



ABLV

BANKING / INVESTMENTS \ ADVISORY

Open-end investment fund
ABLV Emerging Markets Bond Fund

Subfund
ABLV Emerging Markets USD Bond Fund

Annual report
for the year ended 31 December 2014

Together with independent auditors' report

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General information

Name of the fund:	ABLV Emerging Markets USD Bond Fund
Category of the fund:	Open-end investment fund with subfunds
Name of the subfund:	ABLV Emerging Markets USD Bond Fund
Type of the fund:	Bond fund
Registration date of the subfund:	23 March 2007
Registration number of the fund:	06.03.05.263/32
Name of the investment management company:	ABLV Asset Management, IPAS
Registered office of the investment management company:	23 Elizabetes Street, Riga, LV-1010
Registration number of the investment management company:	40003814724
Licence number of the investment management company:	06.03.07.263/204
Date of the licence:	4 August 2006
Name of the custodian bank:	ABLV Bank, AS
Registered office of the custodian bank:	23 Elizabetes Street, Riga, LV-1010
Registration number of the custodian bank:	50003149401
Names and positions of council members, board members, and fund manager:	Council of the investment management company: Chairman of the Council - Ernests Bernis Deputy Chairman of the Council - Māris Kannenieks Council Member - Vadims Reinfelds Board of the investment management company: Chairman of the Board - Leonīds Kijs Deputy Chairman of the Board - Jevgenijs Gžibovskis Board Member - Sergejs Gačenko Fund Manager - Jevgenijs Gžibovskis
Duties of the fund manager:	The fund manager operates the fund's property according to the company's Articles of Association and the Fund Management Regulations. The fund manager may be employed only by one investment management company and manage several funds of one investment management company.

Investment management company report

On 23 March 2007, open-end mutual fund ABLV Emerging Markets Bond Fund was registered, and on 11 July 2007 it was reorganized into a fund with two subfunds – the ones in USD and in EUR. Subfund ABLV Emerging Markets USD Bond Fund (hereinafter referred to as the subfund) is a bond fund the investment currency of which is USD.

ABLV Asset Management, IPAS (new name ABLV Asset Management, IPAS, was registered with the Register of Enterprises on 27.05.2011, hereinafter referred to as the company) was registered with the Republic of Latvia Register of Enterprises on 4 August 2006 under No. 40003814724, the licence for operations of investment management company No. 06.03.07.263/204, and it is located in Riga, at 23 Elizabetes Street.

The subfund's investment objective is achievement of the long-term capital growth. To achieve this objective, the assets are invested in debt securities or money market instruments issued or guaranteed by central banks, governments, and municipalities of emerging countries, as well as in debt securities or money market instruments issued or guaranteed by credit institutions or commercial companies, provided the participation of the emerging country in this credit institution's or commercial company's capital exceeds 50%.

The subfund's investment portfolio is diversified among investments in different countries, thus ensuring higher investment safety and protection against fluctuations of the subfund's assets value and against the risk of default on obligations.

The year 2014 was the eighth year of operations of the subfund ABLV Emerging Markets USD Bond Fund. As at the end of December 2014, the subfund's net assets amounted to USD 26 871 073 (EUR 22 132 504), annual return equalled 2.75%, whereas average term to maturity of the subfund's investments was 7.0 years, average weighted rating was BB+, and return to maturity was equal to 5.13%.

Assessing the results of 2014, we can conclude that the situation in government bond markets was mostly affected by actions of the monetary authorities of the largest developed countries and by conditions in the energy market. Almost during the whole year, positive dynamics prevailed in the global bond market, which was due to decreasing return of the US and German government bonds. Moreover, while declining return of German bonds was based on the ECB stimulating policy, the equivalent movements of the US government bonds constituted one of the major surprises for most investors last year. One of the main reasons for decrease in the return of the US long-term bonds was the continuation of low inflation rates in the USA, as well as deflation expectations in the majority of developed countries, first of all, in eurozone countries.

At the end of 2014, best results were demonstrated by the segment of high-grade government bonds, which gave the most sensitive representation of the US interest rates dynamics. In the segment of high-yield government bonds of emerging countries, solid growth was observed in the first half of the year, but sharp decline of energy prices at the end of the year caused panic sales of bonds of oil-exporting countries, thus introducing significant corrections in the overall return of the investors.

The minimum amount of investment in the subfund is USD 1 000.

The company performs regular analysis of current political and economic situation, as well as comparative analysis and technical analysis, analysis of various macroeconomic indicators, and summarizing analysis of recommendations given by the world's leading brokerage and analytics companies on different financial markets.

In order to regularly provide information on situation in the world's financial markets to current customers and prospective investors of ABLV Asset Management, IPAS, detailed monthly analysis of macroeconomic situation prepared by our chief analyst, as well as monthly comment of the subfund manager and overview of the market situation, subfund's performance, and actions taken by the subfund manager, are published at ABLV Bank, AS, home page www.ablv.com.

To ensure diversification and minimize risks, the company constantly pays great attention to risk management. The Investment Strategy Committee is established at the company, and it determines the company's investment strategy, risk limits, and financial markets on which transactions in financial instruments are performed. The members of the Investment Strategy Committee are ABLV Bank, AS, and the company's top specialists in financial markets.

The company will continue making every effort to efficiently manage the subfund's assets in order to increase the number of the subfund's investors and the subfund's net assets in 2015.

Management of ABLV Asset Management, IPAS, expresses gratitude to our customers for their loyalty and successful cooperation with us.

ABLV Asset Management, IPAS
Chairman of the Board

Leonīds Kijs
Riga, 14 April 2015

ABLV Asset Management, IPAS
Fund Manager

Jevgenijs Gžibovskis

Statement of responsibility of the board of the investment management company

The board of the investment management company are responsible for the preparation of the financial statements of the subfund ABLV Emerging Markets USD Bond Fund of the investment fund ABLV Emerging Markets Bond Fund.

The financial statements set out on pages 7 to 25 are prepared in accordance with the source documents and present fairly the financial position of the subfund as at 31 December 2014 and 2013 and the results of its operations for the years then ended.

The aforementioned financial statements are prepared on a going concern basis, applying laws of the Republic of Latvia, the Regulations of the Financial and Capital Market Commission on the Preparation of Reports of Investment Management Companies and on the Preparation of Annual Reports, Consolidated Annual Reports and Interim Reports of Investment Funds and Open-end Alternative Investment Funds, according to International Financial Reporting Standards as adopted by the European Union. Appropriate accounting policies have been applied on a consistent basis. Prudent and reasonable judgements and estimates have been made by the management in the preparation of the financial statements.

The board of the investment management company are responsible for the maintenance of proper accounting records, the safeguarding of the subfund's assets, and the prevention and detection of fraud and other irregularities in the subfund. They are also responsible for operating the subfund in compliance with the Law of the Republic of Latvia on Investment Management Companies, FCMC regulations, and other laws of the Republic of Latvia.

ABLV Asset Management, IPAS
Chairman of the Board

Leonīds Kijs



Riga, 14 April 2015

Custodian bank report

To the investors of
the subfund ABLV Emerging Markets USD Bond Fund of
the open-end investment fund ABLV Emerging Markets Bond Fund

ABLV Bank, AS, registered with the Republic of Latvia Enterprise Register on 17 September 1993 under No 50003149401, located in Riga, 23 Elizabetes Street, hereby confirms and attests that:

According to the Law of the Republic of Latvia on Investment Management Companies, FCMC regulations, other requirements of Latvian laws, and the Custodian Bank Agreement signed on 2 March 2007, ABLV Bank, AS (hereinafter – the custodian bank) acts as the custodian bank for the subfund ABLV Emerging Markets USD Bond Fund established by ABLV Asset Management, IPAS.

The custodian bank is responsible for the compliance with the requirements of Latvian laws applicable to custodian banks and the execution of the Custodian Bank Agreement.

The key duties of the custodian bank are as follows:

- To keep the subfund's property held in the account according to the conditions of the Custodian Bank Agreement;
- To service the subfund's account and execute the orders given by the company in respect of the subfund's property held in the account according to the Custodian Bank Agreement;
- To control that the subfund's investment certificates are issued, sold and redeemed and the subfund's share value is calculated following the procedure prescribed by laws, the fund's Prospectus, and the Fund Management Regulations;
- To submit to the company the list of persons authorised by the custodian bank to accept orders at the effectiveness date of the Custodian Bank Agreement;
- To ensure the execution of other duties provided for custodian banks by laws and regulations.

The investment certificates are issued, sold and redeemed pursuant to the requirements of the Law on Investment Management Companies, the fund's Prospectus, and the Fund Management Regulations.

The subfund's property is kept in accordance with the requirements of the Law on Investment Management Companies and the Custodian Bank Agreement.

The net asset value is calculated according to the requirements of the Law on Investment Management Companies, FCMC regulations, the fund's Prospectus, and the Fund Management Regulations.

The company's orders and transactions involving the property of the subfund ABLV Emerging Markets USD Bond Fund of the open-end investment fund ABLV Emerging Markets Bond Fund are in compliance with the requirements of the Law on Investment Management Companies, the fund's Prospectus, the Fund Management Regulations, and the Custodian Bank Agreement.

In the reporting period, there were no errors or illegalities observed in the company's operations involving the subfund's property.

Custodian bank ABLV Bank, AS
Chairman of the Board

Ernests Bernis



Riga, 14 April 2015

Statement of assets and liabilities

				EUR
Assets	Notes	31/12/2014	31/12/2013	
Demand deposits with credit institutions	4	500,132	246,615	
Financial assets at fair value through profit or loss		21,652,300	18,709,986	
Debt securities and other fixed income securities	5	21,652,300	18,709,986	
Total assets		22,152,432	18,956,601	
Liabilities				
Accrued expense	6	(19,928)	(17,326)	
Total liabilities		(19,928)	(17,326)	
Net assets		22,132,504	18,939,275	

ABLV Asset Management, IPAS
Chairman of the Board

Leonīds Kijs



ABLV Asset Management, IPAS
Fund Manager

Jevgenijs Gžibovskis



Riga, 14 April 2015

Statement of income and expense

		EUR	
	Notes	01/01/2014- 31/12/2014	01/01/2013- 31/12/2013
Income			
Interest revenue	7	1,241,868	1,059,093
Other income		-	245
Total		1,241,868	1,059,338
Expense			
Remuneration to investment management company		(157,224)	(145,288)
Remuneration to custodian bank		(36,686)	(33,900)
Other fund management expense		(2,258)	(2,100)
Interest expense		(56)	-
Other expense		(208)	(68)
Total		(196,432)	(181,356)
Increase/ (decrease) in investment value			
Realised (decrease) in investment value	8	(139,708)	(579,453)
Unrealised increase/ (decrease) in investment value	9	2,085,566	(1,856,029)
Increase/ (decrease) in net assets from investment		2,991,294	(1,557,500)

ABLV Asset Management, IPAS
 Chairman of the Board

Leonīds Kijs

ABLV Asset Management, IPAS
 Fund Manager

Jevgenijs Gžibovskis

Riga, 14 April 2015

Statement of changes in net assets

Item	EUR	
	01/01/2014- 31/12/2014	01/01/2013- 31/12/2013
Net assets at the beginning of the year	18,939,275	14,945,507
Increase/ (decrease) in net assets from investment	2,991,294	(1,557,500)
Transactions with investment certificates		
Inflow from sale of investment certificates	6,324,892	10,787,174
(Outflow) of redemption of investment certificates	(6,122,957)	(5,235,906)
Total result of transactions with investment certificates	201,935	5,551,268
Increase in net assets for the year	3,193,229	3,993,768
Net assets at the end of the year	22,132,504	18,939,275
Issued investment certificates at the beginning of the year		
	1,827,225	1,343,717
Issued investment certificates at the end of the year		
	1,848,895	1,827,225
Net assets per investment certificate at the beginning of the year		
	10.37	11.12
Net assets per investment certificate at the end of the year		
	11.97	10.37

ABLV Asset Management, IPAS
 Chairman of the Board

Leonīds Kijs

ABLV Asset Management, IPAS
 Fund Manager

Jevgenijs Gžibovskis

Riga, 14 April 2015

Statement of cash flows

	EUR	
Item	01/01/2014- 31/12/2014	01/01/2013- 31/12/2013
Interest received	1,282,515	1,033,886
Interest (paid)	(57)	(70)
Investment management (expense)	(195,508)	(176,588)
Derivatives	3,313	-
(Acquisition) of financial assets	(14,859,878)	(27,402,636)
Disposal of financial assets	13,730,683	18,277,959
(Decrease) in cash and cash equivalents from operating activities	(38,932)	(8,267,449)
Inflow from sale of investment certificates	6,324,892	10,787,174
(Outflow) of redemption of investment certificates	(6,122,957)	(5,235,906)
Increase in cash and cash equivalents from financing activities	201,935	5,551,268
Increase/ (decrease) in cash and cash equivalents for the year	163,003	(2,716,181)
Cash and cash equivalents at the beginning of the year	246,615	3,193,273
Net foreign exchange difference	90,514	(230,477)
Cash and cash equivalents at the end of the year	500,132	246,615

ABLV Asset Management, IPAS
 Chairman of the Board

Leonīds Kijs

ABLV Asset Management, IPAS
 Fund Manager

Jevgenijs Gžibovskis

Riga, 14 April 2015

Note 1

General information

The subfund ABLV Emerging Markets USD Bond Fund of the open-end investment fund ABLV Emerging Markets Bond Fund is a bond fund registered on 23 March 2007. The registered office of the investment management company is at 23 Elizabetes Street, Riga, LV-1010, Latvia.

The subfund's business activity includes investments in debt securities or money market instruments issued or guaranteed by central banks, governments and municipalities of emerging countries as well as debt securities or money market instruments issued or guaranteed by credit institutions or commercial companies provided the equity interest of the emerging country in such credit institutions or commercial companies exceeds 50%.

The following abbreviations are used in the notes to the financial statements: International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), International Accounting Standards Board (IASB), International Financial Reporting Interpretations Committee (IFRIC), Financial and Capital Market Commission (FCMC), European Monetary Union (EMU), European Union (EU), Organisation for Economic Cooperation and Development (OECD), and ABLV Asset Management, IPAS (company).

Note 2

Principal accounting policies

Basis of Preparation

These financial statements are based on the accounting records made pursuant to the legislative requirements and prepared in conformity with International Financial Reporting Standards and IFRIC Interpretations as adopted by the European Union, on a going concern basis.

These records are prepared under the historical cost convention, except for financial assets and liabilities which are reported at fair value.

During the year ended 31 December 2014, the subfund consistently applied accounting policies in line with those disclosed in the prior-year financial statements, except for the changes listed below.

The subfund's functional currency is USD. The monetary unit used in the financial statements is the euro (EUR), the monetary unit of the Republic of Latvia. These financial statements are reported in EUR, unless otherwise stated. Information given herein in brackets represents comparative figures for the year ended 31 December 2013, unless otherwise stated.

Adoption of New and/ or Changed IFRSs and IFRIC Interpretations in the Reporting Year

During the year, the subfund has adopted the following IFRS amendments:

- IAS 27 *Separate Financial Statements* (Amended)
- IAS 28 *Investments in Associates and Joint Ventures* (Amended)
- IAS 32 *Financial Instruments: Presentation* (Amended) - *Offsetting Financial Assets and Financial Liabilities*
- IAS 36 *Impairment of Assets* (Amended) – *Recoverable Amount Disclosures for Non-Financial Assets*
- IAS 39 *Financial Instruments* (Amended): *Recognition and Measurement - Novation of Derivatives and Continuation of Hedge Accounting*
- IFRS 10 *Consolidated Financial Statements*, IAS 27 *Separate Financial Statements*
- IFRS 11 *Joint Arrangements*
- IFRS 12 *Disclosures of Interests in Other Entities*
- IFRS 10, IFRS 12 and IAS 27 - *Investment Entities* (Amended)

When the adoption of the standard or interpretation is deemed to have an impact on the financial statements or performance of the subfund, its impact is described below.

Amendment to IAS 27 *Separate Financial Statements*

As a result of the new standards IFRS 10, IFRS 11 and IFRS 12, this standard was amended to contain accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when an entity prepares separate financial statements. The implementation of this amendment had no impact on the financial statements of the subfund.

Amendment to IAS 28 Investments in Associates and Joint Ventures

As a result of the new standards IFRS 11 and IFRS 12, this standard was renamed and addresses the application of the equity method to investments in joint ventures in addition to associates. This amendment had no impact on the financial statements of the subfund.

Amendment to IAS 32 Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities

These amendments are effective for financial years beginning on or after 1 January 2014. This amendment clarifies the meaning of "currently has a legally enforceable right to set-off" and also clarifies the application of the IAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. This amendment had no impact on the financial statements of the subfund.

Amendment to IAS 36 Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Assets

This amendment adds a few additional disclosure requirements about the fair value measurement when the recoverable amount is based on fair value less costs of disposal and removes an unintended consequence of IFRS 13 to IAS 36 disclosures. The amendment did not have any impact on the financial position or performance of the subfund.

Amendment to IAS 39 Financial Instruments: Recognition and Measurement

The amendment provides relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria. The amendment did not have any impact on the financial position or performance of the subfund, since it does not apply hedge accounting.

IFRS 10 Consolidated Financial Statements

IFRS 10 establishes a single control model that applies to all entities, including special purpose entities. IFRS 10 replaces the part of IAS 27 *Consolidated and Separate Financial Statements* related to consolidated financial statements and replaces SIC 12 *Consolidation — Special Purpose Entities*.

IFRS 11 Joint Arrangements

IFRS 11 eliminates proportionate consolidation of jointly controlled entities. Under IFRS 11, jointly controlled entities, if classified as joint ventures (a newly defined term), must be accounted for using the equity method. Additionally, jointly controlled assets and operations are joint operations under IFRS 11, and the accounting for those arrangements will generally be consistent with today's accounting. That is, the entity will continue to recognise its relative share of assets, liabilities, revenues and expenses. The implementation of this amendment had no impact on the financial statements of the subfund.

IFRS 12 Disclosures of Interests in Other Entities

IFRS 12 combines the disclosure requirements for an entity's interests in subsidiaries, joint arrangements, investments in associates and structured entities into one comprehensive disclosure standard. A number of new disclosures are also required such as disclosing the judgments made to determine control over another entity. The amendment did not have any impact on the financial position or performance of the subfund.

Amendments to IFRS 10, IFRS 12 and IAS 27 - Investment Entities

The amendments apply to entities that qualify as investment entities. The amendments provide an exception to the consolidation requirements of IFRS 10 by requiring investment entities to measure their subsidiaries at fair value through profit or loss, rather than consolidate them. The implementation of this amendment had no impact on the financial statements of the subfund.

IFRIC Interpretation 21 *Levies* (effective for financial years beginning on or after 17 June 2014). This interpretation addresses the accounting for levies imposed by governments. Liability to pay a levy is recognised in the financial statements when the activity that triggers the payment of the levy occurs.

Standards Issued but not yet Effective

Standards issued but not yet effective or not endorsed by the EU and not early adopted

The subfund has not applied the following IFRS and IFRIC interpretations that have been issued as of the date of authorisation of these financial statements for issue, but which are not yet effective:

IAS 1 Presentation of Financial Statements: Disclosure Initiative (effective for financial years beginning on or after 1 January 2016, once endorsed by the EU). The amendments aim at clarifying IAS 1 to address perceived impediments to preparers exercising their judgment in presenting their financial reports.

IAS 16 Property, Plant and Equipment and IAS 38 Intangible assets (Amendment): Clarification of Acceptable Methods of Depreciation and Amortisation

The amendment is effective for annual periods beginning on or after 1 January 2016. The amendment provides additional guidance on how the depreciation or amortisation of property, plant and equipment and intangible assets should be calculated. It is clarified that a revenue-based method is not considered to be an appropriate manifestation of consumption.

Amendments to IAS 16 *Property, Plant and Equipment* and IAS 41 *Agriculture: Bearer Plants* (effective for financial years beginning on or after 1 January 2016, once endorsed by the EU). Bearer plants will now be within the scope of IAS 16 *Property, Plant and Equipment* and will be subject to all of the requirements therein. The implementation of this amendment will have no impact on the financial statements of the subfund, as the subfund does not have bearer plants.

Amendments to IAS 19 *Employee Benefits* (effective for financial years beginning on or after 1 February 2015). The amendments address accounting for the employee contributions to a defined benefit plan. Since the subfund's employees do not make such contributions, the implementation of this amendment will not have any impact on the financial statements of the subfund.

Amendments to IAS 27 *Equity Method in Separate Financial Statements* (effective for financial years beginning on or after 1 January 2016, once endorsed by the EU). The amendments reinstate the equity method as an accounting option for investments in subsidiaries, joint ventures and associates in an entity's separate financial statements.

IFRS 9 *Financial Instruments* (effective for financial years beginning on or after 1 January 2018, once endorsed by the EU). IFRS 9 will eventually replace IAS 39. The IASB has issued the first three parts of the standard, establishing a new classification and measurement framework for financial assets, requirements on the accounting for financial liabilities and hedge accounting.

Amendments to IFRS 10, IFRS 12 and IAS 28 - *Investment Entities: Applying the Consolidation Exception* (effective for financial years beginning on or after 1 January 2016, once endorsed by the EU). The amendments address issues that have arisen in the context of applying the consolidation exception for investment entities.

Amendments to IFRS 10 and IAS 28 – *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* (effective for financial years beginning on or after 1 January 2016, once endorsed by the EU). The amendments address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28, in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business and partial gain or loss is recognised when a transaction involves assets that do not constitute a business.

IFRS 11 *Joint Arrangements (Amendment): Accounting for Acquisitions of Interests in Joint Operations* (effective for financial years beginning on or after 1 January 2016, once endorsed by the EU). IFRS 11 addresses the accounting for interests in joint ventures and joint operations. The amendment adds new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business in accordance with IFRS and specifies the appropriate accounting treatment for such acquisitions.

IFRS 14 *Regulatory Deferral Accounts* (effective for financial years beginning on or after 1 January 2016, once endorsed by the EU). It is an interim standard that provides first-time adopters of IFRS with relief from derecognising rate-regulated assets and liabilities until a comprehensive project on accounting for such assets and liabilities is completed by the IASB.

IFRS 15 *Revenue from Contracts with Customers* (effective for financial years beginning on or after 1 January 2017, once endorsed by the EU). IFRS 15 establishes a five-step model that will apply to revenue earned from a contract with a customer, regardless of the type of revenue transaction or the industry. Extensive disclosures will be required, including disaggregation of total revenue; information about performance obligations; changes in contract asset and liability account balances between periods and key judgments and estimates.

In December 2013 the IASB issued the Annual Improvements to IFRSs 2011 – 2013 Cycle, which is a collection of amendments to the following IFRSs (effective for financial years beginning on or after 1 January 2015, once endorsed by the EU):

- IFRS 1 *First-time Adoption of IFRS*;
- IFRS 3 *Business Combinations*;
- IFRS 13 *Fair Value Measurement*;
- IAS 40 *Investment Property*.

In December 2013 the IASB issued the Annual Improvements to IFRSs 2010 – 2012 Cycle (effective for financial years beginning on or after 1 February 2015, once endorsed by the EU):

- IFRS 2 *Share-based Payment*;
- IFRS 3 *Business Combinations*;
- IFRS 8 *Operating Segments*;
- IFRS 13 *Fair Value Measurement*;
- IAS 16 *Property, Plant and Equipment*;
- IAS 24 *Related Party Disclosures*;
- IAS 38 *Intangible Assets*.

In September 2014 the IASB issued the Annual Improvements to IFRSs 2012 – 2014 Cycle (effective for financial years beginning on or after 1 January 2016, once endorsed by the EU):

- IFRS 5 *Non-current Assets Held for Sale and Discontinued Operation*;
- IFRS 7 *Financial Instruments: Disclosures*;

- IAS 19 *Employee Benefits*;
- IAS 34 *Interim Financial Reporting*.

The subfund is in the process of assessing the impact of the amended standards on the financial position or performance of the subfund.

The subfund plans to adopt the above mentioned standards and interpretations on their effectiveness date provided they are endorsed by the EU.

Significant Accounting Estimates and Assumptions

The preparation of financial statements in accordance with IFRS as adopted by the EU requires the management to make estimates and assumptions that affect the reported amounts of assets, liabilities, income and expense, and disclosure of contingencies. Future events occur which cause the assumptions used in arriving at the estimates to change. Such estimates and assumptions are based on most reliable information available to the management in respect to specific events and actions. The effect of any changes in estimates will be recorded in the financial statements when determinable. The significant areas of estimation and assumptions relate to determining the fair value of financial assets.

Revenue and Expense Recognition

All major revenue and expense items are recognised on an accrual basis. Interest revenue is recognised in the period when earned using the effective interest rate. Interest revenue and expense also include amortisation of any discount or premium. Dividend revenue is recognised when received.

The difference between the acquisition price and the value of a financial instrument (hereinafter – a 'Day 1' profit or loss) is not recognised in the statement of income and expense at the acquisition date. The 'Day 1' profit or loss from transactions is recognised on an individual basis. The difference is either recognised in the statement of income and expense during the term of the transaction, or deferred and recognised only when the fair value of the financial instrument may be determined using observable data, or recognised in the statement of income and expense upon derecognition of a financial instrument. The financial instrument is subsequently stated at fair value adjusted by the deferred 'Day 1' profit or loss. Fair value changes are recognised in the statement of income and expense without making adjustments to the deferred 'Day 1' profit or loss.

Foreign Currency Translation

The subfund's functional currency is USD but, according to the FCMC requirements, the fund ensures accounting also in EUR. These financial statements are prepared based on transaction accounting in EUR. Income or expense resulting from changes in exchange rates has been included in the statement of income and expense of the reporting period. Income or expense in foreign currencies has been translated into EUR at the exchange rate set by the ECB (the Bank of Latvia by 31 December 2013 (inclusive)) at the date of recognition of the respective items, while REUTERS exchange rates have been applied to the foreign currencies having no EUR foreign exchange reference rates published by the ECB.

Cash and Cash Equivalents

Cash and cash equivalents comprise subfund's demand deposits with credit institutions and term deposits with credit institutions with a contractual original maturity of three months or less. Cash and cash equivalents are highly liquid investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of essential change in value.

Recognition and Derecognition of Financial Assets and Liabilities

A financial asset is any asset that is cash, an equity instrument of another entity, a contractual right to receive cash or another financial asset from another entity or to exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the subfund; or a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments.

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another entity or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the subfund; or a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments.

The subfund recognises financial assets and liabilities in its statement of assets and liabilities when, and only when, the subfund becomes a party to the contractual provisions of the instrument.

The accompanying notes form an integral part of these financial statements.

A financial asset is derecognised only when the contractual rights to receive cash flows from the asset have expired, or the subfund has transferred the financial asset and substantially all the risks and rewards of the asset to the counterparty.

A financial liability is derecognised only when the obligation under the liability is discharged according to the contract or cancelled or expires.

All purchases and sales of financial assets are recognised and derecognised on the settlement date. The acquisition value of securities is determined on a weighed average cost basis.

Fair Value of Financial Assets and Liabilities

Fair value is the amount for which an asset could be exchanged or a liability settled between a knowledgeable, willing buyer and a knowledgeable, willing seller in an arm's length transaction. The best evidence of fair value of financial assets and liabilities is quoted prices in an active market. If the market for a financial asset or liability is inactive, fair value is established by using a valuation technique, including discounted cash flow analysis, recent transactions that are substantially the same, as well as management estimates and assumptions.

Financial Instruments

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are fixed income held-for-trading securities, i.e., securities acquired for generating a profit from short-term fluctuations in price.

Securities are initially stated at fair value, including transaction costs, and further marked-to-market on the basis of quoted market prices. Any gain or loss resulting from revaluation of securities at fair value as well as any gain or loss resulting from disposal of the above securities is included in the statement of income and expense.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables comprise balances due from credit institutions. Those are carried at amortised cost using the effective interest method.

An impairment allowance is established when there is objective evidence that the subfund will not be able to collect all amounts due according to the original terms. The amount of the allowance is the difference between the amortised cost and the recoverable amount.

Taxes

Income earned by the holders of the subfund's certificates is subject to income taxes in the country of its origin. The subfund's income is exempt from income taxes. The subfund is not a Latvian corporate income tax payer, and upon redemption of the subfund's investment certificates, no income taxes are charged on increases in value.

Note 3

Risk management

Risks are inherent in the investment process and risk management is one of the fund's strategic values, which is based on the confidence that efficient risk management is critical for the success of the fund. Managing risks permits keeping the fund's exposure at a level meeting its willingness and ability to undertake risks.

The key investment risks are market risk (price risk and interest rate risk), liquidity risk, credit risk, legal risk, strategic risk, information risk, foreign investment risk, and other business-related risks. Considering that the company makes investments only in the subfund's base currency (USD), there is no exposure to currency risk. Risk management stands for identification, assessment and control of potential risks.

The company acts in strict compliance with the provisions and restrictions of the prospectuses, agreements, and Latvian laws, as well as assesses the compliance of the investments made on an ongoing basis.

To minimise the investment risks, the fund is managed following the risk diversification and hedging principles. The company applies qualitative and quantitative assessments to manage financial risks. According to the qualitative assessment, investments are made in assets corresponding to certain parameters. In planning investments, the company takes into consideration investment safety in each particular country and particular financial instruments and term deposits with banks, i.e., analyses credit ratings granted to the respective country, bank or company. In developing the investment strategy and stating limits, the company performs an analysis of the subfund's investments by maturity,

The accompanying notes form an integral part of these financial statements.

geographical placements, currency profile, industry, etc., assessing the risks inherent in each of the above factors. Meanwhile, the quantitative assessment is expressed as limits set for specific investment types, countries and regions, industries, specific issuers and counterparties.

In developing the investment strategy and revising limits, the company performs an analysis of the subfund's investments by maturity, geographical placements, currency profile, industry, etc., assessing the risks inherent in each of the above factors.

When investments are made abroad, particular attention is paid to expected investment-related currency fluctuations against the subfund's base currency. For risk mitigation purposes, the company performs:

- Country assessment according to international rating agencies scale;
- Assessment of the political situation in the country;
- Assessment of the economic situation in the country.

The investment strategy of the subfund is aimed at minimising the aforementioned risks to the maximum extent possible; however, the company cannot guarantee that these risks can be completely avoided in the future.

Note 4

Demand deposits with credit institutions

	31/12/2014		31/12/2013	
	Carrying amount EUR	Carrying amount to subfund's assets %	Carrying amount EUR	Carrying amount to subfund's assets %
Demand deposits with credit institutions				
Demand deposits with ABLV Bank, AS	500,132	2.26	246,615	1.30
Total demand deposits with credit institutions	500,132	2.26	246,615	1.30

As at 31 December 2014 and 2013, demand deposits with credit institutions were neither past due nor impaired.

Note 5

Financial assets at fair value through profit or loss

All debt securities and other fixed income securities are classified as financial assets at fair value through profit or loss. All securities are quoted on a regulated market (on an exchange) and traded over-the-counter.

Debt securities and other fixed income securities traded on regulated markets by country profile and issuers as at 31 December 2014:

Issuer	Amount	Acquisition value	Carrying	Carrying amount
	number	EUR	amount	to fund's assets
			EUR	(%)
Angola	250	226,544	205,481	0.93
REPUBLIC OF ANGOLA	250	226,544	205,481	0.93
Armenia	750	596,162	614,558	2.77
REPUBLIC OF ARMENIA	750	596,162	614,558	2.77
Azerbaijan	900	734,289	708,337	3.20
SOCAR-STATE OIL COMPANY OF AZERBAIJAN REPUBLIC	500	401,532	398,769	1.80
THE INTERNATIONAL BANK OF AZERBAIJAN REPUBLIC OAO	400	332,757	309,568	1.40
Brazil	1,400	1,329,309	1,224,502	5.53
Federative Republic of Brazil	500	434,840	434,390	1.96
PETROLEO BRASILEIRO SA	900	894,469	790,112	3.57
South Africa	1,000	944,072	915,347	4.13
ESKOM HOLDINGS LIMITED	250	224,240	218,968	0.99
REPUBLIC OF SOUTH AFRICA	750	719,832	696,379	3.14
Dominicana	400	354,320	353,319	1.59
DOMINICAN REPUBLIC	400	354,320	353,319	1.59
Egypt	150	127,474	130,277	0.59
ARAB REPUBLIC OF EGYPT	150	127,474	130,277	0.59
Philippines	850	901,539	855,525	3.86
REPUBLIC OF PHILIPPINES	850	901,539	855,525	3.86
Gabon	250	248,080	227,090	1.02
GABONESE REPUBLIC	250	248,080	227,090	1.02
Ghana	300	284,367	252,699	1.14
REPUBLIC OF GHANA	300	284,367	252,699	1.14
Georgia	500	466,683	436,194	1.97
REPUBLIC OF GEORGIA	500	466,683	436,194	1.97
Croatia	1,100	996,131	1,023,507	4.62
REPUBLIC OF CROATIA	1,100	996,131	1,023,507	4.62
Indonesia	1,000	1,059,813	1,037,518	4.68
REPUBLIC OF INDONESIA	1,000	1,059,813	1,037,518	4.68
Iraq	250	174,769	176,799	0.80
REPUBLIC OF IRAQ	250	174,769	176,799	0.80
Kazakhstan	1,150	1,004,285	907,164	4.09
DEVELOPMENT BANK OF KAZAKHSTAN JSC	500	388,042	345,180	1.56
KAZMUNAYGAZ NATIONAL CO	650	616,243	561,984	2.53
Colombia	1,000	975,033	936,471	4.23
REPUBLIC OF COLOMBIA	1,000	975,033	936,471	4.23
Cote d'Ivoire	250	201,023	205,082	0.93
REPUBLIC OF COTE D'IVOIRE	250	201,023	205,082	0.93
Russia	2,138,955	2,365,412	1,881,455	8.48
JSC VTB BANK	550	489,992	375,923	1.69
RUSSIAN FEDERATION	2,137,405	956,056	801,937	3.62
SBERBANK ROSSII OAO	250	223,622	186,523	0.84
VNESHECONOMBANK	750	695,742	517,072	2.33

Table (cont'd)

Issuer	Amount	Acquisition value	Carrying amount	Carrying amount
	number	EUR	EUR	to fund's assets (%)
Lithuania	700	725,187	710,926	3.21
REPUBLIC OF LITHUANIA	700	725,187	710,926	3.21
Morocco	500	408,714	418,030	1.89
Kingdom of Morocco	500	408,714	418,030	1.89
Mexico	625	1,085,063	1,086,339	4.90
United Mexican States	625	1,085,063	1,086,339	4.90
Namibia	500	444,517	438,004	1.98
REPUBLIC OF NAMIBIA	500	444,517	438,004	1.98
Panama	750	695,268	677,399	3.06
REPUBLIC OF PANAMA	750	695,268	677,399	3.06
Poland	750	691,178	701,144	3.16
REPUBLIC OF POLAND	750	691,178	701,144	3.16
Romania	275	530,744	555,278	2.51
ROMANIA	275	530,744	555,278	2.51
Senegal	200	186,146	183,146	0.83
REPUBLIC OF SENEGAL	200	186,146	183,146	0.83
Serbia	450	405,182	421,601	1.90
REPUBLIC OF SERBIA	450	405,182	421,601	1.90
Slovenia	250	216,724	230,075	1.04
REPUBLIC OF SLOVENIA	250	216,724	230,075	1.04
Sri Lanka	650	556,805	566,162	2.56
REPUBLIC OF SRI LANKA	650	556,805	566,162	2.56
Turkey	1,400	1,322,612	1,328,166	6.00
REPUBLIC OF TURKEY	1,400	1,322,612	1,328,166	6.00
Hungary	925	925,910	982,845	4.44
REPUBLIC OF HUNGARY	925	925,910	982,845	4.44
Uruguay	500,000	436,949	440,501	1.99
Oriental Republic of Uruguay	500,000	436,949	440,501	1.99
Venezuela	3,000	555,537	324,789	1.47
REPUBLIC OF VENEZUELA	3,000	555,537	324,789	1.47
Vietnam	550	490,374	496,570	2.24
SOCIALIST REP OF VIETNAM	550	490,374	496,570	2.24
Total financial instruments traded on regulated markets		22,666,215	21,652,300	97.74

Financial assets at fair value by geographical area:

Geographical area	31/12/2014		31/12/2013	
	Carrying amount	Carrying amount to subfund's assets	Carrying amount	Carrying amount to subfund's assets
	EUR	%	EUR	%
Other countries	15,034,021	67.86	14,390,043	75.91
Other EU Member States	3,973,700	17.94	2,594,029	13.68
OECD countries	2,414,504	10.90	1,523,012	8.04
EMU countries	230,075	1.04	-	-
Latvia	-	-	202,902	1.07
Total debt securities and other fixed income securities	21,652,300	97.74	18,709,986	98.70

No payments for securities were past due in the reporting period.

Note 6

Accrued expense

EUR		
Item	31/12/2014	31/12/2013
Accrued commission fees payable to investment management company	14,327	12,429
Accrued commission fees payable to custodian bank	3,343	2,900
Accrued fees payable for professional services	1,960	1,961
Accrued payments to the stock exchange	298	36
Total accrued expense	19,928	17,326

Note 7

Interest revenue

EUR		
Item	01/01/2014- 31/12/2014	01/01/2013- 31/12/2013
From financial assets at fair value through profit or loss	1,241,868	1,059,093
Total interest revenue	1,241,868	1,059,093

Note 8

Realised investment value

EUR		
Item	01/01/2014- 31/12/2014	01/01/2013- 31/12/2013
Income from sale of investments	13,532,872	18,012,393
(Acquisition) value of investments sold	(13,672,580)	(18,591,846)
Total realised (decrease) in investment value	(139,708)	(579,453)

Note 9

Unrealised investment value

EUR		
Item	01/01/2014- 31/12/2014	01/01/2013- 31/12/2013
Revaluation of financial assets at fair value through profit or loss	(375,723)	(1,128,377)
Currency exchange difference	2,461,289	(727,652)
Total unrealised increase/ (decrease) in investment value	2,085,566	(1,856,029)

Note 10

Change in investment assets during the reporting year

Changes in the investment portfolio in 2014:

Item						EUR
	01/01/2014	Increase for the reporting year	Decrease for the reporting year	Fair value revaluation result	Foreign currency translation result	31/12/2014
Financial assets at fair value through profit or loss	18,709,986	16,101,746	(15,152,906)	4,546,855	(2,553,381)	21,652,300
Total assets	18,709,986	16,101,746	(15,152,906)	4,546,855	(2,553,381)	21,652,300

Changes in the investment portfolio in 2013:

Item						EUR
	01/01/2013	Increase for the reporting year	Decrease for the reporting year	Fair value revaluation result	Foreign currency translation result	31/12/2013
Financial assets at fair value through profit or loss	11,765,612	28,461,729	(19,891,298)	(1,128,377)	(497,680)	18,709,986
Total assets	11,765,612	28,461,729	(19,891,298)	(1,128,377)	(497,680)	18,709,986

Note 11

Credit risk

Credit risk is a risk that the fund's value will decrease from counterparty's or issuer's non-performance or default. The subfund's exposure to credit risk arises mainly from investments in fixed income securities and balances due from credit institutions.

Credit risk associated with the subfund's assets is managed on the basis of the following classification of credit ratings assigned by international rating agencies:

High quality: AAA – BBB- (Standard & Poor's/ Fitch); Aaa – Baa3 (Moody's Investors Service);
Average quality: BB+ - BB- (Standard & Poor's/ Fitch); Ba1 - Ba3 (Moody's Investors Service);
Low quality: B+ - B- (Standard & Poor's/ Fitch); B1 - B3 (Moody's Investors Service), and lower ratings.

Assets by credit ratings as at 31 December 2014:

Assets						EUR
	High quality	Average quality	Low quality	No rating	Total	
Demand deposits with credit institutions	-	-	-	500,132	500,132	
Financial assets at fair value through profit or loss	13,306,326	6,153,701	2,015,474	176,799	21,652,300	
Total assets	13,306,326	6,153,701	2,015,474	676,931	22,152,432	

Assets by credit ratings as at 31 December 2013:

Assets						EUR
	High quality	Average quality	Low quality	No rating	Total	
Demand deposits with credit institutions	-	-	-	246,615	246,615	
Financial assets at fair value through profit or loss	8,652,538	6,748,368	3,149,846	159,234	18,709,986	
Total assets	8,652,538	6,748,368	3,149,846	405,849	18,956,601	

Credit risk concentration analysis by geographical area as at 31 December 2014:

						EUR
Assets	Latvia	EMU countries	EU Member States	OECD countries	Other countries	Total
Demand deposits with credit institutions	500,132	-	-	-	-	500,132
Financial assets at fair value through profit or loss	-	230,075	3,973,700	2,414,504	15,034,021	21,652,300
Total assets	500,132	230,075	3,973,700	2,414,504	15,034,021	22,152,432
Liabilities						
Accrued expense	(19,928)	-	-	-	-	(19,928)
Total liabilities	(19,928)	-	-	-	-	(19,928)
Net assets, total	480,204	230,075	3,973,700	2,414,504	15,034,021	22,132,504

Credit risk concentration analysis by geographical area as at 31 December 2013:

						EUR
Assets	Latvia	EU Member States	OECD countries	Other countries	Total	
Demand deposits with credit institutions	246,615	-	-	-	246,615	
Financial assets at fair value through profit or loss	202,902	2,594,029	1,523,012	14,390,043	18,709,986	
Total assets	449,517	2,594,029	1,523,012	14,390,043	18,956,601	
Liabilities						
Accrued expense	(17,326)	-	-	-	(17,326)	
Total liabilities	(17,326)	-	-	-	(17,326)	
Net assets, total	432,191	2,594,029	1,523,012	14,390,043	18,939,275	

Breakdown of debt securities and other fixed income securities by industry profile:

Industry	31/12/2014		31/12/2013	
	Carrying amount	Carrying amount to subfund's assets	Carrying amount	Carrying amount to subfund's assets
	EUR	%	EUR	%
Central governments	17,948,202	81.02	14,461,866	76.29
Energy	1,750,864	7.90	1,704,016	8.99
Finance	1,734,266	7.83	1,597,191	8.42
Utilities	218,968	0.99	397,373	2.10
Mining	-	-	363,676	1.92
Manufacturing	-	-	185,864	0.98
Total debt securities and other fixed income securities	21,652,300	97.74	18,709,986	98.70

The maximum exposure to credit risk is assessed without taking into account collateral and other credit enhancements.

Analysis of the subfund's maximum credit risk exposure:

	31/12/2014		31/12/2013	
	Carrying amount	Maximum exposure	Carrying amount	Maximum exposure
Assets				
Demand deposits with credit institutions	500,132	500,132	246,615	246,615
Financial assets at fair value through profit or loss	21,652,300	21,652,300	18,709,986	18,709,986
Total assets	22,152,432	22,152,432	18,956,601	18,956,601

Note 12

Financial risks

Interest rate risk

Interest rate risk represents the effect of changes in market rates on the subfund's value, affecting the subfund's interest revenue and the market value of financial assets.

The effect on net interest revenue is calculated as 1% of the nominal value of securities bearing interest at a floating rate (a 1% decrease in the interest rate will lead to the respective reduction of interest revenue). The effect on the value of financial assets at fair value through profit or loss is calculated as duration of these assets (the effect of changes in interest rates on the price of securities and, accordingly, the subfund's value).

The total subfund's sensitivity to changes in interest rates is calculated as the total of net interest revenue sensitivity and that of the value of financial assets.

Sensitivity to changes in interest rates:

	01/01/2014-31/12/2014		01/01/2013-31/12/2013	
	+100bps	-100bps	+100bps	-100bps
Effect on profit	(1,112,885)	1,112,885	(876,464)	876,464

Liquidity risk

Liquidity risk is the risk that the fund will sustain a loss if subfund's assets cannot be realised at minimal expense within a certain period of time.

Liquidity risk is minimised by holding part of the subfund's assets as cash and short-term debt securities as well as high-quality, highly liquid securities, ensuring the adequate diversification of the investments and fixing maturity dates within a wide maturity range, analysing the data regarding the plans changed by the participants and related cash flows as well as forecasting the fund's participants and cash flows.

Assets and liabilities by maturity profile as at 31 December 2014:

	EUR				
Assets	Up to 1 month	1 - 12 months	1 - 5 years	More than 5 years	Total
Demand deposits with credit institutions	500,132	-	-	-	500,132
Financial assets at fair value through profit or loss	-	-	4,328,722	17,323,578	21,652,300
Total assets	500,132	-	4,328,722	17,323,578	22,152,432
Liabilities					
Accrued expense	(17,670)	(2,258)	-	-	(19,928)
Total liabilities	(17,670)	(2,258)	-	-	(19,928)
Net assets	482,462	(2,258)	4,328,722	17,323,578	22,132,504

Assets and liabilities by maturity profile as at 31 December 2013:

	EUR				
Assets	Up to 1 month	1 - 12 months	1 - 5 years	More than 5 years	Total
Demand deposits with credit institutions	246,615	-	-	-	246,615
Financial assets at fair value through profit or loss	-	-	3,668,552	15,041,434	18,709,986
Total assets	246,615	-	3,668,552	15,041,434	18,956,601
Liabilities					
Accrued expense	(15,329)	(1,997)	-	-	(17,326)
Total liabilities	(15,329)	(1,997)	-	-	(17,326)
Net assets	231,286	(1,997)	3,668,552	15,041,434	18,939,275

Note 13

Information on holders of investment certificates

The proportion of investment certificates held by related parties of the company:

Item	31/12/2014		31/12/2013	
	Number of certificates	% of total certificates	Number of certificates	% of total certificates
Investment certificates held by related parties	42,514	2.30%	20,558	1.13%
Investment certificates held by other persons	1,806,381	97.70%	1,806,667	98.87%
Investment certificates issued as at the year end	1,848,895	100.00%	1,827,225	100.00%

Note 14

Related party disclosures

The majority of the subfund's investments are acquired with the mediation of the custodian bank ABLV Bank, AS. ABLV Bank, AS also receives remuneration as the custodian bank, as disclosed in the statement of income and expense. In addition, the subfund's cash is held with ABLV Bank, AS (see Note 4).

The remuneration paid to the investment management company during the reporting year is disclosed in the statement of income and expense.

During the reporting year, related parties acquired 26,561 (471) investment certificates and sold 4,605 (0) investment certificates of the subfund.

Note 15

Pledged assets

During the reporting year, no guarantees or collateral have been issued by the subfund, neither has it pledged or otherwise caused any encumbrance or lien on its assets.

Note 16

Fair value

Fair value of financial instruments, such as financial assets at fair value through profit or loss, is mostly defined based on quoted prices in an active market. Where such price is not observable, the respective instruments are valued based on observable prices in a market, where no active trading is done. For financial assets which are not quoted in the market and for which no quoted prices for similar assets in active markets are available, the fair value is estimated based on valuation models which are based on the assumptions and estimates regarding the potential future financials of the investment property, and the industry and geographical area risks in which the respective investment property operates. For other assets and liabilities for which fair value is disclosed and which have short maturities (less than three months), it is assumed that the fair value approximates to their carrying amount. This assumption also applies to demand deposits with credit institutions.

Hierarchy of input data for determining the fair value of assets and liabilities

The following hierarchy of three levels of input data is used for determining and disclosing the fair value of assets and liabilities:

- Level 1: Quoted prices in active markets;
- Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable;
- Level 3: Other techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

The subfund's financial assets recorded at fair value according to the hierarchy of input data for determining the fair value:

	EUR	
	31/12/2014	31/12/2013
Financial assets	Level 1	Level 1
Demand deposits with credit institutions	500,132	246,615
Financial assets at fair value through profit or loss	21,652,300	18,709,986
Total financial assets	22,152,432	18,956,601

Note 17

Dynamics of performance

Dynamics of investment subfund's annual performance*:

Item	31.12.2014	31.12.2013
Net assets (EUR)	22,132,504	18,939,275
Number of investment certificates	1,848,895	1,827,225
Value of investment fund's investment certificates (EUR)	11.97	10.37
Net assets (USD)	26,871,073	25,845,821
Number of investment certificates	1,848,895	1,827,225
Value of investment fund's investment certificates (USD)	14.53	14.14
Annual performance on investment subfund's investment certificates (USD)	2.75%	(3.94%)

* - Performance is calculated as the value of the subfund's share at the end of the year to its value at the beginning of the year. This ratio is expressed as annual percentage raised to the power, where the dividend is 365, but the divisor is the number of days of the reporting period.

Note 18

Events after reporting date

As of the last day of the reporting year until the date of approval of these financial statements there have been no significant events that could produce a material effect on the subfund's performance for the year.



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INDEPENDENT AUDITORS' REPORT

To the shareholders of AIF ABLV Emerging Markets USD Bond Fund

Report on the financial statements

We have audited the accompanying financial statements of AIF ABLV Emerging Markets USD Bond Fund (the "Fund"), set out on pages 7 through 25 of the accompanying 2014 Annual Report, which comprise the statement of assets and liabilities as at 31 December 2014, and the statement of income and expense, statement of changes in net assets and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the International Financial Reporting Standards 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.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

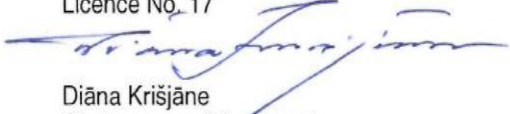
Opinion

In our opinion, the financial statements give a true and fair view of the financial position of AIF ABLV Emerging Markets USD Bond Fund as of 31 December 2014, and of its financial performance and its cash flows for the year then ended in accordance the International Financial Reporting Standards as adopted by the European Union.

Report on other legal and regulatory requirements

Furthermore, we have read the investment management company report for the year ended 31 December 2014 (set out on page 4 of the accompanying 2014 Annual Report) and have not noted any material inconsistencies between the financial information included in it and the financial statements for the year ended 31 December 2014.

SIA Ernst & Young Baltic
Licence No. 17



Diāna Krišjāne
Chairperson of the Board
Latvian Certified Auditor
Certificate No. 124

Rīga, 14 April 2015