

**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 may include ESG (Environmental, Social and Governance) considerations, to make investment decisions appropriate for the portfolio objectives. Explicit 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. Due to the lack of clear industry standards for sustainable investments and low awareness of sustainable investment goals and associated risks among existing and potential clients, CBL Asset Management IPAS has opted not to include ESG criteria in the suitability assessment of investment portfolio product.

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.

CBL Asset Management IPAS recognizes the importance of sustainable investing in addressing the sustainability challenges of our planet. However, sustainable finance adoption has been encumbered by the lack of clearly defined criteria to establish the degree to which an investment promotes environmental or social characteristics and the low levels of ESG data presently available. CBL Asset Management IPAS is actively developing policies for integration of sustainability risks into investment decisions in the future but recognizes that successful integration hinges on upcoming regulatory initiatives and the development of consistent set of standards for comparing the sustainability of investments.

## **The investors' protection and deposit guarantee system**

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 in accordance with the procedures provided by the Investor Protection Act (Ieguldītāju aizsardzības likums).

The Investor Protection Act (Ieguldītāju aizsardzības likums) shall be applied to the client's financial instruments, which are held with the Bank, provided that the conditions stipulated by legal acts are fulfilled. 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 system is available here <https://www.citadele.lv/lv/support/mifid/>.