



Investment Fund

CBL US Leaders Equity Fund

Annual Report 2021

(for the period 6 January through 31 December 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 Fund:

CBL US Leaders Equity Fund
Investment fund

Type of the Fund:

Classes:

- R Acc USD
ISIN: LV0000401032
- R Acc EUR (hedged)
ISIN: LV0000400992

Registration date of the Fund:

22.12.2020
FL261

Number of the Fund:

Investment management company name:
Investment management company's registered office:
Investment management company's registration number:
Number of the license for investment management company operations:

CBL Asset Management IPAS

Republikas laukums 2a, Riga, LV-1010, Latvia

40003577500

06.03.07.098/367

Name of the Fund's Custodian

AS Citadele Banka

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:

Andrejs Pīlka
Igors Lahtadirs

Rights and responsibilities related to the Fund's management:

The Fund Manager performs 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 US Leaders Equity Fund (hereinafter – the Fund) is an equity 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 iaukums 2a, Riga, LV-1010, registered under No. 40003577500. The Investment Company's operating license is No. 06.03.07.098/367.

The investment objective of the Fund is to achieve long-term capital appreciation by investing primarily in the equities of those issuers that have their principal business location or head office in the United States and are registered in the OECD without sectoral restrictions. The Fund's income is derived from share price appreciation and dividend income. The Fund was launched on 6 January 2021. As at 31 December 2021, the Fund's net assets totalled EUR 18,195,104 while gross assets – EUR 18,314,369. The Fund's return and value are calculated for each class individually. As at 31 December 2021, the value of the unit of the CBL US Leaders Equity Fund Class R Acc USD was EUR 11.30, while the value of the unit of the CBL US Leaders Equity Fund Class R Acc EUR (hedged) was EUR 12.76. As at 31 December 2021, the return of the CBL US Leaders Equity Fund Class R Acc USD was 13.00% (in euros according to the ECB exchange rates) and 28.00% in the Fund's base currency (USD) fixed by the financial markets at the end of the day. As at 31 December 2021, the return of the CBL US Leaders Equity Fund Class R Acc EUR (hedged) was 28.12%.

Last year, i.e., 2021, was very successful for global stock markets. Both US and European stock market indices showed strong growth. The end-of-year performance of the STOXX Europe 600 index was up by 22.3% in euro terms, and the US S&P 500 gained 26.9% for the year, in terms of US dollars. Investor optimism was boosted by new fiscal stimulus from governments around the world, generally supportive monetary policy, the successful continuation of the mass vaccination, and a strong global economic recovery. This combination made analysts upgrade continuously their GDP growth forecasts as well as raise corporate profits expectations. Alongside stock markets, commodity markets rallied strongly, with many commodity prices reaching multi-year highs. Economic restrictions imposed by world governments due to the spread of the coronavirus continued to have a negative impact on global commodity supply chains. Rising commodity prices as well as possible commodity shortages that may emerge when people finally start to spend their savings have made economists raise their inflation forecasts substantially. In the second half of the year, fears of a sharp rise in consumer prices started to affect financial markets. Investors began to worry that world's central banks would be forced to raise interest rates much earlier than expected in response to inflationary pressures. With US inflation accelerating to its highest levels since the 1980s, the Federal Reserve has confirmed its plans to taper its monetary support programme. The rhetoric on rate hikes has also become more aggressive, with Fed members expecting ever faster rate hikes. Additional worry for investors was caused by Omicron, the new variant of the coronavirus, that was considered to be resistant to the existing vaccines and threatening with another global lockdown. This backdrop created timely volatility in stock markets, but failed to fundamentally change the market sentiment by the end of 2021. Robust corporate financial reports and economic data provided solid support, with European and US stock markets reaching all-time highs in December.

During the period, the Fund (Class R Acc USD) provided investors with a 28.0% return slightly outperforming S&P500 index. All sectors contributed positively to the Fund's performance from its inception date until the end of the reporting period, but the greatest contribution was from its investments in technology companies. At the end of the reporting period, the sectors that prevailed among the Fund's investments were technology (49.9%), health care (14.0%) and manufacturing (9.2%). At the end of the year, the cash position accounted for 1.23% of the Fund's net assets.

During the reporting period, the total management costs amounted to EUR 189,141, which did not exceed the maximum amount of 4.00% outlined in the Fund's prospectus. The investment management company fee of EUR 162,980, custodian fee – EUR 20,955, other management expenses - EUR 5,206 were covered from the Fund's assets. In 2021, the Fund's ongoing charges reached 1.58% of the Fund's average net asset value. The prospectuses of the investment funds managed by the Company do not provide for performance fees.

On 1 November 2021, the CBL Russian Equity Fund merged with the CBL US Leaders Equity Fund.

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. Falling bonds started to affect equities as well. Sectors where equity prices are largely determined by future cash flows were hit the hardest. Higher interest rates mean a higher discount rate on future cash flows, which lowers the intrinsic value of such companies. Consequently, the technology and consumer staples sectors showed weaker dynamics. As the market recovered some of its losses, investor sentiment stabilised in the last days of January, but in mid-February it 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. Investors fear that Western sanctions against Russia will heat up inflation numbers, which are already too hot, and could raise recession risks for the global economy.

In the reporting period, no significant engagement measures were taken (as defined in the Sustainability and Engagement Policy).

Looking ahead, we expect that the elevated volatility is likely to remain for some time in global stock markets. While corporate profits growth is still supportive and the Omicron coronavirus variant has proved less threatening than previously thought, the combination of hot inflation numbers, tighter monetary policy and unprecedented geopolitical risks is unlikely to allow stock markets to quickly return to previous peaks.

For the Board of the Investment Management Company:

Kārlis Purgailis
Chairperson of the Board

Andrejs Pilka
Fund Manager

Igors Lahtadirs
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 Fund Manager is involved in managing the entities in which the Fund has invested by exercising their voting rights, particularly, where the Fund holds at least 5% of their total.
In the reporting period, the Fund Manager did not exercise their voting rights at the General Meetings of the Company's shareholders and/or bondholders.

For the Board of the Investment Management Company:

Kārlis Purgailis
Chairperson of the Board

Andrejs Pilka
Fund Manager

Igors Lahtadirs
Fund Manager

Riga, 29 April 2022

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STATEMENT OF RESPONSIBILITY OF THE BOARD OF THE INVESTMENT MANAGEMENT COMPANY

The Board of Investment Management Company (hereinafter - the Company) is responsible for preparation of financial statements of the investment fund CBL US Leaders Equity Fund (hereinafter - the Fund).

The financial statements on pages 9 through 22 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 the period from 6 January 2021 to 31 December 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. 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 US Leaders Equity 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 and other laws and regulations of the Republic of Latvia.

For the Board of the Investment Management Company:

Kārlis Purgailis
Chairperson of the Board

Andrejs Pilka
Fund Manager

Igors Lahtadirs
Fund Manager

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 US Leaders Equity 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 US Leaders Equity Fund (hereinafter - the Fund) established by IPAS CBL Asset Management" (hereinafter - the Company);
- the Custodian performs the functions of the Fund's custodian pursuant to the Law on Investment Management Companies and other laws and regulations applicable to the Custodian (hereinafter - the Law).

The Custodian is responsible for the performance of obligations set forth for it in the Law and in the 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

THIS DOCUMENT IS SIGNED ELECTRONICALLY WITH SECURE ELECTRONIC SIGNATURE AND CONTAINS A TIME STAMP

STATEMENT OF ASSETS AND LIABILITIES

	Notes	<u>06.01.2021.-</u> <u>31.12.2021.</u>
Assets		
Due on demand from credit institutions	3	224,483
Financial assets at fair value through profit or loss:		
Equity instruments	4	18,084,339
Derivative financial instruments	5	5,547
Total assets		<u>18,314,369</u>
Liabilities		
Financial liabilities at fair value through profit or loss:		
Derivative financial instruments	5	(92,798)
Accrued expenses		(26,467)
Total liabilities		<u>(119,265)</u>
Net assets		<u>18,195,104</u>

The accompanying notes on pages 13 through 22 form an integral part of these financial statements.

For the Board of the Investment Management Company:

Kārlis Purgailis
Chairperson of the Board

Riga, 29 April 2022

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STATEMENT OF INCOME AND EXPENSES

	06.01.2021.-	<u>31.12.2021.</u>
Notes		
Income for the reporting period		
Dividend income	86,950	
Other income	84	
Total income		87,034
Expenses for the reporting period		
Remuneration to investment management company	(162,980)	
Custodian fee	(20,955)	
Other Fund management expenses	(5,206)	
Total expenses		(189,141)
Increase/ (decrease) in investment value		
Realized (decrease) in investment value	7 (272,490)	
Unrealized increase in investment value	8 3,564,651	
Total increase in investments		3,292,161
Foreign currency revaluation result		87,251
Increase in net assets from investment		3,277,305

The accompanying notes on pages 13 through 22 form an integral part of these financial statements.

For the Board of the Investment Management Company:

Kārlis Purgailis
Chairperson of the Board

Riga, 29 April 2022

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STATEMENT OF CHANGES IN NET ASSETS

CBL US Leaders Equity Fund

	Notes	06.01.2021.-31.12.2021.
Net assets at the beginning of the reporting period		-
Increase in net assets from investment		3,277,305
Transactions with share certificates		
Inflow from sale of share certificates and units		13,747,109
Net assets of the CBL Russian Equity Fund acquired through merger	16	3,010,697
Outflow on redemption of share certificates		(1,840,007)
Increase in net assets from transactions with share certificates		14,917,799
Net asset increase in the reporting period		18,195,104
Net assets at the end of the reporting period		18,195,104

CBL US Leaders Equity Fund: Class R Acc USD

	06.01.2021.-31.12.2021.
ISIN : LV0000401032	-
Number of share certificates at the beginning of the reporting period	-
Number of share certificates at the end of the reporting period	714,748
Net assets per share certificate at the beginning of the reporting period	-
Net assets per share certificate at the end of the reporting period	11.30

CBL US Leaders Equity Fund: Class R Acc EUR (hedged)

	06.01.2021.-31.12.2021.
ISIN : LV0000400992	-
Number of share certificates at the beginning of the reporting period	-
Number of share certificates at the end of the reporting period	793,294
Net assets per share certificate at the beginning of the reporting period	-
Net assets per share certificate at the end of the reporting period	12.76

The accompanying notes on pages 13 through 22 form an integral part of these financial statements.

For the Board of the Investment Management Company:

Kārlis Purgailis
Chairperson of the Board

Riga, 29 April 2022

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STATEMENT OF CASH FLOWS

	06.01.2021.-	31.12.2021.
Dividend income	86,950	84
Other income	(162,675)	(22,198,379)
Investment management expenses	9	8,148,357
Acquisition of investments	(633,537)	(633,537)
Sale/ disposal of investments		(14,759,200)
Foreign currency revaluation and FX derivatives result		
(Decrease) in cash and cash equivalents from operating activities		
Cash flow from/to financing activities	13,747,109	
Inflow from sale of share certificates	(1,841,110)	
Outflow on redemption of share certificates		
Cash received through the merger of CBL Russian Equity Fund	16	3,010,697
Increase in cash and cash equivalents from financing activities		14,916,696
Increase in cash and cash equivalents, net		157,496
Cash and cash equivalents at the beginning of the reporting period		-
Foreign currency revaluation result		66,987
Cash and cash equivalents at the end of the reporting period	3	224,483

The accompanying notes on pages 13 through 22 form an integral part of these financial statements.

For the Board of the Investment Management Company:

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 US Leaders Equity Fund
Type of the Fund:	Investment fund
Scope of the Fund:	Investing primarily in equities of companies that are registered or carry out their core activities in the USA.
Investment management company name:	CBL Asset Management IPAS (hereinafter - the Company) Republikas iaukums 2a, Riga, LV-1010, Latvia

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The financial statements of IF CBL US Leaders Equity 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 6 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 relate to determination of fair value of financial assets.

Income and expense recognition

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

For assets or liabilities stated at amortized cost, interest income and expenses are recognized in the statement of income and expenses under the effective interest method. An effective interest rate is the rate that exactly discounts future cash flows of the financial instrument through the estimated useful life of the respective 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 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 rate (foreign currency unit against the EUR) published by the European Central Bank that was mainly applied when preparing the statement of assets and liabilities of the Fund were as follows:

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

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 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 realized 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 Fund. 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 Fund.

Financial assets and liabilities at amortized cost

For a financial asset to be measured at amortized cost it should be both held within a business model whose objective is to hold financial assets to collect contractual cash flows and the contractual terms of the financial asset should give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets measured at amortized cost are carried at amortized cost using the effective interest rate method, less any allowance for impairment.

The impairment allowance for financial assets that are not credit impaired (Stage 1 and Stage 2) is measured as the present value of all cash shortfalls which is the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive is counted at the effective interest rate of a financial asset. The impairment allowance for financial assets that are credit impaired at the reporting date (Stage 3) is measured as the difference between the gross carrying amount and the present value of estimated future cash flows discounted at the effective interest rate of the financial asset. For the purchased or originated credit-impaired financial assets the credit-adjusted effective interest rate is applied from initial recognition.

A gain or loss on a financial asset that is measured at amortized cost is recognized in profit or loss when the financial asset is derecognized, reclassified, through the amortization process or in order to recognize impairment gains or losses. Financial assets at amortized cost are recognized on drawdown. From the date of signing a contractual agreement till drawdown, they are accounted for as off-balance sheet commitments. When a financial asset cannot be recovered, it is written-off and charged against impairment for credit losses. The Company makes the decision regarding any write-off of financial assets. Recoveries of previously written-off assets or parts of assets are credited to the statement of profit or loss.

The Company classifies all financial liabilities as subsequently measured at amortized cost using the effective interest rate method, except for derivatives and certain deposit components of the insurance plan liabilities which are measured at fair value through profit or loss. A gain or loss on a financial liability that is measured at amortized cost is recognized in profit or loss when the financial liability is derecognized and through the amortization process.

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, considering the short-term structure and credit ratings, the allowances for expected credit losses are not material.

Derivative financial instruments

For risk management purposes the Fund may engage in transactions with derivatives. For accounting purposes, all derivatives are classified as held for trading and are accounted for as follows.

Subsequent to initial recognition and determination of value, agreements are recognized in the balance sheet at their fair value. The fair value of these agreements is included in the statement of assets and liabilities as *Derivatives* and their relative value is disclosed in the Notes to the financial statements.

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

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 Company 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 no 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 standards and interpretations

The standards as well as the requirements that came into force in 2021 and are applied in these closing financial statements are described below. Their use did not have a material impact on the closing financial statements. The Fund has not had any transactions affected by the new standards in force or the accounting policies already comply with the requirements of the new standards.

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 31.12.2021.	31.12.2021.
Due on demand from credit institutions,		
AS Citadele Banka	224,483	1.23%
Total demand deposits with credit institutions	224,483	1.23%

NOTE 4 EQUITY INSTRUMENTS

	% of the Fund's net assets 31.12.2021.	31.12.2021.
Corporate equity instruments		
Equity instruments of companies in other OECD countries	18,084,339	99.39%
Total equity instruments	18,084,339	99.39%

All equity instruments are classified as financial assets at fair value through profit or loss. As at 31 December 2021, all equity instruments owned by the Fund were traded on regulated markets.

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	Cur- rency	Amount	Acquisition value (EUR)	Carrying amount 31.12.2021.	% of the Fund's net assets 31.12.2021.
Financial instruments traded on regulated markets:				14,616,792	18,084,339	99.39%
Equity instruments of US issuers:				14,239,439	17,601,835	96.74%
Fortinet Inc	US34959E1091	USD	1,530	193,350	487,841	2.68%
Paychex Inc	US7043261079	USD	3,738	305,392	452,877	2.49%
KLA Corp	US4824801009	USD	1,186	322,534	450,357	2.48%
Mettler-Toledo International Inc	US5926881054	USD	287	320,437	431,998	2.37%
Automatic Data Processing Inc	US0530151036	USD	1,968	325,598	429,777	2.36%
Keysight Technologies Inc	US49338L1035	USD	2,340	302,077	427,795	2.35%
Apple Inc	US0378331005	USD	2,717	312,182	425,662	2.34%
Gartner Inc	US3666511072	USD	1,429	331,081	422,884	2.32%
Robert Half International Inc	US7703231032	USD	4,263	297,056	419,600	2.31%
Tractor Supply Co	US8923561067	USD	1,995	296,764	418,816	2.30%
Eli Lilly & Co	US5324571083	USD	1,708	329,397	417,937	2.30%
S&P Global Inc	US78409V1044	USD	994	319,083	414,758	2.28%
Monolithic Power Systems Inc	US6098391054	USD	935	328,405	408,375	2.24%
Sealed Air Corp	US81211K1007	USD	6,661	328,034	395,626	2.17%
Arista Networks Inc	US0404131064	USD	3,096	353,934	393,383	2.16%
Zoetis Inc	US98978V1035	USD	1,812	324,462	392,253	2.16%
Seagate Technology Holdings PLC	IE00BKVD2N49	USD	3,900	352,010	390,103	2.14%

Financial instrument	ISIN code	Cur- rency	Amount	Acquisition value (EUR)	Carrying amount 31.12.2021.	% of the Fund's net assets 31.12.2021.
						31.12.2021.
Alphabet Inc	US02079K1079	USD	151	332,441	387,214	2.13%
Old Dominion Freight Line Inc	US6795801009	USD	1,200	251,857	380,099	2.09%
Microsoft Corp	US5949181045	USD	1,273	270,191	379,292	2.08%
Oracle Corp	US68389X1054	USD	4,854	329,760	375,300	2.06%
Lam Research Corp	US5128071082	USD	590	349,272	374,649	2.06%
Facebook Inc	US30303M1027	USD	1,242	378,250	372,501	2.05%
Edwards Lifesciences Corp	US28176E1082	USD	3,228	327,575	371,508	2.04%
Ulta Beauty Inc	US90384S3031	USD	1,002	359,897	364,297	2.00%
NVIDIA Corp	US67066G1040	USD	1,384	300,907	358,574	1.97%
Xilinx Inc	US9839191015	USD	1,914	295,211	355,998	1.97%
Copart Inc	US2172041061	USD	2,637	331,819	353,525	1.94%
Intuit Inc	US4612021034	USD	594	225,728	338,474	1.86%
Waters Corp	US9418481035	USD	1,021	277,111	337,175	1.85%
Regions Financial Corp	US7591EP1005	USD	17,332	301,391	334,061	1.84%
NetApp Inc	US64110D1046	USD	3,952	220,670	320,668	1.76%
Adobe Inc	US00724F1012	USD	637	331,322	319,580	1.76%
Applied Materials Inc	US0382221051	USD	2,241	209,318	312,090	1.72%
IDEXX Laboratories Inc	US45168D1046	USD	530	225,310	310,106	1.70%
Etsy Inc	US29786A1060	USD	1,573	274,684	303,406	1.67%
Moody's Corp	US6153691059	USD	871	235,845	299,482	1.65%
Zions Bancorp NA	US9897011071	USD	5,238	223,824	292,608	1.61%
First Republic Bank/CA	US33616C1009	USD	1,562	292,604	285,369	1.57%
O'Reilly Automotive Inc	US67103H1077	USD	450	194,455	280,815	1.54%
Align Technology Inc	US0162551016	USD	475	223,924	277,917	1.53%
SVB Financial Group	US78486Q1013	USD	456	292,407	273,254	1.50%
CDW Corp/DE	US12514G1085	USD	1,489	177,974	269,955	1.48%
Analog Devices Inc	US0326541051	USD	1,737	245,956	269,737	1.48%
Ameriprise Financial Inc	US03076C1062	USD	1,000	267,201	266,643	1.47%
Texas Instruments Inc	US8825081040	USD	1,572	223,598	262,254	1.44%
Illinois Tool Works Inc	US4523081093	USD	1,200	257,214	261,508	1.44%
NIKE Inc	US6541061031	USD	1,697	247,068	250,370	1.38%
United Parcel Service Inc	US9113121068	USD	1,323	235,203	250,080	1.37%
Citizens Financial Group Inc	US1746101054	USD	5,586	187,656	233,284	1.28%
Equity instruments of Irish issuers:				377,353	482,504	2.65%
Accenture PLC	IE00B4BNMY34	USD	1,313	377,353	482,504	2.65%
Equity instruments of Kazakh issuers:				-	-	0.00%
Kazakhstan Kagazy PLC	US48667M4015	USD	14,000	-	-	0.00%
Total equity instruments:				14,616,792	18,084,339	99.39%

NOTE 5 DERIVATIVE FINANCIAL INSTRUMENTS

The following table presents the notional amount and fair value of currency forwards and 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*
	Notional amount	Fair value		
	Assets	Liabilities		
FX transactions (swaps)	9,111,380	5,547	(74,169)	(0.38%)
FX transactions (forwards)	838,747	-	(18,629)	(0.10%)
Total derivative financial instruments	9,950,127	5,547	(92,798)	(0.48%)

* 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/forwards concluded with AS Citadele Banka.

NOTE 6 ACCRUED EXPENSES

	31.12.2021.
Accrued expenses for investment management company fees	21,025
Accrued expenses for custodian fees	2,703
Accrued expenses for professional services	2,739
Total accrued expenses	26,467

NOTE 7 REALIZED INCREASE/DECREASE IN INVESTMENT VALUE

31.12.2021.

Proceeds from sale of investments in the reporting period*	8,152,639
Cost of investments sold during the reporting period	(8,425,129)
(Depreciation)/appreciation of sold investments recognized in prior reporting years	-
Total realized (decrease) in investment value	(272,490)

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

NOTE 8 UNREALIZED INCREASE/DECREASE IN INVESTMENT VALUE

31.12.2021.

From equity instruments	3,651,902
From derivative financial instruments	(87,251)
Total unrealized appreciation of investments	3,564,651

NOTE 9 CHANGES IN INVESTMENTS

The following table shows the changes in investments in 2021:

	06.01.2021.	Increase during the reporting Period*	Decrease during the reporting period*	Fair value adjustment	31.12.2021.
Financial assets at fair value through profit or loss					
From equity instruments	-	22,198,379	(8,148,357)	4,034,317	18,084,339
From derivative financial instruments	-	-	(596,417)	509,166	(87,251)
Total investments	-	22,198,379	(8,744,774)	4,543,483	17,997,088

* 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.

NOTE 10 PLEDGED ASSETS

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

NOTE 11 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

The Management of the investment management company believes that the carrying amounts of financial assets and liabilities correspond to their fair values. The fair value is determined using market quotes, based on the information published by stock exchanges and brokerage companies. All equity instruments owned by the Fund are traded on regulated markets and are classified in the fair valuation hierarchy at Level 1. The fair value of balances due on demand from credit institutions corresponds to their carrying amount.

NOTE 11 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 maturity, geographic location and types of currency investments by 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.

Price risk

Changes in prices of equity securities (shares) depend on two variables - changes in the respective national stock index (for the Russian companies these are changes in the stock market index - RTS) and the financial position of the particular issuer (in terms of capacity to generate profit), which in turn affects the fluctuations of the balance of supply and demand. The first variable is also often referred to as systematic risk; whereas the second - as specific risk.

The systemic risk is managed based on forecasts regarding the overall economic development in the specific geographical region and the potential economic development of the industry. The specific risk is managed on the basis of detailed analysis of the issuer's financial situation and capacity to generate profit as well as other factors affecting the price of the security mainly based on the reports published by the issuer, information in the mass media etc. Here the focus is on both price volatility (deviations) and their correlations. As a result, it is possible to calculate the overall price risk of the portfolio securities, taking into account their historical yield.

The risk of market price fluctuations was calculated as at 31 December 2021 using the standard deviation in the reference index of the respective investment fund category.

06.01.2021.	Standard deviation in the reference index	Carrying amount	Potential negative effect on the current year profit	Potential Positive effect on the current year profit	% of the Fund's net assets
	EUR		EUR	EUR	31.12.2021.*
Assets at fair value through profit or loss					
- Equity instruments	15.00%	18,084,339	(2,712,651)	2,712,651	14.91%
Total:		18,084,339	(2,712,651)	2,712,651	14.91%

* Net carrying amount of equity instruments is disclosed as percentage of the Fund's net assets.

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 (USD). 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 can be hedged by the effect of diversification, which occurs when the Fund has several currencies and the exchange rate fluctuations of these currencies are not closely interrelated.

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

	EUR	USD	Total
Assets			
Due on demand from credit institutions	116,887	107,596	224,483
Financial assets at fair value through profit or loss			
Equity instruments	-	18,084,339	18,084,339
Derivative financial instruments	2,842,998	(2,837,451)	5,547
Total assets	2,959,885	15,354,484	18,314,369
Liabilities			
Derivative financial instruments	7,019,878	(7,112,676)	(92,798)
Accrued expenses	(26,467)	-	(26,467)
Total liabilities	6,993,411	(7,112,676)	(119,265)
Net assets	9,953,296	8,241,808	18,195,104
% of net assets	54.70%	45.30%	100.00%

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

Effect of exchange rate fluctuations (2021)

Currency	Share in the Fund (% of net assets)	Change in the exchange rate against USD	Impact on the Fund's value
EUR	54.70%	5.72%	3.13%
USD	45.30%	0.00%	0.00%
Total	100.00%		3.13%

The effect of exchange rate fluctuations on the value of the CBL US Leaders Equity 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)

Currency	Share in the Fund (% of net assets)	Change in the exchange rate against USD	Impact on the Fund's value
EUR	30.42%	5.72%	1.74%
USD	25.19%	0.00%	0.00%
Total	55.61%		1.74%

The effect of exchange rate fluctuations on the value of the CBL US Leaders Equity 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)

Currency	Share in the Fund (% of net assets)	Change in the exchange rate against USD	Impact on the Fund's value
EUR	24.28%	5.72%	1.39%
USD	20.11%	0.00%	0.00%
Total	44.39%		1.39%

Concentration risk

The issuer's line of business and geographical position represent additional risk factors that may affect the price of the issuer's securities or 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 risk concentration (based on the country whose position affects the issuer's solvency the most) and distribution across sectors are presented in tables below.

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

	Latvia	OECD countries	Total
Assets			
Due on demand from credit institutions	224,483	-	224,483
Financial assets at fair value through profit or loss			
Equity instruments	-	18,084,339	18,084,339
Derivative financial instruments	5,547	-	5,547
Total assets	230,030	18,084,339	18,314,369
Liabilities			
Derivative financial instruments	(92,798)	-	(92,798)
Accrued expenses	(26,467)	-	(26,467)
Total liabilities	(119,265)		(119,265)
Net assets	110,765	18,084,339	18,195,104

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

Country	% of the Fund's net assets	
	Carrying amount 31.12.2021.	31.12.2021.
USA	17,601,835	96.74%
Ireland	482,504	2.65%
Latvia	110,765	0.61%
Kazakhstan	-	0.00%
Total	18,195,104	100.00%

The following table shows the breakdown of the Fund's securities portfolio by sectors:

Sector	% of the Fund's net assets	
	Carrying amount 31.12.2021.	31.12.2021.
IT services	9,080,630	49.91%
Pharmacy	2,538,894	13.95%
Manufacture	1,664,812	9.15%
Consumption services	1,617,704	8.89%
Commercial banks	1,418,576	7.80%
Financial services	980,883	5.39%
Commodities	395,626	2.17%
Telecommunications services	387,214	2.13%
Total	18,084,339	99.39%

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. Investing in the Russian market entails an increased risk of the market for various assets to be illiquid temporarily. It may result in an impossibility to sell financial instruments or other assets or they are sold at a discount:

	Up to 1 month	1-6 months	Indefinite	Total
Assets				
Due on demand from credit institutions	224,483	-	-	224,483
Financial assets at fair value through profit or loss				
Equity instruments	-	-	18,084,339	18,084,339
Derivative financial instruments	-	5,547	-	5,547
Total assets	224,483	5,547	18,084,339	18,314,369
Liabilities				
Derivative financial instruments	(86,531)	(6,267)	-	(92,798)
Accrued expenses	(23,728)	-	(2,739)	(26,467)
Total liabilities	(110,259)	(6,267)	(2,739)	(119,265)
Net assets	114,224	(720)	18,081,600	18,195,104
Net position, %	0.62%	0.00%	99.38%	100.00%

NOTE 13 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 31.12.2021.
IF CBL US Leaders Equity Fund: Class R Acc EUR (hedged)	31.12.2021.
Share certificates held by related parties	16,445
Share certificates held by third parties	776,849
The number of share certificates issued at the end of the reporting period	793,294
	100.00%
IF CBL US Leaders Equity Fund: Class R Acc USD	31.12.2021.
Share certificates held by related parties	31,754
Share certificates held by third parties	682,994
The number of share certificates issued at the end of the reporting period	714,748
	100.00%

NOTE 14 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 596,417).

During the period from 6 January 2021 to 31 December 2021, the Fund entered into 9 FX transactions through the custodian bank with a net result of EUR 4,042.

In the reporting period, the related parties made transactions with the Fund's share certificates (see Note 13). In 2021, the related parties bought 29,834 and sold 3,368 share certificates of CBL US Leaders Equity Fund (Class R Acc USD) and bought 18,378 and sold 2,251 share certificates of CBL US Leaders Equity 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. During the reporting period, the Fund had investments neither in debt instruments issued by the custodian bank nor in investment funds managed by the related investment management company.

NOTE 15 PERFORMANCE DYNAMICS OF THE INVESTMENT FUND

	06.01.2021. -31.12.2021.
CBL US Leaders Equity Fund: Class R Acc USD	
Net assets (EUR)	8,076,094
Number of share certificates	714,748
Value of the unit of the investment fund (EUR)	11.30
Return of the investment fund *	13.23%
Net assets (USD)**	9,146,983
Number of share certificates	714,748
Value of the unit of the investment fund (EUR)	12.80
Return of the investment fund *	28.53%

CBL US Leaders Equity Fund: Class R Acc EUR (hedged)	06.01.2021. -31.12.2021.
Net assets (EUR)	10,119,010
Number of share certificates	793,294
Value of the unit of the investment fund (EUR)	12.76
Return of the investment fund *	28.12%

The total assets of the CBL US Leaders Equity Fund consist of the total net assets of both classes in the Fund's measurement currency; when translating the total assets of the CBL US Leaders Equity 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.

* 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 16 NET ASSETS OF THE MERGED INVESTMENT FUND CBL RUSSIAN EQUITY FUND

On 1 November 2021, the investment fund CBL Russian Equity Fund merged with the investment fund CBL US Leaders Equity Fund.

The table below shows the identified assets as at 1 November 2021:

01.11.2021.

Assets

Due on demand from credit institutions 3,010,697

Financial assets at fair value through profit or loss

Equity instruments* 0.00

Total assets **3,010,697**

* On 1 November 2021, the equity instrument Kazakhstan Kagazy PLC ISIN US48667M4015 with a carrying amount of USD 0.00 was transferred to the CBL US Leaders Equity Fund.

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. Falling bonds started to affect equities as well. Sectors where equity prices are largely determined by future cash flows were hit the hardest. Higher interest rates mean a higher discount rate on future cash flows, which lowers the intrinsic value of such companies. Consequently, the technology and consumer staples sectors showed weaker dynamics. As the market recovered some of its losses, investor sentiment stabilised in the last days of January, but in mid-February it 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. Investors fear that Western sanctions against Russia will heat up inflation numbers, which are already too hot, and could raise recession risks for the global economy.



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Independent Auditors' Report

To the shareholders of investment fund "CBL US Leaders Equity Fund"

Report on the audit of financial statements

Our opinion on the financial statements

We have audited the financial statements of investment fund 'CBL US Leaders Equity Fund' ("the Fund") managed by IPAS 'CBL Asset Management' ("the Asset Manager") as set out on pages 9 to 22 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 US Leaders Equity 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:

- 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 and 5 of the accompanying Annual Report.
- Report on the implementation of the engagement policy, presented on page 6 of the accompanying Annual Report
- Statement of responsibility of the board of the Asset Manager, as set out on page 7 of the accompanying Annual Report.
- Custodian Bank Report, as set out on page 8 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 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.



*Translation from Latvian
In case of discrepancies, the text in Latvian
prevails.*

KPMG Baltics SIA

Licence No. 55

Rainers Vilāns
Partner pp KPMG Baltics SIA
Sworn auditor
Certificate No. 200
Riga, Latvia
29 April 2022

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