



ABLV

BANKING / INVESTMENTS \ ADVISORY

Open-end investment fund  
ABLV High Yield CIS Bond Fund

Subfund  
ABLV High Yield CIS USD Bond Fund

unaudited report for the period  
from 1 January 2013 to 30 June 2013

## Contents

General information	3
Investment manager's report	4
Financial statements:	
Statement of assets and liabilities	5
Statement of income and expense	6
Statement of changes in net assets	7
Notes	8

## General information

Name of the fund:	ABLV High Yield CIS Bond Fund
Category of the fund:	Open-end investment fund with subfunds
Type of the fund:	Bond fund
Registration date of the fund:	15 June 2007
Number of the fund:	FFL121-06.03.04.02.263/194
Name of the investment manager:	ABLV Asset Management, IPAS
Registered office of the investment manager:	Elizabetes iela 23, Riga, LV-1010
Registration number of the investment manager:	40003814724
Licence number of the investment manager:	06.03.07.263/204
Date of the licence:	04 August 2006
Name of the custodian bank:	ABLV Bank, AS
Registered office of the custodian bank:	Elizabetes iela 23, Riga, LV-1010
Registration number of the custodian bank:	50003149401
Names and positions of council members, board members of the investment manager, and fund manager:	<p>Council of the investment manager:</p> <p>Chairman of the Council - Ernests Bernis  Deputy Chairman of the Council - Māris Kannenieks  Council Member - Vadims Reinfelds</p> <p>Board of the investment manager:</p> <p>Chairman of the Board - Leonīds Kiļs  Deputy Chairman of the Board - Jevgenijs Gžibovskis  Board Member - Vadims Burcevs</p> <p>Fund Manager - Sergejs Gačenko</p>
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 manager and manage several funds of one investment manager.

## Report of the Investment Management Company

On 15 June 2007, the subfund ABLV High Yield CIS USD Bond Fund of the open-end investment fund ABLV High Yield CIS Bond Fund (hereinafter referred to as the Fund) was registered as a bond fund with the investment currency US dollars.

ABLV Asset Management, IPAS (ABLV Asset Management, IPAS new name 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, licence for investment management activities No 06.03.07.263/204, and it is located in Riga, at Elizabetes iela 23.

The Funds investments are aimed at achieving capital growth under high investment risk. For this purpose, the Fund's assets are invested mostly in debt securities, where the relevant liabilities are guaranteed by corporations and financial institutions of the CIS countries, as well as commercial companies with speculative credit rating or no rating of other countries. The Fund's investment portfolio is diversified by investing in debt securities of different issuers, thus ensuring higher investment safety and protection against fluctuations in the value of the portfolio assets and performance risk.

The year 2013 is the seventh year of operations of ABLV High Yield CIS USD Bond Fund. As at the end of June 2013, the Fund's net assets amounted to, its 6-month yield was - 1.27%, average term to maturity was 4.2 years, average weighted rating of the investment portfolio was BB-, and yield to maturity was 7.16%.

In the first half of 2013, ABLV High Yield CIS USD Bond Fund demonstrated negative dynamics because unfavourable situation dominated on the global bond market. Such decline of the bonds of developed and emerging countries was caused by the US Federal Reserve statement that it was ready to gradually cease the QE (quantitative easing) stimulation programme due to improved macroeconomic indicators. This news triggered the most powerful wave of selling U.S. government bonds in the last 20 years, which in turn had a dramatic impact on the global bond market.

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

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

In order to regularly provide information on situation in the world financial markets to current and prospective customers of ABLV Asset Management, IPAS, detailed monthly analysis of macroeconomic situation prepared by our chief analyst is published at ABLV Bank, AS home page [www.ablv.com](http://www.ablv.com). Whereas the customers who invested in funds managed by ABLV Asset Management, IPAS each month are sent comments of the funds' manager, containing information on market situation, funds' performance and actions taken by the fund manager.

To ensure diversification and minimize risks, the company constantly pays great attention to risk management issues. The company has established an Investment Strategy Committee, which determines the company's investment strategy, risk limits and financial markets where 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 its efforts to efficiently manage the Fund's assets in order to increase the number of the Fund's investors and net assets in 2013.

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**

Fund Manager

**Sergejs Gačenko**

Riga, 30 July 2013

## Statement of assets and liabilities

LVL			
<b>Assets</b>	Notes	30.06.2013	31.12.2012
Demand deposits with credit institutions	2	1,095,935	1,441,037
Financial assets at fair value through profit or loss		15,862,893	9,981,899
Debt securities and other fixed income securities	3	15,862,893	9,981,752
Shares and other non-fixed income securities	3	-	147
<b>Total assets</b>		<b>16,958,828</b>	<b>11,422,936</b>
<b>Liabilities</b>			
Accrued expense		(21,478)	(15,100)
<b>Total liabilities</b>		<b>(21,478)</b>	<b>(15,100)</b>
<b>Net assets</b>		<b>16,937,350</b>	<b>11,407,836</b>

ABLV Asset Management, IPAS  
Chairman of the Board

**Leonīds Kiļs**

Fund Manager

**Sergejs Gačenko**

Riga, 30 July 2013

## Statement of income and expense

	LVL	
	01.01.2013- 30.06.2013	01.01.2012- 30.06.2012
<b>Income</b>		
Interest revenue	472,912	268,939
Other income	1,617	-
<b>Total</b>	<b>474,529</b>	<b>268,939</b>
<b>Expense</b>		
Remuneration to investment manager	(90,996)	(43,831)
Remuneration to custodian bank	(14,559)	(7,013)
Other fund management expense	(715)	(608)
Interest expense	-	(112)
<b>Total</b>	<b>(106,270)</b>	<b>(51,564)</b>
<b>(Decrease) / increase in investment value</b>		
Realised increase in investment value	130,322	18,218
Unrealised (decrease) / increase in investment value	(670,229)	512,356
<b>(Decrease) / increase in net assets from investment</b>	<b>(171,648)</b>	<b>747,949</b>

ABLV Asset Management, IPAS  
Chairman of the Board

**Leonīds Kijs**

Fund Manager

**Sergejs Gačenko**

Riga, 30 July 2013

## Statement of changes in net assets

Item	LVL	
	01.01.2013- 30.06.2013	01.01.2012- 30.06.2012
<b>Net assets at the beginning of the period</b>	<b>11,407,836</b>	<b>6,698,760</b>
(Decrease) / increase in net assets from investment	(171,648)	747,949
Transactions with investment certificates		
Inflow from sale of investment certificates	6,584,850	600,527
Outflow of redemption of investment certificates	(883,688)	(676,492)
<b>Total result of transactions with investment certificates</b>	<b>5,701,162</b>	<b>(75,965)</b>
<b>Increase in net assets for the period</b>	<b>5,529,514</b>	<b>671,984</b>
<b>Net assets at the end of the period</b>	<b>16,937,350</b>	<b>7,370,744</b>
Issued investment certificates at the beginning of the period	1,522,174	1,029,000
Issued investment certificates at the end of the period	2,254,791	1,017,071
Net assets per investment certificate at the beginning of the period	7.49	6.51
Net assets per investment certificate at the end of the period	7.51	7.25

ABLV Asset Management, IPAS  
Chairman of the Board

**Leonīds Kijs**

Fund Manager

**Sergejs Gačenko**

Riga, 30 July 2013

## Note 1

### General information

The subfund ABLV High Yield CIS USD Bond Fund of the open-end investment fund ABLV High Yield CIS Bond Fund (hereinafter referred to as the Fund) is a bond fund registered on 15 June 2007. The registered address of its investment manager is Elizabetes iela 23, Riga, LV-1010, Latvia.

The Fund's business includes investments in debt securities, where the relevant liabilities are guaranteed by corporations and financial institutions of the CIS countries, as well as commercial companies with speculative credit rating or no rating of other countries.

The Fund's financial statements have been prepared in accordance with the laws of the Republic of Latvia and the Regulations of the Financial and Capital Market Commission on the Preparation of Reports of Investment Funds, on a going concern basis. Appropriate accounting policies have been applied on a consistent basis in the reporting period. Prudent and reasonable judgements have been made by the management in the preparation of the financial statements.

The Fund's functional currency is USD. The monetary unit used in the financial statements is lat (LVL), the monetary unit of the Republic of Latvia. These financial statements have been prepared in lats, unless otherwise stated. The information given in the notes to the financial statements represents comparative figures for the year 2012, unless otherwise stated.

Assets and liabilities denominated in foreign currencies are translated into lats at the official exchange rate of the bank of Latvia at the reporting date (lats per foreign currency unit):

Reporting date	USD
30 June 2013	0.539
31 December 2012	0.531
30 June 2012	0.562

Information on the principal accounting policies and principles applied, as well as on risk management is available on the Annual Report 2012 homepage <http://www.ablv.com/lv/about/financial-reports/funds>. Compared with the accounting policies applied in the preparation of financial statements of previous periods, the accounting policies applied in the preparation of financial statements for 2013 have not changed. No significant changes have occurred in risk management since 31 December 2012.

The following abbreviations are used in the notes to the financial statements: Financial and Capital Market Commission (FCMC), European Monetary Union (EMU), European Union (EU), Organisation for Economic Cooperation and Development (OECD), Republic of Latvia (RL), ABLV Asset Management, IPAS (the Company), open-end investment fund (AIF).

## Note 2

### Demand deposits with credit institutions

	30.06.2013		31.12.2012	
	Carrying amount	Carrying amount to fund's assets	Carrying amount	Carrying amount to fund's assets
<b>Demand deposits with credit institutions</b>	LVL	%	LVL	%
Demand deposits with ABLV Bank, AS	1,095,935	6.46	1,441,037	12.62
<b>Total demand deposits with credit institutions</b>	<b>1,095,935</b>	<b>6.46</b>	<b>1,441,037</b>	<b>12.62</b>

## Note 3

### Debt securities and other fixed income securities

All debt securities and other fixed income securities are classified as financial assets at fair value through profit or loss. All securities, except for debt securities of RTM OJSC, are listed on the regulated market (stock exchange). All securities are traded over-the-counter.



Geographically, financial assets at fair value are placed in the countries stated in the table below.

Debt securities and other fixed income securities by country profile and issuers:

fixed income debt securities traded on regulated markets as at 30 June 2013:

Issuer	Amount number	Acquisition value LVL	Carrying amount LVL	Carrying amount to fund's assets (%)
<b>Belarus</b>	<b>300</b>	<b>157,719</b>	<b>168,277</b>	<b>0.99</b>
REPUBLIC OF BELARUS	300	157,719	168,277	0.99
<b>Kazakhstan</b>	<b>21,614</b>	<b>1,184,690</b>	<b>1,177,107</b>	<b>6.95</b>
ATF Bank JSC	400	224,402	221,590	1.31
Bank CenterCredit	580	316,051	329,347	1.94
BTA BANK JSC	19,534	5,791	7,860	0.05
Halyk Savings Bank of Kazakhst	800	478,767	453,653	2.68
Kazkommertsbank	300	159,679	164,657	0.97
<b>Russia</b>	<b>27,241</b>	<b>13,633,528</b>	<b>13,188,863</b>	<b>77.77</b>
AK BARS BANK	1,200	665,380	687,211	4.05
ALFA BANK	900	552,577	520,156	3.07
ALLIANCE OIL COMPANY LTD	1,000	571,124	550,885	3.25
ALROSA CO LTD	1,100	681,359	640,253	3.78
BANK OF MOSCOW	800	452,496	445,000	2.62
Bank St Petersburg OJSC	150	76,807	77,795	0.46
BRUNSWICK RAIL LTD	1,000	570,599	534,544	3.15
COMMERCIAL BANK RENAISSANCE CREDIT LLC	250	135,087	132,927	0.78
CREDIT BANK OF MOSCOW (OPEN JOINT STOCK COMP)	600	327,604	337,792	1.99
EuroChem Mineral and Chemical Co	500	273,458	266,375	1.57
EVRAZ GROUP SA	600	374,415	347,697	2.05
FAR EASTERN SHIPPING CO	850	470,137	426,091	2.51
GAZPROM OAO	200	131,893	132,904	0.78
GAZPROMBANK OJSC	600	350,242	339,218	2.00
HOME CREDIT AND FINANCE BANK OOO	500	279,148	278,940	1.65
JSC VTB BANK	750	448,186	430,196	2.54
KOKS OAO	200	107,800	100,980	0.60
METALLOINVEST	1,000	563,178	570,294	3.36
MOBILE TELESYSTEMS OJSC	700	465,502	443,292	2.61
MTS-BANK OJSC	100	50,127	54,140	0.32
NOMOS-BANK	950	533,080	534,993	3.15
NORD GOLD NV	1,200	649,818	562,123	3.31
POLYUS GOLD INTERNATIONAL LTD	600	329,104	316,323	1.87
POTOK8	3,491	48,190	6,876	0.04
Promsvyazbank OJSC	900	512,262	516,722	3.05
RASPADSKAYA	700	401,144	381,732	2.25
RUSSIAN STANDARD BANK ZAO	500	264,043	271,001	1.60
SEVERSTAL OAO	900	492,419	478,076	2.82
SIBUR OJSC	600	321,648	305,557	1.80
SISTEMA JSFC	950	549,195	536,211	3.16
SOVCOMFLOT OAO	800	448,969	422,212	2.49
SVJAZINVESTNEFTEHIM	600	334,584	352,986	2.08
TINKOFF CREDIT SYSTEMS	600	352,819	358,879	2.12
TMK OAO	700	401,565	389,171	2.30
Transcapitalbank JSC	200	108,878	105,458	0.62
VIMPEL-COMMUNICATIONS	550	338,691	333,853	1.97

Table continued:

Issuer	Amount number	Acquisition value LVL	Carrying amount LVL	Carrying amount to fund's assets (%)
<b>Ukraine</b>	<b>189,562</b>	<b>1,130,555</b>	<b>1,043,774</b>	<b>6.15</b>
Bank Nadra OJSC	187,562	26,874	15,627	0.09
EXIM OF UKRAINE CJSC/THE	400	221,906	212,676	1.26
MHP SA	400	215,816	194,481	1.15
MRIYA AGRO HOLDING PLC	400	213,175	195,760	1.15
NAK NAFTOGAZ UKRAINE	400	236,645	219,307	1.29
STATE SAVINGS BANK OF UKRAINE	400	216,139	205,923	1.21
<b>Venezuela</b>	<b>5,000</b>	<b>298,221</b>	<b>282,177</b>	<b>1.66</b>
PETROLEOS DE VENEZUELAS	5,000	298,221	282,177	1.66
<b>Total financial instruments traded on regulated markets</b>		<b>16,404,713</b>	<b>15,860,198</b>	<b>93.52</b>

other fixed income debt securities as at 30 June 2013:

Issuer	Amount number	Acquisition value LVL	Carrying amount LVL	Carrying amount to fund's assets (%)
<b>Russia</b>	<b>1</b>	<b>53,900</b>	<b>2,695</b>	<b>0.02</b>
RTM OJSC	1	53,900	2,695	0.02
<b>Total other financial instruments</b>		<b>53,900</b>	<b>2,695</b>	<b>0.02</b>
<b>Total debt securities and other fixed income securities</b>		<b>16,458,613</b>	<b>15,862,893</b>	<b>93.54</b>

## Note 4

### Dynamics of Fund's performance

The following table demonstrates the dynamics of the Fund's performance – the yield of the investment fund\*:

Item	30.06.2013	31.12.2012
Net assets (LVL)	16,937,350	11,407,836
Number of investment certificates	2,254,791	1,522,174
<b>Value of investment fund's shares (LVL)</b>	<b>7.51</b>	<b>7.49</b>
Net assets (USD)	31,423,655	21,483,684
Number of investment certificates	2,254,791	1,522,174
<b>Value of investment fund's shares (USD)</b>	<b>13.94</b>	<b>14.11</b>
Item	01.01.2013- 30.06.2013	01.01.2012- 30.06.2012
Annual performance of investment fund's shares (%)	-1.27	7.77

\* Performance is calculated as the ratio of the value of the Fund's share at the end of the reporting period against its value at the beginning of the reporting period. This ratio is expressed as annual percentage raised to the power, where the dividend is 365 and the divisor is the number of days in the reporting period.

## Note 5

### Events after reporting date

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