

Information about the financial instrument (investment) portfolio management services provided by CBL Asset Management IPAS



Investment policy

Prior to the providing of the portfolio management service (management of investors' financial instruments portfolio on an individual basis under investors' authorization), CBL Asset Management IPAS requests the Client to fill in a questionnaire for the receipt of the portfolio management service in order to determine the suitability of the provided investment service to the Client's interests.

Based on the information submitted by the Client in the questionnaire, CBL Asset Management IPAS assesses the Client's knowledge and experience in the investment field, his/ her financial situation including the ability to bear losses, and the Client's investment objectives including the risk tolerance, and determines the Client's risk profile. Depending on the risk profile, the Client is offered one of the three investment policies: **defensive, balanced, or active (aggressive)**.

Investment policy is a set of conditions for the management of the investment portfolio, which includes the mandatory conditions for the Client and CBL Asset Management IPAS.

Portfolio management service provided by CBL Asset Management IPAS includes the placement, purchase, selling of the Clients' portfolios, as well as any other activities including investments into any financial instruments in accordance with the applied investment policy. Investment portfolios are managed by CBL Asset Management IPAS in Clients' interests and at their expense.

Defensive investment policy

The investment policy is aimed at minimizing the risk of decrease in the value of assets. The strategy is based on including low yield and low risk financial instruments in the portfolio.

Balanced investment policy

The investment policy is aimed at increasing the value of assets by means of investing in financial instruments with balanced risk and medium yields.

Aggressive investment policy

The investment policy is aimed at achieving maximum yield. High yield financial instruments with the increased risk level are included in the portfolio.

Methods and frequency of the assessment of assets comprising Clients' investment portfolios

CBL Asset Management IPAS professionals actively monitor financial market trends and make necessary changes to Clients' investment portfolios. The quantitative method along with the qualitative analyses is applied for selecting the financial instruments for portfolios.

AS "Citadele banka" (the Bank) ensures the assessment of assets and liabilities comprising the investment portfolio on a daily basis, and the Client receives the appropriate monthly report from CBL Asset Management IPAS free of charge through the Bank internet bank. The assets and liabilities comprising the investment portfolio are assessed by their fair value in line with the International Financial Reporting Standards.

Sustainability and engagement

The investment portfolio manager assesses a variety of economic and financial indicators, which include environmental, social and governance (ESG) factors, to make investment decisions appropriate for the portfolio objectives. Integration of ESG criteria into portfolio management process requires pre-contractual consent from the client that is founded in good understanding of risks associated with sustainable investing.

Currently, the investment portfolio product does not have sustainable investment as its objective and does not claim to promote environmental or social characteristics as defined by the Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosure in the financial services sector (SFDR) because the resources required to meet the client's detailed sustainability preferences in accordance with the classification set out in Article 2(7) of Commission Delegated Regulation (EU) 2017/656 are not economically justified.

CBL Asset Management IPAS recognizes the importance of sustainable investing in addressing the sustainability challenges of our planet, it has therefore developed a policy for integrating sustainability risks into investment decisions available here: <https://www.cblam.lv/en/sustainability/>.

Investor Protection and Deposit Guarantee System

Investor Protection System

The Investor Protection System under the Investor Protection Act (Ieguldītāju aizsardzības likums) applies to financial instruments owned by the Client, provided that all the necessary preconditions set out in the aforementioned Act have been fulfilled. Information on the amounts of compensation for a non-performed investment service, as well as on the conditions that must be observed in order to obtain compensation has been determined by the Investor Protection Act (Ieguldītāju aizsardzības likums).

CBL Asset Management IPAS is a member of the Latvian Investor Protection System. This system is designed to protect investors' interests, provide the necessary funds and pay compensation. Compensation is paid if CBL Asset Management IPAS is unable to meet its obligations to an investor entitled to compensation under the Investor Protection Act (Ieguldītāju aizsardzības likums) in full and within the time limits and if the investor is not

entitled to guaranteed remuneration under the Deposit Guarantee Act (Noguldījumu garantiju likums).

The amount of the compensation shall be determined according to the total amount of the defaulted obligations, but not exceeding of EUR 20,000, regardless of the number of securities or investment accounts of the investor. The compensation shall be paid in euro.

Payment of the compensation shall commence within three months from the date on which the Bank of Latvia (Latvijas Banka) may extend the time limit for the commencement of the payment of compensation by three more months.

The compensation is paid through the Bank of Latvia (Latvijas Banka) or a credit institution designated by it. Information on the procedure for accepting investor applications for payment of compensation and deadlines shall be published on the website of the Bank of Latvia (Latvijas Banka) and in the official state publication "Latvijas Vēstnesis".

In order to receive compensation, an investor must submit an application for compensation to the Bank of Latvia (Latvijas Banka) or to a credit institution designated by the Bank of Latvia (Latvijas Banka). This application must be submitted within two years from the date on which the Bank of Latvia (Latvijas Banka) has published information on the payment of the compensation or the circumstances that were the basis for postponing the payment of the compensation have ceased to exist. An investor loses the right to compensation if he or she fails to apply for compensation within the prescribed time limit.

No compensation shall be paid to:

- 1) a person for transactions in respect of which there is sentence in a criminal matter for money laundering or financing of terrorism or proliferation;
- 2) the system participants, insurance companies, investment companies or other investors which have notified that they are professional investors;
- 3) persons which are in the same group of companies as the system participant;
- 4) pension funds;
- 5) the state and municipal governments;
- 6) executive board and supervisory board members of a system participant, the head of an audit commission and members of such commission, the head of an internal audit service and members of such service, other employees of a system participant who are authorised to plan, manage and control activities of the system participant and who are liable therefor, as well as to persons who have directly or indirectly acquired more than five per cent of the capital of a system participant;
- 7) persons who are responsible for the audit of the accounting documents of system participants specified by law;
- 8) persons who are relatives of the first degree of kinship, or spouses of the persons referred to in Clauses 6 and 7;
- 9) persons who act on behalf of the persons referred to in Clause 7;
- 10) persons regarding whom the Bank of Latvia (Latvijas Banka) has established that, under special provisions of a contract concluded individually, they have received high interest rates or financial concessions, or have caused or have taken advantage of circumstances which have resulted in financial difficulties or have lead to deterioration in the financial situation of a system participant;
- 11) credit institutions;

financial institutions within the meaning of Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment brokerage firms and amending Regulation (EU) No 648/2012.

Investor protection does not apply if damage is suffered because of changes in the prices of financial instruments or because financial instruments have become illiquid.

Contact details of the System Operator: Bank of Latvia (Latvijas Banka), address: 2A K. Valdemāra Street, Riga, Latvia, LV-1050, telephone: +371 67022300, e-mail: info@bank.lv, website: www.bank.lv.

The Latvian Investor Protection Law is available on the website of the Bank of Latvia: <https://www.bank.lv/ta/visi-tiesibuakti?page=0&filter-items=&act-state=>. More information on the Investor Protection System is available on the Bank of Latvia's website <https://www.bank.lv/darbibas-jomas/klientu-aizsardziba>.

The investor protection system of the Republic of Latvia also applies to clients whose investment portfolio accounts are held at the AS "Citadele banka" Lithuanian branch, registered in the Republic of Lithuania.

Deposit Guarantee Scheme

Deposit Guarantee Act (Noguldījumu garantiju likums) shall be applied to the client's money assets, which are held with the Bank (including money assets in the accounts for the performance of financial instrument transactions), provided that the conditions stipulated by legal acts are fulfilled.

More detailed information on the investor protection and deposit guarantee scheme is available here <https://www.citadele.lv/en/support/mifid/>.

The deposit guarantee scheme of the Republic of Latvia also applies to clients whose investment portfolio accounts are held at the AS "Citadele banka" Lithuanian branch, registered in the Republic of Lithuania.