6,690,050 |
| Number of share certificates and units as at the beginning of the reporting period | 674,254 | 397,400 |
| Number of share certificates and units at the end of the reporting period | 667,818 | 523,390 |
| Net assets per share certificate and unit as at the beginning of the reporting year | 13.03 | 12.25 |
| Net assets per share certificate and unit as at the end of the reporting year | 10.68 | 12.78 |

The accompanying notes on pages 9 through 10 form an integral part of these financial statements.

For the Board of the Investment Management Company:

Kārlis Purgailis
Chairperson of the Board

Riga, 28 July 2022

*This document is signed electronically with a secure electronic signature and is time-stamped.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 DUE ON DEMAND FROM CREDIT INSTITUTIONS

| | % of the Fund's net assets | | % of the Fund's net assets | |
|--|----------------------------------|-------------|----------------------------------|-------------|
| | 30.06.2022. | 30.06.2022. | 31.12.2021. | 31.12.2021. |
| Total due on demand from credit institutions, AS Citadele Banka: | 103,530 | 1.45% | 326,278 | 3.71% |

NOTE 2 SHARE CERTIFICATES OF INVESTMENT FUNDS AND SIMILAR SECURITIES

All share certificates of investment funds and similar securities are classified as financial assets at fair value through profit or loss.

As at 30 June 2022, all share certificates of investment funds and similar securities held by the Fund were not traded on regulated markets. Net asset value quotes of these instruments were given by the Fund Manager on a daily basis. The following table presents the share certificates of investment funds and similar securities broken down by the issuer's country of origin as at 30 June 2022:

| Financial instrument | ISIN code | Currency | Amount | Acquisition value (EUR) | Carrying amount 30.06.2022 | % of the Fund's net assets 30.06.2022 |
|---|--------------|----------|--------|----------------------------|----------------------------------|--|
| Financial instruments not traded on regulated markets: | | | | 7,310,731 | 7,037,596 | 98.65% |
| Share certificates of investment funds registered in Luxembourg: | | | | 3,920,489 | 3,898,562 | 54.65% |
| NN L US Credit | LU0803997666 | EUR | 104 | 645,298 | 618,569 | 8.67% |
| BlackRock Global Funds - US Dollar Bond Fund | LU1564327929 | EUR | 57,788 | 598,407 | 546,675 | 7.66% |
| Amundi Funds - Pioneer US Bond | LU1883851682 | EUR | 491 | 545,150 | 505,666 | 7.09% |
| GS Global CORE Equity | LU0280841296 | EUR | 16,200 | 314,762 | 457,812 | 6.42% |
| Schroder International Selection Fund - EURO Corporate Bond | LU0113258742 | EUR | 18,238 | 459,232 | 413,071 | 5.79% |
| JPM US Aggregate Bond Fund | LU1432507090 | EUR | 4,118 | 410,372 | 384,998 | 5.40% |
| Robeco Capital Growth Funds - High Yield Bonds | LU0227757233 | EUR | 1,705 | 400,674 | 380,761 | 5.34% |
| Fundsmith Equity Fund Feeder | LU0690374029 | EUR | 4,503 | 260,683 | 224,243 | 3.14% |
| Robeco Capital Growth - US Premium Equities | LU0454739615 | EUR | 399 | 124,743 | 197,726 | 2.77% |
| Morgan Stanley Investment Funds - US Advantage Fund | LU0360484769 | EUR | 1,943 | 161,168 | 169,041 | 2.37% |
| Share certificates of investment funds registered in Latvia: | | | | 1,919,788 | 1,686,772 | 23.64% |
| CBL Global Emerging Markets Bond Fund R Acc EUR (hedged) | LV0000400828 | EUR | 54,823 | 597,273 | 537,815 | 7.54% |
| CBL European Leaders Equity Fund | LV0000400794 | EUR | 11,135 | 528,059 | 462,530 | 6.48% |
| CBL Eastern European Bond fund Klase R Acc EUR (hedged) | LV0000400174 | EUR | 25,460 | 450,596 | 383,683 | 5.38% |
| CBL US Leaders Equity Fund R Acc EUR (hedged) | LV0000400992 | EUR | 32,907 | 343,860 | 302,744 | 4.24% |
| Share certificates of investment funds registered in Ireland: | | | | 1,470,454 | 1,452,262 | 20.36% |
| PIMCO Funds Global Investors Series PLC - Total Return Bond Fund | IE0033989843 | EUR | 34,212 | 777,738 | 690,394 | 9.68% |
| Vanguard Investment Series PLC - US 500 Stock Index Fund | IE0032126645 | EUR | 13,667 | 488,413 | 585,434 | 8.21% |
| PIMCO US High Yield Bond Fund | IE0032883534 | EUR | 6,576 | 204,303 | 176,434 | 2.47% |
| Total share certificates of investment funds: | | | | 7,310,731 | 7,037,596 | 98.65% |

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

| Financial instrument | ISIN code | Currency | Amount | Acquisition value (EUR) | Carrying amount 31.12.2021 | % of the Fund's net assets 31.12.2021 |
|---|--------------|----------|--------|-------------------------|----------------------------|---------------------------------------|
| Financial instruments not traded on regulated markets: | | | | 7,230,127 | 8,470,520 | 96.39% |
| Share certificates of investment funds registered in Luxembourg: | | | | 3,275,192 | 3,929,189 | 44.71% |
| BlackRock Global Funds - US Dollar Bond Fund | LU1564327929 | EUR | 57,788 | 598,407 | 624,110 | 7.10% |
| Amundi Funds - Pioneer US Bond | LU1883851682 | EUR | 491 | 545,150 | 567,866 | 6.46% |
| GS Global CORE Equity | LU0280841296 | EUR | 16,200 | 314,762 | 542,538 | 6.17% |
| Schroder International Selection Fund - EURO Corporate Bond | LU0113258742 | EUR | 18,238 | 459,232 | 490,558 | 5.58% |
| Robeco Capital Growth Funds - High Yield Bonds | LU0227757233 | EUR | 1,705 | 400,674 | 434,383 | 4.94% |
| JPM US Aggregate Bond Fund | LU1432507090 | EUR | 4,118 | 410,372 | 431,990 | 4.92% |
| Morgan Stanley Investment Funds - US Advantage Fund | LU0360484769 | EUR | 1,943 | 161,168 | 359,241 | 4.09% |
| Fundsmith Equity Fund Feeder | LU0690374029 | EUR | 4,503 | 260,684 | 274,788 | 3.13% |
| Robeco Capital Growth - US Premium Equities | LU0454739615 | EUR | 399 | 124,743 | 203,715 | 2.32% |
| Share certificates of investment funds registered in Ireland: | | | | 2,158,686 | 2,415,984 | 27.49% |
| PIMCO Funds Global Investors Series PLC - Total Return Bond Fund | IE0033989843 | EUR | 34,212 | 777,738 | 799,530 | 9.10% |
| PIMCO Funds Global Investors Series PLC - Global Investment Grade Credit Fund | IE0032876397 | EUR | 36,075 | 688,233 | 733,406 | 8.34% |
| Vanguard Investment Series PLC - US 500 Stock Index Fund | IE0032126645 | EUR | 13,667 | 488,412 | 674,063 | 7.67% |
| PIMCO US High Yield Bond Fund | IE0032883534 | EUR | 6,576 | 204,303 | 208,985 | 2.38% |
| Share certificates of investment funds registered in Latvia: | | | | 1,796,249 | 2,125,347 | 24.19% |
| CBL Global Emerging Markets Bond Fund R Acc EUR (hedged) | LV0000400828 | EUR | 54,823 | 597,273 | 640,335 | 7.29% |
| CBL European Leaders Equity Fund | LV0000400794 | EUR | 9,536 | 448,333 | 620,575 | 7.06% |
| CBL Eastern European Bond fund Class R Acc EUR (hedged) | LV0000400174 | EUR | 22,701 | 406,783 | 442,898 | 5.04% |
| CBL US Leaders Equity Fund R Acc EUR (hedged) | LV0000400992 | EUR | 32,907 | 343,860 | 421,539 | 4.80% |
| Total share certificates of investment funds: | | | | 7,230,127 | 8,470,520 | 96.39% |

As the Company does not have sufficiently detailed information on the assets of the investment funds managed by financial institutions on behalf of investors, these assets have not been analyzed as to their actual issuer.

NOTE 3 PERFORMANCE DYNAMICS OF THE INVESTMENT FUND

| | 30.06.2022. | 31.12.2021. | 31.12.2020. | 31.12.2019. |
|-------------------------------|------------------|------------------|------------------|------------------|
| Net assets (EUR) | 7,133,759 | 8,787,554 | 4,866,441 | 6,114,621 |
| Number of share certificates | 667,818 | 674,254 | 397,400 | 544,223 |
| Value of the unit of the Fund | 10.68 | 13.03 | 12.25 | 11.24 |
| Fund return* | (18.04%) | 6.37% | 8.99% | 11.40% |

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