



**Investment Fund**  
**CBL US Leaders Equity Fund**  
**ANNUAL REPORT for 2022**

Prepared in accordance with International Financial Reporting Standards adopted by the European Union

Riga, 2023



**CBL ASSET  
MANAGEMENT**

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## **INFORMATION ABOUT THE INVESTMENT FUND**

Name of the Fund:	CBL US Leaders Equity Fund
Type of the Fund:	Investment fund
Classes:	-R Acc USD ISIN: LV0000401032 -R Acc EUR (hedged) ISIN: LV0000400992
Date of registration of the Fund:	22.12.2020
Number of the Fund:	FL261
Name of the investment management company:	CBL Asset Management IPAS
Registered office of the investment management company:	Republikas laukums 2a, Riga, LV-1010, Latvia
Registration number of the investment management company:	40003577500
Number of the license for investment management company operations:	06.03.07.098/367
Name of the Fund's Custodian:	Citadele banka AS
Registered office of the Fund's Custodian:	Republikas laukums 2a, Riga, LV-1010, Latvia
Registration number of the Fund's Custodian:	40103303559
Name, surname and position of members of the Supervisory Board and the Management Board of the investment management company:	Supervisory Board of the investment management company: Chairperson of the Supervisory Board - Vaidas Žagūnis, appointed on 03.08.2021 Chairperson of the Supervisory Board - Vladimirs Ivanovs, resigned on 03.08.2021 Deputy Chairperson of the Supervisory Board - Vladimirs Ivanovs, appointed on 03.08.2021 Deputy Chairperson of the Supervisory Board - Vaidas Žagūnis, resigned on 03.08.2021 Member of the Supervisory Board - Blohmé Nils Magnus Göran, appointed on 03.08.2021 Member of the Supervisory Board - Peter Meier, resigned on 03.08.2021  Management Board of the investment management company: Chairperson of the Management Board - Kārlis Purgailis Member of the Management Board - Zigurds Vaikulis Member of the Management Board - Andris Kotāns Member of the Management Board - Lolita Sičeva
Rights and responsibilities related to the investment fund management:	Members of the Supervisory Board and Management Board shall perform all duties provided for in the laws and regulations of the Republic of Latvia and the Articles of Association of the investment management company
Fund Managers:	Andrejs Piļka Andris Kotāns
Rights and responsibilities related to the Fund management:	The Fund Managers shall perform all duties of the Fund Manager provided for in the laws and regulations of the Republic of Latvia, Articles of Association of the investment management company and the Fund Prospectus
Auditors:	Rainers Vilāns Certified Auditor Certificate No. 200  KPMG Baltics SIA Roberta Hirša iela 1, Riga Latvia, LV-1045 Licence No. 55

## **INVESTMENT MANAGEMENT COMPANY REPORT**

CBL US Leaders Equity Fund (hereinafter – the Fund) is an equity investment fund offering share certificates of two classes: R Acc USD and R Acc EUR (hedged). Investors may invest both in the euros – in R Acc EUR (hedged) class share certificates, and in the US dollars – in R Acc USD class share certificates. The Fund is managed by CBL Asset Management, an investment management company with registered office at Republikas laukums 2a, Riga, LV-1010, and registration number 40003577500. The investment company's operating licence number is 06.03.07.098/367.

The investment objective of the Fund is to achieve long-term capital appreciation by investing primarily in shares of issuers that have their principal operations or headquarters 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.

As at 31.12.2022, net assets amounted to EUR 14,170,495 and gross assets to EUR 14,236,098. The return and value of the Fund are calculated for each class individually. The value of the unit of the CBL US Leaders Equity Fund Class R Acc USD was EUR 9.10 as at 31.12.2022 and the value of the unit of the CBL US Leaders Equity Fund Class R Acc EUR (hedged) during the period was EUR 9.29. As at 31.12.2022, the return on the CBL US Leaders Equity Fund Class R Acc USD was 19.47% (negative) (in EUR at the ECB rates) and the return on the units in the class currency (USD) was 24.14% (negative) at end-of-day foreign exchange rates quoted on the financial markets. The return on the CBL US Leaders Equity Fund Class R Acc EUR (hedged) was 27.19% (negative) as at 31.12.2022.

Global equity markets spent most of 2022 in a bear market, or downtrend, with upswings that were short-lived and gains that could not be sustained. Over the year, both US and European stock market indices experienced strong declines. The pan-European Stoxx Europe 600 ended the period with a loss of 12.9% in euro terms and the US S&P500 fell by 19.4% in US dollars over the year. The year has started with declines in virtually all segments of the financial market. Inflation data were a cause for concern, showing that consumer prices continue to rise sharply and that no slowdown in inflation is in sight. Unrelenting inflation meant that the world's central banks had to raise interest rates much faster than expected and to end all monetary stimulus programmes, which had so far been an important support factor for equity markets. Although high inflation was not exactly news to the financial markets and levels had already been elevated throughout the previous year, in the first months of 2022 the market has lived with the conviction that this is a passing phenomenon and that normalisation will soon take place. Hopes of normalisation were completely erased by the military conflict between Russia and Ukraine. Both countries, but mainly Russia, are important suppliers of many resources in the world: oil, gas, various metals, and agricultural commodities. The introduction of harsh sanctions against Russia by Western countries led to shortages of several resources, which caused their prices to soar. The rise in resource prices further increased inflationary pressures and financial markets began to prepare for more negative scenarios in the world economy. The European economy is under severe strain from its dependence on Russian natural gas. The sanctions imposed against Russia have already contributed to a reduction in gas supplies and the risk of energy shortages for all sectors in Europe has become very real. The likelihood of an economic recession has increased significantly as a result of all these developments.

In the second half of the year, global equity markets remained exposed to heightened market volatility. Investor nervousness was largely driven by uncertainty about the future trajectory of interest rates, inflation and the economy. Inflation figures in the euro area reached their highest monthly level since the currency bloc was created and the consumer price index in the US approached forty-year highs. This made the rhetoric of monetary policy-makers on both sides of the Atlantic even more aggressive. Investors were given a clear message that central banks were determined to control inflation levels, even if this meant a negative impact on the overall economy. In the autumn, it became clear that the central banks' aggressive fight against inflation was bearing fruit. In November, we saw the first signs of a peak in US inflation. The important rise in long-term interest rates for the markets came to an end, and in the US they even started to fall in a targeted manner. This marked a low point for both equity and bond markets. Equity markets also benefited from corporate earnings reports which, despite rather pessimistic expectations, showed more positive surprises. There were also positive signs in economists' opinions. The recession, which had been expected all year, did not materialise. Warmer weather, lower gas prices and the opening of China after almost three years of isolation helped to improve sentiment in the Eurozone. The US labour market remained strong and companies were generally able to pass on rising costs to consumers, allowing them to maintain high profitability.

During the period, the Fund (R Acc USD class) underperformed the S&P500 index and lost 24.1%. From the beginning of the year to the end of the reporting period, all sectors had a negative impact on the Fund's performance, but the largest negative contribution to the Fund came from its investments in IT services companies. At the end of the reporting period, IT services (39.3%), pharmaceuticals (24.7%) and consumer services (12.1%) were the largest contributors to the Fund. At the end of the period, the Fund had a cash weighting of 1.2%.

Total management expenses for the period under review amounted to EUR 251,659, which does not exceed the 4.00% ceiling set in the Fund's prospectus. The assets of the Fund during the reporting period covered the remuneration of the investment management company for the management of the Fund's assets of EUR 211,524, the remuneration of the custodian bank of EUR 27,196 and other expenses of EUR 12,939. The Fund's ongoing charges ratio for the period under review was 1.54% of the Fund's average net asset value. The prospectuses of the investment funds managed by the Company do not provide for performance fees.

There have been no significant events since the end of the reporting period and up to the date of approval that have materially affected the financial position of the Fund. The recovery in the risk asset segments continued into 2023. Signs of a slowdown in inflation in recent months allowed market participants to forecast increasingly lower interest rate levels for the coming years. However, the vitality of consumption despite all the turbulence of the past year, very low unemployment rates and wage pressures make the situation rather ambiguous, and there is little reason to expect a sharp loosening of the monetary policy reins.

Although the recovery in risk asset segments continued into 2023, it is not strange that "market accident" risks materialised in a context of rapidly rising interest rates. In March, liquidity and financial problems of some banks raised concerns about the stability of the financial sector in Western countries. The cases of the US and Swiss banks are specific and were dealt with swiftly and efficiently - there is no question of a growing systemic financial crisis. At the same time, more cautious banks as well as consumers could have a negative impact on global economic growth rates. Even without the recent developments in the financial sector, apart from the factor of a China "freed" from pandemic restrictions, the world economy lacks clear growth drivers. Corporate earnings forecasts for this year and next are optimistic, even in a scenario where there is no economic stagnation. All in all, this year does not promise to be a walk in the park.

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

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Kārlis Purgailis  
Chairperson of the Management Board

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Andrejs Piļka  
Fund Manager

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Andris Kotāns  
Fund Manager

Rīga, 27 April 2023

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

**REPORT ON THE IMPLEMENTATION OF THE ENGAGEMENT POLICY**

The Asset Manager shall participate in the management of the companies in which the assets of the Fund are invested by exercising its voting rights, where the voting rights held by the Fund amount to at least 5% of the total number of votes.

During the reporting period, the Asset Manager did not implement any engagement activities through voting rights at general meetings of shareholders and/or bondholders and did not use the services of proxy advisors.

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

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

\_\_\_\_\_  
Andrejs Piļka  
Fund Manager

\_\_\_\_\_  
Andris Kotāns  
Fund Manager

Riga, 27 April 2023

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

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

The financial statements set out on pages 8 to 26 have been prepared on the basis of the supporting documents and give a true and fair view of the financial position of the Fund as at 31 December 2022 and of its performance for the year then ended.

The above financial statements have been prepared in accordance with 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 policies have been consistently applied during the reporting period. The judgements and estimates made by management in the preparation of the financial statements have been prudent and reasonable.

The Management Board of the Investment Management Company is responsible for the maintenance of proper accounting records, the safeguarding of assets of the CBL US Leaders Equity Fund and detecting and preventing fraud and other unfair practices.

The Management Board is also responsible for compliance with the Law on Investment Management Companies of the Republic of Latvia, the regulations of the Financial and Capital Market Commission and other legislative requirements of the Republic of Latvia.

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

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

\_\_\_\_\_  
Andrejs Piļķa  
Fund Manager

\_\_\_\_\_  
Andris Kotāns  
Fund Manager

Rīga, 27 April 2023

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**STATEMENT OF ASSETS AND LIABILITIES**

	<b>Notes</b>	<b>31.12.2022</b>	<b>31.12.2021</b>
<b>Assets</b>			
Due on demand from credit institutions	3	164,275	224,483
Financial assets at fair value through profit or loss:			
Equity instruments	4	13,808,788	18,084,339
Derivative financial instruments	5	263,035	5,547
<b>Total assets</b>		<b>14,236,098</b>	<b>18,314,369</b>
<b>Liabilities</b>			
Financial assets at fair value through profit or loss:			
Derivative financial instruments	5	(38,015)	(92,798)
Accrued expenses	6	(27,588)	(26,467)
<b>Total liabilities</b>		<b>(65,603)</b>	<b>(119,265)</b>
<b>Net assets</b>		<b>14,170,495</b>	<b>18,195,104</b>

The accompanying notes on pages 12 to 26 are an integral part of these financial statements.

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

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

Riga, 27 April 2023

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**STATEMENT OF INCOME AND EXPENSES**

	Notes	01.01.2022- 31.12.2022	06.01.2021- 31.12.2021
<b>Income for the reporting period</b>			
Dividend income		117,333	86,950
Other revenue		-	84
<b>Total income</b>		<b>117,333</b>	<b>87,034</b>
<b>Expenses for the reporting period</b>			
Remuneration to the investment management company		(211,524)	(162,980)
Remuneration to the custodian bank		(27,196)	(20,955)
Other Fund management expenses		(12,939)	(5,206)
<b>Total expenses</b>		<b>(251,659)</b>	<b>(189,141)</b>
<b>Increase/(decrease) in investment value</b>			
Realised decrease in investment value	7	(3,259,585)	(272,490)
Unrealised (decrease)/increase in investment value	8	(782,084)	3,564,651
<b>Total (decrease)/increase in investment value</b>		<b>(4,041,669)</b>	<b>3,292,161</b>
Foreign currency revaluation result		<b>(225,020)</b>	<b>87,251</b>
<b>(Decrease)/increase in net assets from investments</b>		<b>(4,401,015)</b>	<b>3,277,305</b>

The annexes on pages 12 to 26 are an integral part of these financial statements.

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

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

Riga, 27 April 2023

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**STATEMENT OF CHANGES IN NET ASSETS**

	Notes	01.01.2022- 31.12.2022	06.01.2021- 31.12.2021
<b>CBL US Leaders Equity Fund</b>			
Net assets at the beginning of the reporting period		18,195,104	-
(Decrease)/increase in net assets from investment		(4,401,015)	3,277,305
<b>Transactions in share certificates and units:</b>			
Inflow from sale of share certificates and units		2,956,290	13,747,109
Net assets of the merged CBL Russian Equity Fund	16	-	3,010,697
Outflow on redemption of share certificates and units		(2,579,884)	(1,840,007)
Increase in net assets from transactions in share certificates and units		376,406	14,917,799
(Decrease)/increase in net assets during the reporting period		(4,024,609)	18,195,104
<b>Net assets at the end of the reporting period</b>		<b>14,170,495</b>	<b>18,195,104</b>
<b>CBL US Leaders Equity Fund Class R Acc USD ISIN: LV0000401032</b>			
Number of issued share certificates and units at the beginning of the reporting period		714,748	-
Number of issued share certificates and units at the end of the reporting period		735,143	714,748
Net assets per share certificate and unit at the beginning of the reporting period		11.30	-
<b>Net assets per share certificate and unit at the end of the reporting period</b>		<b>9.10</b>	<b>11.30</b>
<b>CBL US Leaders Equity Fund Class R Acc EUR (hedged) ISIN: LV0000400992</b>			
Number of issued share certificates and units at the beginning of the reporting period		793,294	-
Number of issued share certificates and units at the end of the reporting period		805,279	793,294
Net assets per share certificate and unit at the beginning of the reporting period		12.76	-
<b>Net assets per share certificate and unit at the end of the reporting period</b>		<b>9.29</b>	<b>12.76</b>

The annexes on pages 12 to 26 are an integral part of these financial statements.

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

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Kārlis Purgailis  
Chairperson of the Management Board

Rīga, 27 April 2023

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**CASH FLOW STATEMENT**

	<b>01.01.2022-</b>	<b>06.01.2021-</b>
<b>Notes</b>	<b>31.12.2022</b>	<b>31.12.2021</b>
Dividend income	117,333	86,950
Other income	-	84
Investment management expenses	(251,015)	(162,675)
Acquisition of investments	9 (10,427,583)	(22,198,379)
Inflow from sale of investments	11,226,069	8,148,357
Currency translation and derivatives settlements	(1,108,424)	(633,537)
<b>Decrease in cash and cash equivalents from operating activities</b>	<b>(443,620)</b>	<b>(14,759,200)</b>
Cash flow from financing activities		
Inflow from sale of share certificates and units	2,956,290	13,747,109
Outflow on redemption of share certificates and units	(2,579,536)	(1,841,110)
Amounts received from the merged CBL Russian Equity Fund	16 -	3,010,697
<b>Increase in cash and cash equivalents from financing activities</b>	<b>376,754</b>	<b>14,916,696</b>
<b>Net (decrease)/increase in cash and cash equivalents during the reporting period</b>	<b>(66,866)</b>	<b>157,496</b>
<b>Cash and cash equivalents at the beginning of the reporting year</b>	<b>224,483</b>	<b>-</b>
Effects of changes in foreign exchange rates on cash and cash equivalents	6,658	66,987
<b>Cash and cash equivalents at the end of the reporting year</b>	<b>3 164,275</b>	<b>224,483</b>

The annexes on pages 12 to 26 are an integral part of these financial statements.

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

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

Riga, 27 April 2023

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**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 1 GENERAL INFORMATION**

Name of the Fund:	CBL US Leaders Equity Fund
Type of fund:	Investment fund
Scope of the Fund:	Investing primarily in shares of issuers incorporated or principally active in the US
Name of the investment management company:	CBL Asset Management IPAS (the Company) Republikas laukums 2a, Riga, LV-1010, Latvia

**NOTE 2 SIGNIFICANT ACCOUNTING PRINCIPLES**

**Principles for the preparation of financial statements**

The financial statements of CBL US Leaders Equity Fund have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, as required by the Financial and Capital Markets Commission (FCMC) regulations on "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 under the historical cost convention and modified to reflect the fair value of financial instruments held for trading.

The monetary unit used in the financial statements is the euro (EUR), the monetary unit of the Republic of Latvia. The financial statements cover the period from 1 January 2022 to 31 December 2022.

**Functional and reporting currency**

The Fund's functional currency is the US dollar, but in accordance with the requirements of the FCMC, the Fund also maintains its accounts in euro and accordingly the presentation currency of these financial statements is euro.

**Significant estimates and assumptions**

The preparation of financial statements in conformity with IFRS requires significant assumptions. Similarly, the preparation of the financial statements requires management of the investment entity to make assumptions and judgements in applying the Fund's chosen accounting policies. The preparation of financial statements using IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures in the notes to the financial statements at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The most significant estimates and assumptions relate to the determination of the fair value of financial assets.

**Income and expense recognition**

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

Interest income and expense on assets or liabilities carried at amortised cost is recognised in the income statement using the effective interest method. The effective interest rate is the rate that exactly discounts the future cash flows of a financial instrument over the expected life of the financial asset or liability. For financial instruments at fair value through profit or loss, interest income is recognised on an accrual basis but without applying the effective interest rate. Dividend income is recognised when received; in certain cases, dividend income may be recognised as the share price decreases after the issuer has declared the dividend. But there were no such cases in 2022.

Remuneration for managing the Fund and Custodian fee is calculated as a percentage of the value of the Fund's assets and accrues daily but is paid monthly.

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 other regulated markets are valued at the price at which the instrument can be sold (the last bid price at the close of the stock exchange on the date the Fund's value is calculated). Derivatives not quoted on exchanges or other regulated markets are valued at their redemption price, or at an offsetting transaction price confirmed in writing by the counterparty on the day of the calculation of the Fund's value, or at a price calculated through the market price of the underlying asset. An offsetting transaction is a transaction that will result in liquidation of a derivative financial instrument.

**Revaluation of foreign currencies**

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

<u>Currency</u>	<u>31.12.2022</u>	<u>31.12.2021</u>
USD	1.0666	1.1326

### **Cash and cash equivalents**

Cash and cash equivalents the Fund are all claims of the Fund on credit institutions.

### **Financial instruments**

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

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

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

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

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

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

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

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

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

Financial assets are measured at fair value through profit or loss if they are not measured at amortised cost or at fair value through other comprehensive income. Due to the nature of the Fund's business, most financial assets are classified in this category as the Fund's business model is designed to generate an increase in the Fund's net assets as a result of holding and trading financial assets. Financial assets or liabilities may be designated as at fair value through profit or loss on initial recognition if doing so would avoid or significantly reduce accounting mismatches, that would otherwise arise from accounting for assets or liabilities or recognising income or expense from them differently, or a group with financial liabilities or financial assets and financial liabilities is measured and its performance is evaluated on a fair value basis in accordance with a documented risk management or investment strategy and information about that group is reported internally to management on a fair value basis.

Except for interest on interest rate swaps, interest on financial assets at fair value through profit or loss is included in net interest income. Revaluation and trading gains or losses arising from changes in the fair value of the financial assets concerned, as well as interest on interest rate swaps, are included directly in the 'Net finance income' line in the profit or loss. Such financial assets and liabilities are remeasured after initial recognition at fair value based on quoted market prices or prices quoted by brokers. This category includes certain assets and liabilities that are managed and whose yield is measured on a fair value basis in accordance with a documented risk management or investment strategy. Financial assets and liabilities held for trading are measured at fair value through profit or loss. Financial assets and liabilities are held for trading if they are purchased to profit from short-term price fluctuations or dealer margin, or if they are included in a portfolio characterised by short-term profit-taking. The Fund also has demand claims on credit institutions, but given the short-term structure and credit ratings, the allowance for credit losses is not material.

### **Derivative financial instruments**

The Fund may enter into derivative financial instruments for the purpose of managing currency risk. For accounting purposes, all derivative financial instruments are classified as held-for-trading transactions. After initial recognition and valuation, the contracts are carried on the balance sheet at fair value. The fair value of these contracts is included in the statement of assets and liabilities as 'Derivative financial instruments' and their notional principal amount is disclosed in the notes to the financial statements.

Gains or losses arising from changes in claims and liabilities arising from these contracts are included in the statement of income and expenses as a result of the revaluation of foreign currencies. Considering changes in the market value of transactions in derivative financial instruments, a variable collateral amount (minimum transfer amount of EUR 500'000) is calculated as at each valuation date, which one party to DVI transactions is required to receive from the other party to DVI transactions. The variable collateral shall be accounted for at amortised cost. As at 31.12.2022, the Fund did not have any variable collateral.

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

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

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

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

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

Fair value is the price that would be received from selling an asset or paid to transfer a liability in an arm's length transaction between market participants at the measurement date in the principal market, or in its absence, the most advantageous market to which the Company has access at that date. The fair value of liabilities reflects the risk of default. When possible, the Company measures the fair value of a financial instrument using quoted prices in an active market. A market is considered active if transactions in the asset or liability occur frequently enough and in sufficient volume to permit regular price information to be obtained. Securities are revalued using financial information available on Bloomberg and NASDAQ OMX Riga on the bid prices of those securities. Purchases and sales of securities are recognised on the settlement date. The acquisition value of securities sold is determined using the FIFO (first in, first out) method. Where a quoted price in an active market is not available, the Company uses valuation techniques that use observable market data to the extent possible and unobservable inputs to the extent possible. The valuation method chosen includes all factors that market participants would consider in determining the transaction price. At initial recognition, the best evidence of the fair value of a financial instrument is the transaction price, i.e., the fair value of the consideration paid or received. If the Company determines that the fair value at initial recognition differs from the transaction price and the fair value is not evidenced either by a quoted price in an active market for an identical asset or liability or by the results of a valuation technique that uses only observable inputs, the financial instrument is initially measured at fair value, adjusted to reflect the difference between the fair value at initial recognition and the transaction price. This difference is subsequently recognised in profit or loss, as appropriate, taking into account the expected life of the instrument, but no later than the point at which the value can be fully corroborated by observable market data or the transaction is completed.

The portfolios of financial assets and financial liabilities exposed to market risk and credit risk managed by the Company on the basis of net exposure to either market risk or credit risk are valued by reference to the price that would be paid to sell a net long position (or paid to transfer a net short position) in the individual risks. These portfolio level adjustments are allocated to individual assets and liabilities based on relative risk adjustments for each individual portfolio of instruments. A description of the methods used to determine fair value by the 3 levels, based on the degree of observability of the information used in the valuation techniques, is presented below.

Level 1 represents financial instruments whose fair value is based on quoted prices in an active market. This category mainly includes equities, debt securities, short-term bonds and standardised derivatives valued using quoted exchange prices. Securities traded in active markets outside the stock exchange are also included in this category.

Level 2 represents financial instruments for which available market inputs, such as prices for similar financial instruments, are used to measure fair value and which are traded in the market. This category consists mainly of less liquid debt

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securities and derivatives that are valued on the basis of observable market data. The price of less liquid debt securities is adjusted for yield spreads available in the market.

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

The Company recognises changes in the fair value hierarchy level for instruments at the end of the reporting period in which the changes have occurred. There have been no changes in the fair value hierarchy levels compared to last year. The portfolios of financial assets and financial liabilities exposed to market risk and credit risk that the Company manages for the Fund, based on the net exposure to either market risk or credit risk, are valued by reference to the price that would be paid to sell a net long position (or paid to transfer a net short position) in the individual exposures. These portfolio-level adjustments are allocated to individual assets and liabilities based on the relative risk adjustment for each individual instrument in the portfolio.

**Taxes**

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

**New standards and interpretations**

The following describes new standards, amendments to standards and interpretations that have been endorsed by the EU for annual periods beginning after 1 January 2022. These standards have not been applied in the preparation of these financial statements. The Fund has not had any transactions affected by the new effective standards or its accounting policies already comply with the requirements of the new standards. The new requirements that came into effect in 2022 did not have a material impact on the Fund.

- IFRS 17 Insurance Contracts and amendments to IFRS 17 Insurance Contracts;
- Classification of liabilities as current or non-current (amendments to IAS 1);
- Definition of an accounting estimate (amendments to IAS 8);
- Accounting policy disclosures (amendments to IAS 1 and IFRS 2 Statement of Practice);
- Deferred tax relating to assets and liabilities arising from a separate transaction (amendments to IAS 12).

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

	<b>31.12.2022</b>	<b>% of the Fund's net assets 31.12.2021</b>	<b>31.12.2021</b>	<b>% of the Fund's net assets 31.12.2021</b>
<b>Due on demand from credit institutions, Citadele banka AS</b>	164,275	1.16%	224,483	1.23%

**NOTE 4 EQUITY INSTRUMENTS**

	<b>31.12.2022</b>	<b>% of the Fund's net assets 31.12.2022</b>	<b>31.12.2021</b>	<b>% of the Fund's net assets 31.12.2021</b>
<b>Corporate equity instruments Equity instruments of companies in other OECD countries</b>	13,808,788	97.45%	18,084,339	99.39%

All equity instruments are financial assets at fair value through profit or loss.

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The following table shows the equity instruments by country of origin of the issuer at 31 December 2022:

<b>Financial instrument</b>	<b>ISIN code</b>	<b>Currency</b>	<b>Quantity</b>	<b>Acquisition value (EUR)</b>	<b>Carrying amount 31.12.2022 (EUR)</b>	<b>% of the Fund's net assets 31.12.2022</b>
<b>Financial instruments traded on regulated markets:</b>				<b>14,083,484</b>	<b>13,808,788</b>	<b>97.45%</b>
<b>Equity instruments of US issuers:</b>				<b>14,083,484</b>	<b>13,808,788</b>	<b>97.45%</b>
Eli Lilly & Co	US5324571083	USD	1,250	244,360	425,968	3.01%
Mettler-Toledo International Inc	US5926881054	USD	304	347,370	406,546	2.87%
Colgate-Palmolive Co.	US1941621039	USD	5,475	417,795	401,822	2.84%
Mastercard Inc	US57636Q1040	USD	1,240	395,525	400,808	2.83%
Vertex Pharmaceuticals Inc	US92532F1003	USD	1,477	380,838	395,990	2.79%
Charles Schwab Corp/The	US8085131055	USD	5,100	365,113	395,864	2.79%
Ulta Beauty Inc	US90384S3031	USD	902	323,842	393,883	2.78%
AbbVie Inc	US00287Y1091	USD	2,590	363,636	390,224	2.75%
Waters Corp	US9418481035	USD	1,227	344,019	389,601	2.75%
Gartner Inc	US3666511072	USD	1,249	291,871	389,525	2.75%
Amgen Inc	US0311621009	USD	1,578	336,817	384,913	2.72%
Kimberly-Clark Corp	US4943681035	USD	3,034	387,933	384,470	2.71%
Microsoft Corp	US5949181045	USD	1,707	386,380	380,130	2.68%
Marriott International Inc/MD	US5719032022	USD	2,695	415,295	372,388	2.63%
KLA Corp	US4824801009	USD	1,066	295,507	371,641	2.62%
Broadcom Inc	US11135F1012	USD	714	393,129	370,442	2.61%
Booking Holdings Inc	US09857L1089	USD	197	364,576	370,089	2.61%
Visa Inc	US92826C8394	USD	1,908	378,052	369,203	2.60%
Aon PLC	IE00BLP1HW54	USD	1,315	372,010	366,822	2.59%
Paychex Inc	US7043261079	USD	3,358	276,770	359,381	2.54%
Arista Networks Inc	US0404131064	USD	3,096	353,934	348,960	2.46%
Verisk Analytics Inc	US92345Y1064	USD	2,120	405,409	346,999	2.45%
Fortinet Inc	US34959E1091	USD	7,650	536,226	346,495	2.45%
Regeneron Pharmaceuticals Inc	US75886F1075	USD	515	364,372	344,899	2.43%
Etsy Inc	US29786A1060	USD	3,075	364,316	341,145	2.41%
Willis Towers Watson PLC	IE00BDB6Q211	USD	1,497	326,697	340,060	2.40%
Apple Inc	US0378331005	USD	2,717	312,182	326,672	2.31%
Cadence Design Systems Inc	US1273871087	USD	2,182	317,826	325,050	2.29%
Johnson & Johnson	US4781601046	USD	1,968	333,544	324,242	2.29%
Texas Instruments Inc	US8825081040	USD	2,002	295,346	307,020	2.17%
Copart Inc	US2172041061	USD	5,274	484,292	298,313	2.11%
Adobe Inc	US00724F1012	USD	939	462,671	292,907	2.07%
Sealed Air Corp	US81211K1007	USD	5,911	291,407	273,770	1.93%
Monolithic Power Systems Inc	US6098391054	USD	810	287,664	264,613	1.87%
ON Semiconductor Corp	US6821891057	USD	4,200	291,049	243,156	1.72%
O'Reilly Automotive Inc	US67103H1077	USD	306	250,935	241,294	1.70%
NVIDIA Corp	US67066G1040	USD	1,784	390,943	241,056	1.70%
AmerisourceBergen Corp	US03073E1055	USD	1,527	225,747	235,664	1.66%
NetApp Inc	US64110D1046	USD	4,100	265,346	227,987	1.61%
Illinois Tool Works Inc	US4523081093	USD	1,066	217,430	218,637	1.54%
IDEXX Laboratories Inc	US45168D1046	USD	530	225,310	200,139	1.41%
<b>Shares of Kazakhstan issuers:</b>				-	-	<b>0.00%</b>
Kazakhstan Kagazy PLC	US48667M4015	USD	14,000	-	-	0.00%
<b>Total equity instruments:</b>				<b>14,083,484</b>	<b>13,808,788</b>	<b>97.45%</b>



The following table shows the equity instruments by country of origin of the issuer at 31 December 2021:

Financial instrument	ISIN code	Currency	Quantity	Acquisition value (EUR)	Carrying amount 31.12.2021 (EUR)	% of the Fund's net assets 31.12.2021
<b>Financial instruments traded on regulated markets:</b>				<b>14,616,792</b>	<b>18,084,339</b>	<b>99.39%</b>
<b>Equity instruments of US issuers:</b>				<b>14,239,439</b>	<b>17,601,835</b>	<b>96.74%</b>
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%
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%
<b>Shares in Irish issuers:</b>				<b>377,353</b>	<b>482,504</b>	<b>2.65%</b>
Accature PLC	IE00B4BNMY34	USD	1,313	377,353	482,504	2.65%
<b>Shares of Kazakhstan issuers:</b>				-	-	<b>0.00%</b>
Kazakhstan Kagazy PLC	US48667M4015	USD	14,000	-	-	0.00%
<b>Total equity instruments:</b>				<b>14,616,792</b>	<b>18,084,339</b>	<b>99.39%</b>

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**NOTE 5 DERIVATIVE FINANCIAL INSTRUMENTS**

The following table shows the notional principal amount and fair value of foreign exchange swaps at 31 December 2022. The notional amounts of foreign exchange swaps are determined in accordance with the requirements arising from these transactions.

	31.12.2022			% of the Fund's net assets 31.12.2022*
	Base value	Fair value		
		Assets	Liabilities	
Currency swaps	7,570,200	254,415	(38,015)	1.53%
Currency swaps (forwards)	420,753	8,620	-	0.06%
<b>Total derivatives</b>	<b>7,990,953</b>	<b>263,035</b>	<b>(38,015)</b>	<b>1.59%</b>

\* The net value of derivative assets and liabilities is reflected as a percentage of the Fund's net assets.

All derivative financial instruments are EUR-USD currency swaps and are entered into with Citadele banka AS.

The following table shows the notional principal amount and fair value of foreign exchange swaps at 31 December 2021. The notional amounts of foreign exchange swaps are determined in accordance with the requirements arising from these transactions.

	31.12.2021			% of the Fund's net assets 31.12.2021*
	Base value	Fair value		
		Assets	Liabilities	
Currency swaps	9,111,380	5,547	(74,169)	(0.38%)
Currency swaps (forwards)	838,747	-	(18,629)	(0.10%)
<b>Total derivatives</b>	<b>9,950,127</b>	<b>5,547</b>	<b>(92,798)</b>	<b>(0.48%)</b>

\*The net value of derivative assets and liabilities is reflected as a percentage of the Fund's net assets.

All derivative financial instruments are EUR-USD currency swaps and are entered into with Citadele banka AS.

**NOTE 6 ACCRUED EXPENSES**

	31.12.2022	31.12.2021
Accrued expenses for investment management company fees	17,614	21,025
Accrued expenses for custodian fees	2,264	2,703
Accrued expenses for professional services	3,630	2,739
Bank of Latvia (FCMC until 31.12.2022) fee	4,080	-
<b>Total accrued expenses</b>	<b>27,588</b>	<b>26,467</b>

**NOTE 7 REALISED INCREASE/DECREASE IN INVESTMENT VALUE**

	31.12.2022	31.12.2021
Income from sale of investments in the reporting period*	10,530,899	8,152,639
Cost of investments sold during the reporting period	(12,207,146)	(8,425,129)
Impairment (write-down) of sold investments recognised in previous reporting periods	(1,583,338)	-
<b>Total realised decrease in investment value</b>	<b>(3,259,585)</b>	<b>(272,490)</b>

\* For the reporting period, gains on sale (redemption) of investments are recognised at the exchange rate on the date of purchase of the security.

**NOTE 8 UNREALISED INCREASE/DECREASE IN INVESTMENT VALUE**

	31.12.2022	31.12.2021
From equity instruments	(1,007,104)	3,651,902
From derivative financial instruments	225,020	(87,251)
<b>Total unrealised (decrease)/increase in investment value</b>	<b>(782,084)</b>	<b>3,564,651</b>

**NOTE 9 CHANGES IN INVESTMENTS DURING THE REPORTING PERIOD**

The table below shows the changes in investments in 2022:

	31.12.2021	Increase during the reporting period*	Decrease during the reporting period*	Fair value revaluation result and recognised interest income	31.12.2022
Financial assets at fair value through profit or loss:					
Equity instruments	18,084,339	10,427,583	(11,231,647)	(3,471,487)	13,808,788
Derivative financial instruments	(87,251)	-	1,135,299	(823,028)	225,020
<b>Total investments</b>	<b>17,997,088</b>	<b>10,427,583</b>	<b>(10,096,348)</b>	<b>(4,294,515)</b>	<b>14,033,808</b>

\*Decrease during the reporting period is carried at the exchange rate on the date the investment is sold. This item includes gains on sale, redemption of investments.

The table below shows the changes in investments in 2021:

	06.01.2021	Increase during the reporting period*	Decrease during the reporting period*	Fair value adjustment and recognised interest income	31.12.2021
Financial assets at fair value through profit or loss:					
Equity instruments	-	22,198,379	(8,148,357)	4,034,317	18,084,339
Derivative financial instruments	-	-	596,417	(683,668)	(87,251)
<b>Total investments</b>	<b>-</b>	<b>22,198,379</b>	<b>(7,551,940)</b>	<b>3,350,649</b>	<b>17,997,088</b>

\*Decrease during the reporting period is carried at the exchange rate on the date the investment is sold. This item includes gains on sale, redemption of investments.

**NOTE 10 PLEDGED ASSETS**

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

**NOTE 11 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES**

The management of the investment management company considers that the carrying amounts of financial assets and liabilities are consistent with their fair values. Fair values are determined using market quotes, based on information published by stock exchanges and brokers. All equity instruments held by the Fund are traded on regulated markets and are classified within Level 1 of the fair value hierarchy.

The following table analyses financial instruments measured at fair value at the end of the reporting period by level within the fair value hierarchy, which categorises fair value measurements.

2022	Level 1:	Level 2:	Total
<b>Financial assets</b>			
Financial assets at fair value through profit or loss:			
Fixed-income equity instruments	13,808,788	-	13,808,788
Derivative financial instruments	-	263,035	263,035
<b>Total financial assets</b>	<b>13,808,788</b>	<b>263,035</b>	<b>14,071,823</b>
<b>Financial liabilities</b>			
Derivative financial instruments	-	(38,015)	(38,015)
<b>Net fair value</b>	<b>13,808,788</b>	<b>225,020</b>	<b>14,033,808</b>

During 2022 and 2021, there were no changes in the classification of equity securities from Level 1 to Level 2 and from Level 2 to Level 1 of the hierarchy.

2021	Level 1:	Level 2:	Total
<b>Financial assets</b>			
Financial assets at fair value through profit or loss:			
Fixed-income equity instruments	18,084,339	-	18,084,339
Derivative financial instruments	-	5,547	5,547
<b>Total financial assets</b>	<b>18,084,339</b>	<b>5,547</b>	<b>18,089,886</b>
<b>Financial liabilities</b>			
Derivative financial instruments	-	(92,798)	(92,798)
<b>Net fair value</b>	<b>18,084,339</b>	<b>(87,251)</b>	<b>17,997,088</b>

The table below shows the valuation techniques used to measure Level 2 fair value, as well as key unobservable inputs:

Type	Valuation method	Significant unobservable inputs	Relationship between significant unobservable inputs and fair value measurement
Financial assets at fair value through profit or loss:			
Derivative financial instruments	Financial market quotes	Not applicable	Not applicable

#### NOTE 12 RISK MANAGEMENT

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

##### Risk management framework

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

Risk measurement process employs models that are developed by the company, are based on historical data and are adjusted according to the economic situation. Certain models are also used to predict the financial risk factor changes under both normal and exceptional financial market circumstances. The Manager of Investment Fund follows risk diversification and hedging principles whose objective is to reduce the investment risk that are developed in accordance with the Management Policy. When investing for the account of the Fund, the Fund Manager shall obtain sufficient information on potential or acquired investment targets and shall monitor the financial and economic situation of issuers in whose securities the Fund's assets will be or have been invested. When developing the Fund's investment strategy and setting risk limits, the Company performs an analysis of the Fund's distribution of maturity, geographic location and types of currency investments by assessing the risk level for each of these factors. The Manager acts in strict compliance with the Prospectus of the Fund, Fund Management Regulations, as well as regulations and restrictions prescribed in laws and regulations of the Republic of Latvia.

##### Market risk

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

##### Price volatility risk

For equity securities (shares), price changes depend on two variables: the changes in the country's stock indices (for Russian companies, this is the stock market index - RTS), and the financial situation of the issuer (its ability to make money in the long term), which in turn affects the fluctuations between the demand and supply balance. The former is also often referred to as systematic risk, the latter as specific risk. Systematic risk is managed on the basis of forecasts of the overall development of the economy in a given geographical region and the potential development of the economy in a given sector. Specific risk is managed by a detailed study of the issuer's financial position and profitability as well as other factors affecting the price of the security, mainly based on the issuer's public reports, media coverage, etc. This focuses on both the volatility (deviations) of security prices and their correlations. As a result, it is possible to calculate the total price risk of the securities in the portfolio, considering their historical yields.

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The risk of market price volatility was calculated as at 31 December 2022. The standard deviation of the benchmark index values of the relevant investment fund category was used for the price volatility risk calculation.

01.01.2022	Standard deviation in the reference index	Carrying amount	Potential negative impact on the current year profit	Potential positive impact on the current year profit	% of the Fund's net assets 31.12.2022*
		EUR	EUR	EUR	
Classified as financial assets at fair value through profit or loss					
- Equity instruments	25.00%	13,808,788	(3,452,197)	3,452,197	24.36%
<b>Total:</b>		<b>13,808,788</b>	<b>(3,452,197)</b>	<b>3,452,197</b>	<b>24.36%</b>

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

The risk of market price volatility was calculated as at 31 December 2021. The standard deviation of the benchmark index values of the relevant investment fund category was used for the price volatility risk calculation.

06.01.2021	Standard deviation in the reference index	Carrying amount	Potential negative impact on the current year profit	Potential positive impact on the current year profit	% of the Fund's net assets 31.12.2021*
		EUR	EUR	EUR	
Classified as financial assets at fair value through profit or loss					
- Equity instruments	15.00%	18,084,339	(2,712,651)	2,712,651	14.91%
<b>Total:</b>		<b>18,084,339</b>	<b>(2,712,651)</b>	<b>2,712,651</b>	<b>14.91%</b>

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

**Exchange rate risk**

Exchange rate risk arises when the nominal currency of securities or other financial instruments in the Fund differs from the currency of the Fund (US dollar). Exchange rate fluctuations may result in gains or losses, depending on the direction of exchange rate fluctuations and the currency position of the Fund. Exchange rate risk can be limited by the diversification effect that arises when the Fund has several currencies and the movements in the exchange rates of these currencies are not closely correlated.

The following table shows the breakdown of the Fund's assets and liabilities by currency at 31 December 2022:

	EUR	USD	Total
<b>Assets</b>			
Due on demand from credit institutions	131,519	32,756	<b>164,275</b>
Financial assets at fair value through profit or loss			
Equity	-	13,808,788	<b>13,808,788</b>
Derivative financial instruments	4,836,834	(4,573,798)	<b>263,035</b>
<b>Total assets</b>	<b>4,968,353</b>	<b>9,267,746</b>	<b>14,236,098</b>
<b>Liabilities</b>			
Derivative financial instruments	3,413,220	(3,451,235)	(38,015)
Accrued expenses	(27,588)	-	(27,588)
<b>Total liabilities</b>	<b>3,385,632</b>	<b>(3,451,235)</b>	<b>(65,603)</b>
<b>Net assets</b>	<b>8,353,985</b>	<b>5,816,511</b>	<b>14,170,495</b>
% of net assets	58.95%	41.05%	100.00%

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

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

The impact of exchange rate changes on the Fund's net asset value is shown in the table below. Exchange rate movements are the one-year standard deviation of the respective exchange rate.

Impact of exchange rate changes (2022)				Impact of exchange rate changes (2021)			
Currency	Share in the fund (% of assets)	Exchange rate against USD	Impact on the value of the fund	Currency	Share in the fund (% of assets)	Exchange rate against USD	Impact on the value of the fund
EUR	58.95%	10.06%	5.93%	EUR	54.70%	5.72%	3.13%
USD	41.05%	0.00%	0.00%	USD	45.30%	0.00%	0.00%
<b>Total</b>	<b>100.00%</b>		<b>5.93%</b>	<b>Total</b>	<b>100.00%</b>		<b>3.13%</b>

The impact of exchange rate changes on the value of the CBL US Leaders Equity Fund Class R Acc EUR (hedged) is shown in the table below. The exchange rate movements are the one-year standard deviation of the respective exchange rate.

Impact of exchange rate changes (2022)				Impact of exchange rate changes (2021)			
Currency	Share in the fund (% of assets)	Exchange rate against USD	Impact on the value of the fund	Currency	Share in the fund (% of assets)	Exchange rate against USD	Impact on the value of the fund
EUR	31.11%	10.06%	3.13%	EUR	30.42%	5.72%	1.74%
USD	21.67%	0.00%	0.00%	USD	25.19%	0.00%	0.00%
<b>Total</b>	<b>52.78%</b>		<b>3.13%</b>	<b>Total</b>	<b>55.61%</b>		<b>1.74%</b>

The impact of exchange rate changes on the USD value of the CBL US Leaders Equity Fund Class R Acc is shown in the table below. The exchange rate movements are the one-year standard deviation of the respective exchange rates.

Impact of exchange rate changes (2022)				Impact of exchange rate changes (2021)			
Currency	Share in the fund (% of assets)	Exchange rate against USD	Impact on the value of the fund	Currency	Share in the fund (% of assets)	Exchange rate against USD	Impact on the value of the fund
EUR	27.84%	10.06%	2.80%	EUR	24.28%	5.72%	1.39%
USD	19.38%	0.00%	0.00%	USD	20.11%	0.00%	0.00%
<b>Total</b>	<b>47.22%</b>		<b>2.80%</b>	<b>Total</b>	<b>44.39%</b>		<b>1.39%</b>

### Concentration risk

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

The following table shows the geographical breakdown of the Fund's assets and liabilities at 31 December 2022:

	Latvia	OECD countries	Total
<b>Assets</b>			
Due on demand from credit institutions	164,275	-	164,275
Financial assets at fair value through profit or loss			
Equity instruments	-	13,808,788	13,808,788
Derivative financial instruments	263,035	-	263,035
<b>Total assets</b>	<b>427,310</b>	<b>13,808,788</b>	<b>14,236,098</b>
<b>Liabilities</b>			
Derivative financial instruments	(38,015)	-	(38,015)
Accrued expenses	(27,588)	-	(27,588)
<b>Total liabilities</b>	<b>(65,603)</b>	<b>-</b>	<b>(65,603)</b>
<b>Net assets</b>	<b>361,707</b>	<b>13,808,788</b>	<b>14,170,495</b>

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

	Latvia	OECD countries	Total
<b>Assets</b>			
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
<b>Total assets</b>	<b>230,030</b>	<b>18,084,339</b>	<b>18,314,369</b>
<b>Liabilities</b>			
Derivative financial instruments	(92,798)	-	(92,798)
Accrued expenses	(26,467)	-	(26,467)
<b>Total liabilities</b>	<b>(119,265)</b>	<b>-</b>	<b>(119,265)</b>
<b>Net assets</b>	<b>110,765</b>	<b>18,084,339</b>	<b>18,195,104</b>

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

Country	Carrying amount	% of the Fund's net assets	Carrying amount	% of the Fund's net assets
	31.12.2022	31.12.2022	31.12.2021	31.12.2021
United States of America	13,808,788	97.45%	17,601,835	96.74%
Latvia	361,707	2.55%	110,765	0.61%
Ireland	-	0.00%	482,504	2.65%
Kazakhstan	-	0.00%	-	0.00%
<b>Total</b>	<b>14,170,495</b>	<b>100.00%</b>	<b>18,195,104</b>	<b>100.00%</b>

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

Sectors	% of the Fund's net assets		% of the Fund's net assets	
	31.12.2022	31.12.2022	31.12.2021	31.12.2021
IT services	5,565,046	39.27%	9,080,630	49.91%
Pharmacy	3,498,186	24.69%	2,538,894	13.95%
Consumer services	1,718,799	12.13%	1,617,704	8.89%
Financial services	1,102,746	7.78%	980,883	5.39%
Industry	863,949	6.10%	1,664,812	9.15%
Consumer goods	786,292	5.55%	-	0.00%
Raw materials	273,770	1.93%	395,626	2.17%
Commercial banks	-	0.00%	1,418,576	7.80%
Communication services	-	0.00%	387,214	2.13%
<b>Total shares and other non-fixed income securities</b>	<b>13,808,788</b>	<b>97.45%</b>	<b>18,084,339</b>	<b>99.39%</b>

#### Liquidity risk

Liquidity risk may arise if the Fund begins to experience difficulties in meeting its financial obligations. The Fund Manager shall, to the extent possible, maintain an asset structure of the Fund that enables the Fund to sell securities in a timely manner and without material loss.

Investing in the Russian market entails an increased risk that the market for various assets may be temporarily illiquid. This may lead to financial instruments or other assets being unable to be sold or being sold at a discount.

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The following table shows the maturity structure of the Fund's assets and liabilities at 31 December 2022:

	<b>Up to 1 month</b>	<b>1 - 6 months</b>	<b>Indefinite</b>	<b>Total</b>
<b>Assets</b>				
Due on demand from credit institutions	164,275	-	-	164,275
Financial assets at fair value through profit or loss				
Equity instruments	-	-	13,808,788	13,808,788
Derivative financial instruments	218,323	44,712	-	263,035
<b>Total assets</b>	<b>382,598</b>	<b>44,712</b>	<b>13,808,788</b>	<b>14,236,098</b>
<b>Liabilities</b>				
Derivative financial instruments	(33,681)	(4,334)	-	(38,015)
Accrued expenses	(23,958)	(3,630)	-	(27,588)
<b>Total liabilities</b>	<b>(57,639)</b>	<b>(7,964)</b>	<b>-</b>	<b>(65,603)</b>
<b>Net assets</b>	<b>324,959</b>	<b>36,748</b>	<b>13,808,788</b>	<b>14,170,495</b>
Net position, %	2.29%	0.26%	97.45%	100.00%

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

	<b>Up to 1 month</b>	<b>1 - 6 months</b>	<b>Indefinite</b>	<b>Total</b>
<b>Assets</b>				
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
<b>Total assets</b>	<b>224,483</b>	<b>5,547</b>	<b>18,084,339</b>	<b>18,314,369</b>
<b>Liabilities</b>				
Derivative financial instruments	(86,531)	(6,267)	-	(92,798)
Accrued expenses	(23,728)	-	(2,739)	(26,467)
<b>Total liabilities</b>	<b>(110,259)</b>	<b>(6,267)</b>	<b>(2,739)</b>	<b>(119,265)</b>
<b>Net assets</b>	<b>114,224</b>	<b>(720)</b>	<b>18,081,600</b>	<b>18,195,104</b>
Net position, %	0.62%	0.00%	99.38%	100.00%

**NOTE 13 INFORMATION ON HOLDERS OF SHARE CERTIFICATES OF THE FUND**

The following table sets out the number of share certificates held by the Company's Group and related parties, which have a significant interest in the Company, and the proportion of the total number of share certificates held by related parties of the Fund and other persons:

	<b>% of the total number</b>		<b>% of the total number</b>	
	<b>31.12.2022</b>	<b>31.12.2022</b>	<b>31.12.2021</b>	<b>31.12.2021</b>
<b>IF CBL US Leaders Equity Fund Class R Acc EUR (hedged)</b>				
Share certificates held by related parties	23,465	2.91%	16,445	2.07%
Share certificates held by other persons	781,814	97.09%	776,849	97.93%
<b>Number of issued share certificates at the end of the reporting period</b>	<b>805,279</b>	<b>100.00%</b>	<b>793,294</b>	<b>100.00%</b>
<b>IF CBL US Leaders Equity Fund Class R Acc USD</b>				
Share certificates held by related parties	45,295	6.16%	47,919	6.70%
Share certificates held by other persons	689,848	93.84%	666,829	93.30%
<b>Number of issued share certificates at the end of the reporting period</b>	<b>735,143</b>	<b>100.00%</b>	<b>714,748</b>	<b>100.00%</b>

**NOTE 14 RELATED PARTY TRANSACTIONS**

All investments of the Fund in 2022 are purchased through a custodian bank. Citadele banka AS receives a custodian fee, which is disclosed in the statement of income and expenses, and Citadele banka AS holds the cash of the Fund (see Note 3). Also, all derivative financial instruments are entered into with Citadele banka AS (see Note 5). The Fund entered into 12 foreign currency conversion transactions through the custodian bank, for a total negative result of EUR 693. For the period 06.01.2021 to 31.12.2021, the Fund entered into 9 foreign currency conversion transactions through the custodian bank for a total negative result of EUR 4,042.

The result of derivative financial instrument transactions was EUR 823,028 (negative) in the reporting period. For the period from 06.01.2021 to 31.12.2021, the result of derivative financial instrument transactions was EUR 683,668 (negative).

During the period under review, related parties entered into transactions in share certificates of the Fund (see Note 13). During 2022, related parties bought 385 shares of the CBL US Leaders Equity Fund Class R Acc USD and sold 3,009 shares and bought 9,309 shares of the CBL US Leaders Equity Fund Class R Acc EUR (hedged) and sold 2,289 shares.



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Purchases and reselling transactions of share certificates of the Fund are calculated taking into account only the share certificates held by related parties that were classified as related parties of the Fund as at 2022. During the reporting period, the Fund had no investments in debt securities issued by the custodian bank and in investment funds managed by an affiliated investment management company.

During 2021, related parties bought 29,834 shares of CBL US Leaders Equity Fund Class R Acc USD and sold 3,368 shares and bought 18,378 shares of CBL US Leaders Equity Fund Class R Acc EUR (hedged) and sold 2,251 shares. Purchases and reselling transactions of share certificates of the Fund are calculated taking into account only the share certificates held by related parties that were classified as related parties of the Fund as at 2021. In 2021, the Fund had no investments in debt securities issued by a custodian bank and investment funds managed by an affiliated investment management company.

**NOTE 15 PERFORMANCE DYNAMICS OF THE INVESTMENT FUND**

<b>CBL US Leaders Equity Fund Class R Acc USD</b>	<b>31.12.2022</b>	<b>31.12.2021***</b>
<b>Net assets (EUR)</b>	<b>6,691,410</b>	<b>8,076,094</b>
Number of share certificates	735,143	714,748
Value of the unit of the Fund (EUR)	9.10	11.30
Fund return*	(19.47%)	13.23%
<b>Net assets (USD)**</b>	<b>7,137,062</b>	<b>9,146,983</b>
Number of share certificates	735,143	714,748
Value of the unit of the Fund (USD)	9.71	12.80
Fund return*	(24.14%)	28.53%
<b>CBL US Leaders Equity Fund Class R Acc EUR (hedged)</b>	<b>31.12.2022</b>	<b>31.12.2021***</b>
<b>Net assets (EUR)</b>	<b>7,479,085</b>	<b>10,119,010</b>
Number of share certificates	805,279	793,294
Value of the unit of the Fund (EUR)	9.29	12.76
Fund return*	(27.19%)	28.12%

The total assets of the CBL US Leaders Equity Fund are the sum of the net asset values of the two classes in the valuation currency of the fund, when translated at the European Central Bank rate the total assets of the CBL US Leaders Equity Fund result in an exchange rate difference with the sum of the two classes which results in a difference from the net assets reported elsewhere in the accounts.

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

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

\*\*\* Period from 06.01.2021 to 31.12.20221.

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

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

The table below shows the fixed assets as at **01.11.2021**.

	<u><b>01.11.2021</b></u>
<b>Assets</b>	
Due on demand from credit institutions	3,010,697
<b>Financial assets at fair value through profit or loss</b>	
Equity instruments*	0.00
<b>Total assets</b>	<u><b>3,010,697</b></u>

\* 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**

No significant events have occurred between the end of the reporting year and today that could have a material effect on the assessment of the Annual Report for 2022 or on the financial position of the Fund.

Signs of an inflation slowdown towards the end of 2022 allowed the view that monetary restraint could end relatively soon without triggering the global economic recession that had been expected all last year to arrive soon to continue to spread. However, the rhetoric of the US and Eurozone central banks underlined the persistence of risks of persistent inflation and confirmed their determination to keep raising rates. In a context of soaring interest rates, there were risks of "market accidents", few doubted that. And such risks materialised in March 2023, when liquidity and financial problems of some banks raised concerns about the stability of the financial sector in Western countries. The cases of the US and Swiss banks are specific, they were dealt with swiftly and effectively - there is no question of a growing systemic financial crisis. At the same time, more cautious banks as well as consumers could have a negative impact on global economic growth rates. Even without the recent developments in the financial sector, apart from the factor of a China "freed" from pandemic restrictions, the world economy lacks clear growth drivers. Corporate earnings forecasts for this year and next are optimistic, even in a scenario where there is no economic stagnation. All in all, this year does not promise to be a walk in the park.

Riga,

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

### **CUSTODIAN BANK REPORT**

**For the period from 1st January 2022 to 31st December 2022**

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

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

- in accordance with the custody agreement concluded on 7<sup>th</sup> April 2017 (hereinafter - the Custody Agreement), AS "Citadele banka" (hereinafter the Custodian) performs custodian's duties for the investment fund "CBL 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 Custody Agreement. The main duties of the Custodian include:

- holding the Fund's assets in accordance with the Law and the Custody Agreement;
- ensuring the maintenance of the Fund's accounts, receiving and executing the Company's orders, as well as settlement of the orders according to requirements of the Law and the Custody Agreement;
- ensuring that the value of Fund's net assets and Fund Share Certificates is estimated in accordance with requirements of the Law, Regulations of 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 January 1<sup>st</sup>, 2022 to December 31<sup>st</sup>, 2022 according to the information provided to the Custodian by the Company:

- Issue, sale and repurchase of the Fund Share Certificates were effected in compliance with requirements of the Law, Fund prospectus and the Fund Management Rules;
- Fund assets were held in accordance with requirements of the Law and the Custody Agreement;
- the value of Fund's net assets was assessed in accordance with requirements of the Law, Regulations of 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 Custody Agreement.

Chairman of the Management Board

Johan Åkerblom

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



KPMG Baltics SIA  
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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 8 to 26 of the accompanying Annual Report. The accompanying financial statements include:

- Overview of assets and liabilities as at 31 December 2022,
- 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 2022, 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 27 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



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

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

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

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

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

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



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KPMG Baltics SIA

Licence No. 55

Rainers Vilāns

Member of the Board

Sworn auditor

Certificate No. 200

Riga, Latvia

27 April 2023

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