



ABLV

BANKING / INVESTMENTS \ ADVISORY

Open-end investment fund  
ABLV Emerging Markets Bond Fund

Subfund  
ABLV Emerging Markets EUR Bond Fund

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

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## General information

Name of the fund:	ABLV Emerging Markets Bond Fund
Category of the fund:	Open-end investment fund with subfunds
Type of the fund:	Bond fund
Registration date of the fund:	11 July 2007
Number of the fund:	06.03.05.263/32
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 Kanneieks 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 11 July 2007, the subfund ABLV Emerging Markets EUR Bond Fund of the open-end investment fund ABLV Emerging Markets Bond Fund (hereinafter referred to as the Fund) was registered as a bond fund with the investment currency EUR.

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 Fund is established with the aim of generating long-term income by investing the Fund's assets in debt securities of emerging countries issued by emerging countries, and corporations and financial institutions with major shareholdings owned by such countries, as well as in money market instruments. The Fund's investment portfolio is diversified by investing in different countries, thus ensuring higher investment safety and protection against fluctuations in the value of the Fund's assets associated with investments in securities of one country only.

The year 2013 is the seventh year of operations of ABLV Emerging Markets EUR Bond Fund. As at the end of June 2013, the Fund's net assets amounted to EUR 15,566,768 (LVL 10,940,387), its 6-month yield was - 1.15%, average term to maturity was 5.0 years, average weighted rating of the investment portfolio was BB+, and yield to maturity was 4.26%.

In the first half of 2013, ABLV Emerging Markets EUR 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 EUR 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 to minimise 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**

ABLV Asset Management, IPAS  
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	920,119	637,542
Financial assets at fair value through profit or loss		10,029,484	4,308,885
Debt securities and other fixed income securities	3	10,029,484	4,308,885
<b>Total assets</b>		<b>10,949,603</b>	<b>4,946,427</b>
<b>Liabilities</b>			
Accrued expense		(9,216)	(5,252)
<b>Total liabilities</b>		<b>(9,216)</b>	<b>(5,252)</b>
<b>Net assets</b>		<b>10,940,387</b>	<b>4,941,175</b>

ABLV Asset Management, IPAS  
Chairman of the Board

**Leonīds Kijs**

ABLV Asset Management, IPAS  
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	151,823	101,194
<b>Total</b>	<b>151,823</b>	<b>101,194</b>
<b>Expense</b>		
Remuneration to investment manager	(29,944)	(16,342)
Remuneration to custodian bank	(6,987)	(3,813)
Other fund management expense	(715)	(608)
Interest expense	-	(15)
<b>Total</b>	<b>(37,646)</b>	<b>(20,778)</b>
<b>(Decrease) / increase in investment value</b>		
Realised increase in investment value	10,065	3,386
Unrealised (decrease) / increase in investment value	(314,560)	213,903
<b>(Decrease) / increase in net assets from investment</b>	<b>(190,318)</b>	<b>297,705</b>

ABLV Asset Management, IPAS  
 Chairman of the Board

**Leonīds Kijs**

ABLV Asset Management, IPAS  
 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>	4,941,175	3,837,287
(Decrease) / increase in net assets from investment Transactions with investment certificates	(190,318)	297,705
Inflow from sale of investment certificates	6,291,638	788,000
Outflow of redemption of investment certificates	(102,108)	(673,312)
<b>Total result of transactions with investment certificates</b>	<b>6,189,530</b>	<b>114,688</b>
<b>Increase in net assets for the period</b>	<b>5,999,212</b>	<b>412,393</b>
<b>Net assets at the end of the period</b>	<b>10,940,387</b>	<b>4,249,680</b>
Issued investment certificates at the beginning of the period	541,297	487,116
Issued investment certificates at the end of the period	1,212,380	503,548
Net assets per investment certificate at the beginning of the period	9.13	7.88
Net assets per investment certificate at the end of the period	9.02	8.44

ABLV Asset Management, IPAS  
 Chairman of the Board

**Leonīds Kijs**

ABLV Asset Management, IPAS  
 Fund Manager

**Sergejs Gačenko**

Riga, 30 July 2013

## Note 1

### General information

The subfund ABLV Emerging Markets EUR Bond Fund of the open-end investment fund ABLV Emerging Markets Bond Fund is a bond fund registered on 11 July 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 of emerging countries issued by emerging countries, and corporations and financial institutions with major shareholdings owned by such countries, as well as in money market instruments.

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 EUR. 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	EUR
30 June 2013	0.702804
31 December 2012	0.702804
30 June 2012	0.702804

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
	LVL	%	LVL	%
<b>Demand deposits with credit institutions</b>				
Demand deposits with ABLV Bank, AS	920,119	8.40	637,542	12.89
<b>Total demand deposits with credit institutions</b>	<b>920,119</b>	<b>8.40</b>	<b>637,542</b>	<b>12.89</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 are listed on the regulated market (stock exchange). All securities, except for the debt securities of ABLV BANK, AS, are traded over-the-counter. The debt securities of ABLV BANK, AS are traded on the regulated market (stock exchange).



Financial assets at fair value by geographical placement:

Geographical placement	30.06.2013		31.12.2012	
	Carrying amount	Carrying amount to fund's assets	Carrying amount	Carrying amount to fund's assets
	LVL	%	LVL	%
Other countries	5,384,183	49.17	2,427,232	49.07
Other EU Member States	2,311,846	21.11	1,026,726	20.76
OECD countries	1,285,260	11.74	391,425	7.91
Latvia	1,018,017	9.30	358,966	7.26
EMU countries	30,178	0.28	104,536	2.11
<b>Total debt securities and other fixed income securities</b>	<b>10,029,484</b>	<b>91.60</b>	<b>4,308,885</b>	<b>87.11</b>

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

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

Issuer	Amount	Acquisition value	Carrying amount	Carrying amount to fund's assets
	number	LVL	LVL	(%)
<b>Brazil</b>	<b>350</b>	<b>268,985</b>	<b>266,883</b>	<b>2.44</b>
PETROLEO BRASILEIRO SA	350	268,985	266,883	2.44
<b>Bulgaria</b>	<b>450</b>	<b>336,456</b>	<b>351,278</b>	<b>3.21</b>
REPUBLIC OF BULGARIA	450	336,456	351,278	3.21
<b>South Africa</b>	<b>250</b>	<b>192,568</b>	<b>188,493</b>	<b>1.72</b>
REPUBLIC OF SOUTH AFRICA	250	192,568	188,493	1.72
<b>Philippines</b>	<b>100</b>	<b>80,366</b>	<b>78,722</b>	<b>0.72</b>
REPUBLIC OF PHILIPPINES	100	80,366	78,722	0.72
<b>Greece</b>	<b>95,445</b>	<b>121,092</b>	<b>30,178</b>	<b>0.28</b>
HELLENIC REPUBLIC	95,445	121,092	30,178	0.28
<b>Croatia</b>	<b>850</b>	<b>640,692</b>	<b>661,202</b>	<b>6.04</b>
REPUBLIC OF CROATIA	850	640,692	661,202	6.04
<b>Russia</b>	<b>2,775</b>	<b>2,001,111</b>	<b>1,965,118</b>	<b>17.94</b>
CITY OF MOSCOW RUSSIA	450	335,396	345,933	3.16
GAZPROM OAO	675	503,969	502,938	4.59
JSC VTB BANK	250	178,909	184,759	1.69
RUSSIAN RAILWAYS	700	491,981	457,871	4.18
VNESHECONOMBANK	700	490,856	473,617	4.32
<b>Latvia</b>	<b>8,732</b>	<b>996,553</b>	<b>1,018,017</b>	<b>9.30</b>
ABLVBANK, AS	8,000	455,706	473,385	4.32
LATVENERGO AS	482	337,473	340,401	3.11
REPUBLIC OF LATVIA	250	203,374	204,231	1.87
<b>Lithuania</b>	<b>850</b>	<b>643,816</b>	<b>652,375</b>	<b>5.96</b>
REPUBLIC OF LITHUANIA	850	643,816	652,375	5.96
<b>Morocco</b>	<b>875</b>	<b>646,778</b>	<b>652,085</b>	<b>5.96</b>
Kingdom of Morocco	875	646,778	652,085	5.96
<b>Mexico</b>	<b>875</b>	<b>700,003</b>	<b>709,649</b>	<b>6.48</b>
PETROLEOS MEXICANOS	325	253,740	269,454	2.46
United Mexican States	550	446,263	440,195	4.02
<b>Montenegro</b>	<b>100</b>	<b>70,737</b>	<b>73,124</b>	<b>0.67</b>
REPUBLIC OF MONTENEGRO	100	70,737	73,124	0.67
<b>Peru</b>	<b>130</b>	<b>101,278</b>	<b>104,415</b>	<b>0.95</b>
REPUBLIC OF PERU	130	101,278	104,415	0.95

Table continued:

Issuer	Amount	Acquisition value	Carrying amount	Carrying amount to fund's assets
	number	LVL	LVL	(%)
<b>Romania</b>	<b>800</b>	<b>625,290</b>	<b>621,653</b>	<b>5.68</b>
ROMANIA	800	625,290	621,653	5.68
<b>Tunisia</b>	<b>400</b>	<b>272,885</b>	<b>263,130</b>	<b>2.40</b>
Banque Centrale de Tunisie SA	400	272,885	263,130	2.40
<b>Turcija</b>	<b>750</b>	<b>585,163</b>	<b>575,611</b>	<b>5.25</b>
REPUBLIC OF TURKEY	750	585,163	575,611	5.25
<b>Ukraine</b>	<b>650</b>	<b>431,564</b>	<b>448,936</b>	<b>4.10</b>
UKRAINE GOVERNMENT	650	431,564	448,936	4.10
<b>Hungary</b>	<b>950</b>	<b>694,226</b>	<b>686,540</b>	<b>6.27</b>
REPUBLIC OF HUNGARY	950	694,226	686,540	6.27
<b>Venezuela</b>	<b>970</b>	<b>671,789</b>	<b>682,075</b>	<b>6.23</b>
REPUBLIC OF VENEZUELA	970	671,789	682,075	6.23
<b>Total financial instruments traded on regulated markets</b>		<b>10,081,352</b>	<b>10,029,484</b>	<b>91.60</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\*:

<b>Item</b>	30.06.2013	31.12.2012
Net assets (LVL)	10,940,387	4,941,175
Number of investment certificates	1,212,380	541,297
<b>Value of investment fund's shares (LVL)</b>	<b>9.02</b>	<b>9.13</b>
<b>Item</b>	01.01.2013-	01.01.2012-
	30.06.2013	30.06.2012
Net assets (EUR)	15,566,768	7,030,659
Number of investment certificates	1,212,380	541,297
<b>Value of investment fund's shares (EUR)</b>	<b>12.84</b>	<b>12.99</b>
<b>Item</b>	01.01.2013-	01.01.2012-
	30.06.2013	30.06.2012
Annual performance of investment fund's shares (%)	-1.15	7.14

\* 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.