



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 2015 to 30 June 2015

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## General information

Name of the fund:	ABLV High Yield CIS Bond Fund
Category of the fund:	Open-end investment fund with subfunds
Name of the subfund:	ABLV High Yield CIS USD Bond Fund
Type of the fund:	Bond fund
Registration date of the subfund:	15.06.2007
Registration number of the fund:	06.03.05.263/34
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:	04.08.2006
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:	<p>Council of the investment management company:</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 management company:</p> <p>Chairman of the Board - Leonīds Kijs  Deputy Chairman of the Board - Jevgenijs Gžibovskis  Board Member - Sergejs Gačenko</p> <p>Fund Manager - Sergejs Gačenko</p>
Duties of the fund manager:	The fund manager manages 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 15 June 2007, open-end investment fund ABLV High Yield CIS Bond Fund was registered, and on 14 December 2011 it was reorganized into a fund with two subfunds: in USD and in RUB. Subfund ABLV High Yield CIS 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 commercial companies or credit institutions registered in the CIS states.

The subfund's investment portfolio is diversified among investments in debt securities of various issuers, 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 2015 is the ninth year of operations of the subfund ABLV High Yield CIS USD Bond Fund. As at 30 June 2015, the subfund's net assets amounted to USD 25 379 242 (EUR 22 682 315), semiannual return equalled 20.32%, whereas average term to maturity of the subfund's investments was 4.4 years, average weighted rating of the investment portfolio was BB, and yield to maturity was equal to 7.66%.

In the first half of 2015, situation in different segments of the global bond market was affected by various factors. Stabilization of raw materials prices, implementation of new stimulation programme of the European Central Bank, and low interest rates policy in many developed countries caused increase in prices of high-yield bonds and corporate bonds of emerging markets. Whereas the segment of corporate bonds with investment credit rating and long maturity experienced the pressure because of growing yields and declining prices of the US long-term government bonds, given the expectations of beginning cycle of the US dollar base interest rate increase. CIS bond markets, mostly Russian market, experienced substantial rally, which was mainly driven by lessening geopolitical tension, stabilization of oil prices, and recovery after considerable price decline at the end of last year. Additional support to Russian bond market was ensured by the rouble growth against the US dollar and euro, as well as by positive performance indicators of the companies operating in major sectors of Russian economy (metals industry, oil and gas) and the lack of new bond issues.

Due to following moderately conservative strategy, preferring the bonds that have high coupon rate and relatively short maturity, which are far less sensitive to possible negative market moods, the subfund ABLV High Yield CIS USD Bond Fund demonstrated very high return in H1 2015.

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 existing 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, website [www.ablv.com](http://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  
Deputy Chairman of the Board

  
**Jevgenijs Gžibovskis**

Riga, 30 July 2015

ABLV Asset Management, IPAS  
Fund Manager,  
Board Member

  
**Sergejs Gačenko**

## Statement of assets and liabilities

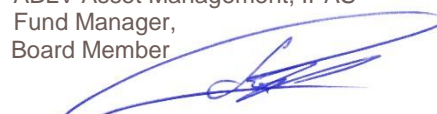
EUR			
<b>Assets</b>	Notes	30.06.2015	31.12.2014
Demand deposits with credit institutions	2	65,649	908,609
Financial assets at fair value through profit or loss	3	22,645,364	16,844,997
Debt securities and other fixed income securities	3	22,645,364	16,844,997
Other assets			
<b>Total assets</b>		<b>22,711,013</b>	<b>17,753,606</b>
<b>Liabilities</b>			
Accrued expense		(28,698)	(24,703)
<b>Total liabilities</b>		<b>(28,698)</b>	<b>(24,703)</b>
<b>Net assets</b>		<b>22,682,315</b>	<b>17,728,903</b>

ABLV Asset Management, IPAS  
Deputy Chairman of the Board



**Jevgenijs Gžibovskis**

ABLV Asset Management, IPAS  
Fund Manager,  
Board Member



**Sergejs Gačenko**

Riga, 30 July 2015

## Statement of income and expense

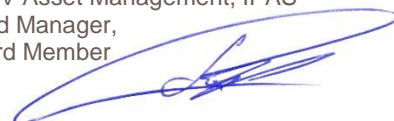
	EUR	
	01.01.2015- 30.06.2015	01.01.2014- 30.06.2014
<b>Income</b>		
Interest revenue	743,531	772,432
Other income	15,536	-
<b>Total</b>	<b>759,067</b>	<b>772,432</b>
<b>Expense</b>		
Remuneration to investment management company	(135,717)	(131,843)
Remuneration to custodian bank	(21,715)	(21,095)
Other fund management expense	(1,120)	(1,120)
Interest expense	(850)	(443)
Other expense	(26)	-
<b>Total</b>	<b>(159,428)</b>	<b>(154,501)</b>
<b>Increase/(decrease) in investment value</b>		
Realised (decrease) in investment value	(1,039,786)	(132,485)
Unrealised increase in investment value	5,867,252	3,551
<b>Increase in net assets from investment</b>	<b>5,427,105</b>	<b>488,997</b>

ABLV Asset Management, IPAS  
Deputy Chairman of the Board



Jevgenijs Gžibovskis

ABLV Asset Management, IPAS  
Fund Manager,  
Board Member



Sergejs Gačenko

Riga, 30 July 2015

## Statement of changes in net assets

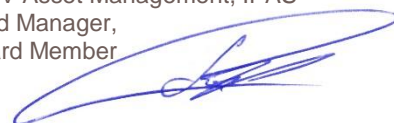
	EUR	
Item	01.01.2015- 30.06.2015	01.01.2014- 30.06.2014
<b>Net assets at the beginning of the reporting period</b>	<b>17,728,903</b>	<b>21,911,112</b>
Increase in net assets from investment	5,427,105	488,997
Transactions with investment certificates		
Inflow from sale of investment certificates	907,107	1,340,566
Outflow of redemption of investment certificates	(1,380,800)	(3,634,981)
<b>Total result of transactions with investment certificates</b>	<b>(473,693)</b>	<b>(2,294,415)</b>
<b>Increase/(decrease) in net assets for the reporting period</b>	<b>4,953,412</b>	<b>(1,805,418)</b>
<b>Net assets at the end of the reporting period</b>	<b>22,682,315</b>	<b>20,105,694</b>
Issued investment certificates at the beginning of the reporting period	1,787,568	2,071,489
Issued investment certificates at the end of the reporting period	1,751,729	1,849,349
Net assets per investment certificate at the beginning of the reporting period	12.95	10.58
Net assets per investment certificate at the end of the reporting period	14.31	10.87

ABLV Asset Management, IPAS  
Deputy Chairman of the Board



Jevgenijs Gžibovskis

ABLV Asset Management, IPAS  
Fund Manager,  
Board Member



Sergejs Gačenko

Riga, 30 July 2015

## 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 is a bond fund registered on 15 June 2007. The registered office of the investment management company is at 23 Elizabetes Street, Riga, LV-1010, Latvia.

The fund's business activity includes investments in debt securities, the obligations under which are secured by corporations and financial institutions of the CIS states, as well as commercial companies of other countries having a speculative credit rating or no rating.

The fund's financial statements are prepared on a going concern basis, in accordance with the laws of the Republic of Latvia and the Regulations of the Financial and Capital Market Commission on the Preparation of Annual Reports, Consolidated Annual Reports and Interim Reports of Investment Funds and Open-end Alternative Investment Funds. 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 fund's investment 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 euro, unless otherwise stated. Information given herein represents comparative figures for the year 2014, unless otherwise stated.

Income or expense in foreign currencies is translated into EUR at the exchange rate set by the ECB at the date of recognition of the respective items.

The information on principal accounting policies and risk management can be found in the fund's Annual Report 2014 available at the website <https://www.ablv.com/en/about/financial-reports/funds>. The accounting policies applied to preparation of financial statements for 2015 are in line with those applied to preparation of financial statements for the previous periods. Since 31 December 2014, there have been no material changes in risk management.

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), and ABLV Asset Management, IPAS (company).

## Note 2

### Demand deposits with credit institutions

	30.06.2015		31.12.2014	
	Carrying amount	Carrying amount to subfund's assets	Carrying amount	Carrying amount to subfund's assets
	EUR	%	EUR	%
<b>Demand deposits with credit institutions</b>				
Demand deposits with ABLV Bank, AS	65,649	0.29	908,609	5.12
<b>Total demand deposits with credit institutions</b>	<b>65,649</b>	<b>0.29</b>	<b>908,609</b>	<b>5.12</b>



## Note 3

### 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, except for the debt securities of POTOK8, RTM OJSC, and Bank Nadra OJSC, are quoted on a regulated market (on an exchange). All securities, except for debt securities of ABLV Bank, AS, are traded over-the-counter. Debt securities of ABLV Bank, AS are traded on a regulated market (on an exchange).

Debt securities and other fixed income securities by geographical area.

Geographical area	30.06.2015		31.12.2014	
	Carrying amount	Carrying amount to subfund's assets	Carrying amount	Carrying amount to subfund's assets
	EUR	%	EUR	%
Other countries	21,609,295	95.15	15,954,990	89.87
OECD countries	598,663	2.63	483,769	2.72
Latvia	437,406	1.93	406,238	2.29
<b>Total</b>	<b>22,645,364</b>	<b>99.71</b>	<b>16,844,997</b>	<b>94.88</b>

Debt securities and other fixed income securities traded on regulated markets by country profile and issuers as at 30 June 2015:

Issuer	Amount	Acquisition value	Carrying amount	Carrying amount
	Total face value	EUR	EUR	to fund's assets (%)
<b>Canada</b>		<b>665,037</b>	<b>598,663</b>	<b>2.64</b>
URANIUM ONE INC	750,000	665,037	598,663	2.64
<b>Kazakhstan</b>		<b>210,424</b>	<b>219,210</b>	<b>0.96</b>
KAZKOMMERTSBANK AO	19,534	9,602	14,342	0.06
KAZMUNAYGAZ NATIONAL CO	250,000	200,822	204,868	0.90
<b>Russia</b>		<b>21,475,278</b>	<b>21,390,085</b>	<b>94.18</b>
AK BARS BANK OAO	550,000	505,675	496,577	2.19
ALFA-BANK AO	850,000	829,668	788,449	3.47
ALROSA CO LTD	600,000	580,494	567,137	2.50
BANK OF MOSCOW	750,000	655,152	659,957	2.91
BANK OTKRITIE FINANCIAL CORPORATION OJSC	250,000	234,617	228,911	1.01
Bank St Petersburg OJSC	150,000	127,357	127,768	0.56
BRUNSWICK RAIL LTD	250,000	234,020	127,593	0.56
CREDIT BANK OF MOSCOW (OPEN JOINT STOCK COMP)	600,000	547,470	540,983	2.38
DME AIRPORT LTD	750,000	680,188	613,848	2.70
EURASIA DRILLING CO LTD	1,000,000	780,365	792,645	3.49
EuroChem Mineral and Chemical Co	750,000	674,302	670,633	2.95
EVRAZ GROUP SA	600,000	620,830	564,158	2.48
GAZPROM NEFT JSC	1,000,000	793,190	824,584	3.63
GAZPROM OAO	1,000,000	907,588	912,463	4.02
JSC VTB BANK	500,000	457,369	454,407	2.00
KOKS OAO	200,000	178,747	170,182	0.75
LUKOIL OAO	750,000	656,884	667,622	2.94
METALLOINVEST	1,000,000	815,221	855,601	3.77
MOBILE TELESYSTEMS OJSC	700,000	740,483	676,287	2.98
MTS-BANK OJSC	100,000	83,117	84,856	0.37
NORD GOLD NV	950,000	838,524	846,214	3.73
NOVATEK OAO	700,000	634,515	639,828	2.82

Table (cont'd)

Issuer	Amount	Acquisition value	Carrying amount	Carrying amount
	Total face value	EUR	EUR	to fund's assets (%)
NOVOLIPETSK STEEL OJSC	750,000	639,400	647,801	2.85
PHOSAGRO OAO	750,000	640,920	656,758	2.89
POLYUS GOLD INTERNATIONAL LTD	1,000,000	866,194	844,935	3.72
RASPADSKAYA	500,000	458,640	430,802	1.90
ROSNEFT INTERNATIONAL HOLDINGS LIMITED	500,000	488,985	472,645	2.08
ROSNEFT OIL CO	750,000	547,904	579,359	2.55
SBERBANK ROSSII OAO	1,000,000	783,493	873,284	3.84
SEVERSTAL PAO	1,000,000	798,876	849,109	3.74
SIBUR OJSC	450,000	369,701	381,817	1.68
SISTEMA JSFC	400,000	379,056	342,978	1.51
SOVCOMFLOT OAO	250,000	206,620	217,127	0.96
TMK OAO	1,000,000	861,393	880,769	3.88
Transcapitalbank JSC	200,000	180,534	143,381	0.63
VIMPEL-COMMUNICATIONS	750,000	627,514	650,594	2.86
VNESHECONOMBANK	1,000,000	782,152	846,807	3.73
VNESHPRROMBANK LTD	300,000	268,120	261,216	1.15
<b>Latvia</b>		<b>446,867</b>	<b>437,406</b>	<b>1.93</b>
ABLV BANK, AS	500,000	446,867	437,406	1.93
<b>Total financial instruments traded on regulated markets</b>		<b>22,797,606</b>	<b>22,645,364</b>	<b>99.71</b>

other fixed income securities as at 30 June 2015:

Issuer	Amount	Acquisition value	Carrying amount	Carrying amount
	Total face value	EUR	EUR	to fund's assets (%)
<b>Russia</b>		<b>136,455</b>	<b>0</b>	<b>0</b>
POTOK8	3,491,000	47,082	0	0.00
RTM OJSC	100,000	89,373	0	0.00
<b>Ukraine</b>		<b>44,560</b>	<b>0</b>	<b>0</b>
Bank Nadra OJSC	63,921	44,560	0	0.00
<b>Total other debt securities</b>		<b>181,015</b>	<b>0</b>	<b>0.00</b>
<b>Total financial assets</b>		<b>22,978,621</b>	<b>22,645,364</b>	<b>99.71</b>

## Note 4

### Dynamics of fund performance

Dynamics of investment subfund's annual performance\*:

Item	30.06.2015	31.12.2014
Net assets (EUR)	22,682,315	17,728,903
Number of investment certificates	1,751,729	1,787,568
<b>Value of investments fund's investment certificates (EUR)</b>	<b>12.95</b>	<b>9.92</b>
Net assets (USD)	25,379,242	21,524,661
Number of investment certificates	1,751,729	1,787,568
<b>Value of investments fund's investment certificates (USD)</b>	<b>14.49</b>	<b>12.04</b>
	01.01.2015- 30.06.2015	01.01.2014- 30.06.2014
<b>Annual performance on investment subfund's investment certificates (USD)</b>	<b>20.32%</b>	<b>2.87%</b>

\* - Performance is calculated as the value of the fund's share at the end of the reporting period to 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, but the divisor is the number of days of 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.