



# CBL Optimal Opportunities Fund - USD

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 – USD
Number of the Sub-fund:	FFL204
Sub-fund ISIN:	LV0000400984
Investment management company name: Investment management company's registered office:	CBL Asset Management IPAS 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: Registration number of the Fund's Custodian:	Republikas laukums 2a, Riga LV-1010, Latvia 40103303559
Investment management company's Council and Board Members and their positions:	Council of the investment management company : Deputy Chairperson of the Council – Vaidas Žagūnis, appointed on 03.08.2021 Chairperson of the Council – Vladimirs Ivanovs, resigned on 03.08.2021 Member of the Council - Blohmé Nils Magnus Göran, appointed 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 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:	Zigurds Vaikulis Reinis Gerasimovs
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:	Rainers Vilāns Certified Auditor Certificate No 200  KPMG Baltics SIA Vesetas iela 7 Riga, LV-1013, Latvia License No 55



## **INVESTMENT MANAGEMENT COMPANY REPORT**

Ieguldītāju fonda “CBL Opportunities Funds” apakšfonda “CBL Optimal Opportunities Fund – USD” (turpmāk The manager of the sub-fund CBL Optimal Opportunities Fund – USD 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 increased by EUR 196,197 or 19.43% and totaled EUR 1,206,066 at the end of the reporting period. Gross asset value as at 30 June 2022 amounted to EUR 1,207,279. At the same time, the value of the unit of the Fund decreased by EUR 0.99, reaching EUR 9.80. The Fund overall return in 2022 was negative 9.18% in terms of the euros, while in its base currency (USD) negative 16.78%.

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 reporting period represents 61.09% of the Fund's net asset value, which is 6.50 percentage points (pp) more than at the beginning of the year. The share of equity funds increased by 1.28 pp to 31.96% of the Fund's net asset value. Cash represents 7.05% 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 (58.23%) 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 7,790, which did not exceed the maximum amount of 1.70% provided in the Fund's prospectus. The investment management company fee totaled EUR 5,722, custodian fee – EUR 1,084, other management expenses – EUR 984.

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:

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Kārlis Purgailis  
Chairperson of the Board

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Zigurds Vaikulis  
Fund Manager

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Andris Kotāns  
Fund Manager

Rīga, 28 July 2022

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



**STATEMENT OF ASSETS AND LIABILITIES**

	<b>Notes</b>	<b>30.06.2022</b>	<b>31.12.2021</b>
<b>Assets</b>			
Due on demand from credit institutions	1	84,991	149,739
Financial assets at fair value through profit or loss			
Share certificates of investment funds and similar securities	2	1,122,288	861,100
<b>Total assets</b>		<b>1,207,279</b>	<b>1,010,839</b>
<b>Liabilities</b>			
Deferred income and accrued expenses		(1,213)	(970)
<b>Total liabilities</b>		<b>(1,213)</b>	<b>(970)</b>
<b>Net assets</b>		<b>1,206,066</b>	<b>1,009,869</b>

The accompanying notes on pages 9 through 10 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

Rīga, 28 July 2022

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STATEMENT OF INCOME AND EXPENSES

	<u>01.01.2022 – 30.06.2022</u>	<u>01.01.2021 – 30.06.2021</u>
<b>Expenses for the reporting period</b>		
Remuneration to investment management company and manager	(5,722)	(1,711)
Custodian fee	(1,084)	(324)
Other Fund management expenses	(984)	(163)
<b>Total expenses</b>	<b>(7,790)</b>	<b>(2,198)</b>
<b>(Decrease)/increase in investment value</b>		
Realized (decrease)/increase in investment value	(9,636)	626
Unrealized (decrease)/increase in investment value	(90,471)	26,584
<b>Total (decrease)/increase in investments</b>	<b>(100,107)</b>	<b>27,210</b>
<b>(Decrease)/increase in net assets from investments</b>	<b>(107,897)</b>	<b>25,012</b>

The accompanying notes on pages 9 through 10 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, 28 July 2022

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**STATEMENT OF CHANGES IN NET ASSETS**

	<b>01.01.2022 – 30.06.2022</b>	<b>01.01.2021 – 30.06.2021</b>
Net assets at the beginning of the reporting year	1,009,869	186,674
(Decrease)/increase in net assets from investment	(107,897)	25,012
<b>Transactions with share certificates and units</b>		
Inflow from sale of share certificates and units	304,094	234,346
Outflow on redemption of share certificates and units	-	(15,316)
<b>Increase in net assets from transactions with share certificates and units</b>	<b>304,094</b>	<b>219,030</b>
Net asset increase in the reporting year	196,197	244,042
<b>Net assets at the end of the reporting year</b>	<b>1,206,066</b>	<b>430,716</b>
Number of share certificates and units as at the beginning of the reporting period	93,564	19,677
Number of share certificates and units at the end of the reporting period	123,123	42,474
Net assets per share certificate and unit as at the beginning of the reporting year	10.79	9.49
<b>Net assets per share certificate and unit as at the end of the reporting year</b>	<b>9.80</b>	<b>10.14</b>

The accompanying notes on pages 9 through 10 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, 28 July 2022

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## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 1 DUE ON DEMAND FROM CREDIT INSTITUTIONS

	30.06.2022.	% of the Fund's net assets 30.06.2022.	31.12.2021.	% of the Fund's net assets 31.12.2021.
<b>Total due on demand from credit institutions, AS Citadele Banka:</b>	84,991	7.05%	149,739	14.83%

### 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
<b>Financial instruments not traded on regulated markets:</b>				<b>1,149,913</b>	<b>1,122,288</b>	<b>93.05%</b>
<b>Share certificates of investment funds registered in Luxembourg:</b>				<b>716,799</b>	<b>702,268</b>	<b>58.23%</b>
NN L US Credit	LU0555027738	USD	12	110,490	110,709	9.18%
JPMorgan Funds - JPM US Aggregate Bond Fund	LU0248063595	USD	765	90,587	92,238	7.65%
MFS Meridian Funds - European Research Fund	LU0982389560	USD	431	76,241	82,391	6.83%
BlackRock Global Funds - US Dollar Core Bond Fund	LU0548367084	USD	2,550	81,832	82,169	6.81%
Fundsmith SICAV - Fundsmith Equity Fund	LU0893933373	USD	2,884	90,939	80,055	6.64%
Robeco Capital Growth Funds - High Yield Bonds	LU0398248921	USD	233	65,700	66,836	5.54%
Amundi Funds - Pioneer US Bond	LU1883851765	USD	26	62,403	64,022	5.31%
Schroder International Selection Fund - EURO Corporate Bond	LU0428345051	USD	317	51,341	49,873	4.14%
Janus Henderson Horizon Global High Yield Bond Fund	LU0978624350	USD	213	29,865	29,193	2.42%
Morgan Stanley Investment Funds - US Advantage Fund	LU0360484686	USD	308	42,052	25,571	2.12%
Goldman Sachs Global CORE sm Equity Portfolio	LU0236212311	USD	751	15,349	19,211	1.59%
<b>Share certificates of investment funds registered in Latvia:</b>				<b>241,370</b>	<b>226,365</b>	<b>18.76%</b>
CBL US Leaders Equity Fund R Acc USD	LV0000401032	USD	10,383	100,389	94,259	7.82%
CBL Eastern European Bond fund Klase R Acc USD	LV0000400125	USD	4,181	93,120	87,434	7.24%
CBL Global Emerging Markets Bond Fund R Acc USD	LV0000400968	USD	4,874	47,861	44,672	3.70%
<b>Share certificates of investment funds registered in Ireland:</b>				<b>191,744</b>	<b>193,655</b>	<b>16.06%</b>
PIMCO Funds Global Investors Series PLC - Total Return Bond Fund	IE0002460867	USD	3,844	110,275	109,755	9.10%
Vanguard Investment Series PLC - US 500 Stock Index Fund	IE0002639775	USD	1,942	81,469	83,900	6.96%
<b>Total share certificates of investment funds:</b>				<b>1,149,913</b>	<b>1,122,288</b>	<b>93.05%</b>

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
<b>Financial instruments not traded on regulated markets:</b>				<b>782,006</b>	<b>861,100</b>	<b>85.27%</b>
<b>Share certificates of investment funds registered in Luxembourg:</b>				<b>428,618</b>	<b>468,969</b>	<b>46.44%</b>
BlackRock Global Funds - US Dollar Core Bond Fund	LU0548367084	USD	2,550	81,832	85,555	8.47%
MFS Meridian Funds - European Research Fund	LU0982389560	USD	316	54,012	63,853	6.32%
Fundsmith SICAV - Fundsmith Equity Fund	LU0893933373	USD	1,787	57,823	60,661	6.01%
Robeco Capital Growth Funds - High Yield Bonds	LU0398248921	USD	183	50,885	54,431	5.39%
Schroder International Selection Fund - EURO Corporate Bond	LU0428345051	USD	317	51,341	54,121	5.36%
Amundi Funds - Pioneer US Bond	LU1883851765	USD	18	42,502	45,365	4.49%
Janus Henderson Horizon Global High Yield Bond Fund	LU0978624350	USD	213	29,865	31,536	3.12%
JPMorgan Funds - JPM US Aggregate Bond Fund	LU0248063595	USD	226	24,852	27,821	2.76%
Morgan Stanley Investment Funds - US Advantage Fund	LU0360484686	USD	145	20,157	23,055	2.28%
Goldman Sachs Global CORE sm Equity Portfolio	LU0236212311	USD	751	15,349	22,571	2.24%
<b>Share certificates of investment funds registered in Ireland:</b>				<b>211,919</b>	<b>233,829</b>	<b>23.15%</b>
PIMCO Funds Global Investors Series PLC - Total Return Bond Fund	IE0002460867	USD	2,852	81,835	85,782	8.49%
PIMCO Funds Global Investors Series PLC - Global Investment Grade Credit Fund	IE0034085260	USD	4,214	77,795	81,894	8.11%
Vanguard Investment Series PLC - US 500 Stock Index Fund	IE0002639775	USD	1,341	52,289	66,153	6.55%
<b>Share certificates of investment funds registered in Latvia:</b>				<b>141,469</b>	<b>158,302</b>	<b>15.68%</b>
CBL US Leaders Equity Fund R Acc USD	LV0000401032	USD	6,484	60,499	73,559	7.28%
CBL Global Emerging Markets Bond Fund R Acc USD	LV0000400968	USD	4,874	47,861	48,155	4.77%
CBL Eastern European Bond fund Klase R Acc USD	LV0000400125	USD	1,493	33,109	36,588	3.63%
<b>Total share certificates of investment funds:</b>				<b>782,006</b>	<b>861,100</b>	<b>85.27%</b>

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.
<b>Net assets (EUR)</b>	<b>1,206,066</b>	<b>1,009,869</b>	<b>186,674</b>	<b>352,718</b>
Number of share certificates	123,123	93,564	19,677	36,738
Value of the unit of the Fund (EUR)	9.80	10.79	9.49	9.60
Fund return*	(9.18%)	13.70%	(1.15%)	16.08%
<b>Net assets (USD)</b>	<b>1,252,741</b>	<b>1,143,778</b>	<b>229,067</b>	<b>396,244</b>
Number of share certificates	123,123	93,564	19,677	36,738
Value of the unit of the Fund (USD)	10.17	12.22	11.64	10.79
Fund return**	(16.78%)	4.98%	7.88%	13.94%

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

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