BANKING / INVESTMENTS \ ADVISORY

ABLV

Open-end investment fund
ABLV Global Corporate USD Bond Fund

Annual report
for the year ended 31 December 2014

Together with independent auditors' report

Contents

General information

Name of the fund:	ABLV Global Corporate USD Bond Fund
Category of the fund:	Open-end investment fund
Type of the fund:	Bond fund
Registration date of the fund:	16 May 2013
Registration number of the fund:	FL128-02.01.02.263/108
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 Kiļs Deputy Chairman of the Board - Jevgenijs Gžibovskis Board Member - Sergejs Gačenko Fund Manager - Sergejs Gačenko
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 16 May 2013, open-end mutual fund ABLV Global Corporate USD Bond Fund (hereinafter referred to as the fund) was registered as a corporate 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 fund's investment objective is achievement of the long-term capital growth. To achieve this objective, the fund's assets are invested in debt securities issued or guaranteed by commercial companies or credit institutions registered in the countries of the global USD bond market.

The fund's investment portfolio is diversified among investments in debt securities of various issuers, thus ensuring higher investment safety and protection against fluctuations of the fund's assets value and against the risk of default on obligations.

The year 2014 was the second year of operations of ABLV Global Corporate USD Bond Fund. As at the end of December 2014, the fund's net assets amounted to USD 21 144 264 (EUR 17 415 587), annual return equalled 0.34%, whereas average term to maturity of the fund's investments was 6.3 years, average weighted rating was BBB-, and return to maturity was equal to 5.37%.

In 2014, positive dynamics prevailed at global bond market, given the decrease in return rates of the US and German long-term government bonds. While declining return rates of German government bonds can be attributed to the stimulating policy implemented by the European Central Bank (ECB), which is aimed at boosting large inflow of funds to the financial market, the equivalent movements of the US government bonds to a great extent constituted a pleasant surprise for financial market players. Low inflation in the USA and deflation expectations in the majority of developed countries, first of all in eurozone countries, can be mentioned as reasons for this. Consequently, at the end of the year the best results were demonstrated by the segment of high-grade government and corporate bonds, which traditionally is more sensitive to changes in the return rates of the US government bonds. Significant growth was also observed in the segment of high-yield bonds in the first half of the year, whereas in the second half there was a price correction, given the drop in oil prices and increase in risk premiums. Due to following moderately conservative strategy, making diversified investments in different bond market segments, preferring the bonds that have high coupon yield and relatively long term to maturity, as well as because of high demand for corporate bonds of developed countries, ABLV Global Corporate USD Bond Fund demonstrated positive return in 2014.

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 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 fund manager and overview of the market situation, fund's performance, and actions taken by the fund 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 fund's assets in order to increase the number of the fund's investors and the fund'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 Kiļs

ABLV Asset Management, IPAS
Fund Manager

Sergejs Gačenko

Riga, 14 April 2015

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 investment fund ABLV Global Corporate USD 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 fund as at 31 December 2014 and 2013 and the results of its operations for the year ended 31 December 2014 and for the period 5 June 2013 through 31 December 2013.

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 fund's assets, and the prevention and detection of fraud and other irregularities in the fund. They are also responsible for operating the fund 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 Kiļs

Riga, 14 April 2015

Custodian bank report

To the investors of
the open-end investment fund ABLV Global Corporate USD 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 fund ABLV Global Corporate 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 fund's property held in the account according to the conditions of the Custodian Bank Agreement;
- To service the fund's account and execute the orders given by the company in respect of the fund's property held in the account according to the Custodian Bank Agreement;
- To control that the fund's investment certificates are issued, sold and redeemed and the fund'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 fund'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 open-end investment fund ABLV Global Corporate USD 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 fund'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	1,209,344	169,107
Financial assets at fair value through profit or loss		16,226,625	5,303,635
Debt securities and other fixed income securities	5	16,226,625	5,303,635
Other assets			
Total assets		**17,435,969**	**5,472,742**
Liabilities			
Accrued expense	6	(20,382)	(7,778)
Total liabilities		**(20,382)**	**(7,778)**
Net assets		**17,415,587**	**5,464,964**

ABLV Asset Management, IPAS
Chairman of the Board

Leonīds Kiļs

ABLV Asset Management, IPAS
Fund Manager

Sergejs Gačenko

Riga, 14 April 2015

Statement of income and expense

			EUR
Income	Notes	01/01/2014-31/12/2014	05/06/2013-31/12/2013
Interest revenue	7	652,069	150,595
Other income		3,998	-
Total		**656,067**	**150,595**
Expense			
Remuneration to investment management company		(112,812)	(30,262)
Remuneration to custodian bank		(22,562)	(6,053)
Other fund management expense		(2,258)	(2,130)
Interest expense		(50)	(34)
Other expense		(323)	-
Total		**(138,005)**	**(38,479)**
Increase/ (decrease) in investment value			
Realised (decrease) in investment value	8	(292,633)	(5,886)
Unrealised increase/ (decrease) in investment value	9	1,244,933	(204,087)
Taxes and duties		(2,110)	-
Increase/ (decrease) in net assets from investment		**1,468,252**	**(97,857)**

ABLV Asset Management, IPAS
Chairman of the Board

Leonīds Kiļs

ABLV Asset Management, IPAS
Fund Manager

Sergejs Gačenko

Riga, 14 April 2015

Statement of changes in net assets

EUR

Item	01/01/2014-31/12/2014	05/06/2013-31/12/2013
Net assets at the beginning of the year	**5,464,964**	**-**
Increase/ (decrease) in net assets from investment	1,468,252	(97,857)
Transactions with investment certificates		
Inflow from sale of investment certificates	12,027,439	6,178,304
(Outflow) of redemption of investment certificates	(1,545,068)	(615,483)
Total result of transactions with investment certificates	**10,482,371**	**5,562,821**
Increase in net assets for the year	**11,950,623**	**5,464,964**
Net assets at the end of the year	**17,415,587**	**5,464,964**
Issued investment certificates at the beginning of the year	731,171	-
Issued investment certificates at the end of the year	2,065,888	731,171
Net assets per investment certificate at the beginning of the year	7.47	-
Net assets per investment certificate at the end of the year	8.43	7.47

ABLV Asset Management, IPAS
Chairman of the Board

Leonīds Kiļs

ABLV Asset Management, IPAS
Fund Manager

Sergejs Gačenko

Riga, 14 April 2015

Statement of cash flows

EUR

Item	01/01/2014-31/12/2014	05/06/2013-31/12/2013
Interest received	699,656	152,668
Dividends received	7,311	-
Interest (paid)	(51)	(34)
Investment management (expense)	(122,870)	(30,542)
(Acquisition) of financial assets	(19,932,391)	(8,356,541)
Disposal of financial assets	9,637,111	2,899,461
(Decrease) in cash and cash equivalents from operating activities	**(9,711,234)**	**(5,334,988)**
Inflow from sale of investment certificates	12,027,439	6,178,304
(Outflow) of redemption of investment certificates	(1,545,068)	(615,483)
Increase in cash and cash equivalents from financing activities	**10,482,371**	**5,562,821**
Taxes and duties	(2,151)	-
Increase in cash and cash equivalents for the year	**768,986**	**227,833**
Cash and cash equivalents at the beginning of the year	**169,107**	**-**
Net foreign exchange difference	271,251	(58,726)
Cash and cash equivalents at the end of the year	**1,209,344**	**169,107**

ABLV Asset Management, IPAS
Chairman of the Board

Leonīds Kiļs

ABLV Asset Management, IPAS
Fund Manager

Sergejs Gačenko

Riga, 14 April 2015

Note 1

General information

The open-end investment fund ABLV Global Corporate USD Bond Fund is a bond fund registered on 16 May 2013. 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 issued or guaranteed by commercial companies or credit institutions registered in the countries of the global USD bond market.

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 fund consistently applied accounting policies in line with those disclosed in the prior-year financial statements, except for the changes listed below.

The fund'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 period 5 June 2013 through 31 December 2013, unless otherwise stated.

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

During the year, the fund 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 fund, 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 fund.

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 fund.

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 fund.

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 fund.

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 fund, 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 fund.

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 fund.

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 fund.

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 fund 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 fund, as the fund 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 fund's employees do not make such contributions, the implementation of this amendment will not have any impact on the financial statements of the fund.

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 fund is in the process of assessing the impact of the amended standards on the financial position or performance of the fund. The fund 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 fund’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 is included in the statement of income and expense of the reporting period. Income or expense in foreign currencies is 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 are 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 fund’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 fund; 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 fund; 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 fund recognises financial assets and liabilities in its statement of assets and liabilities when, and only when, the fund becomes a party to the contractual provisions of the instrument.

A financial asset is derecognised only when the contractual rights to receive cash flows from the asset have expired, or the fund 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 fund 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 fund's certificates is subject to income taxes in the country of its origin. The fund's income is exempt from income taxes. The fund is not a Latvian corporate income tax payer, and upon redemption of the fund'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 fund'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 fund's investments by maturity, 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 stating limits, the company performs an analysis of the fund'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 fund'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.

In spite of the fact that the company makes investments only in the fund's base currency, currency risk should also be considered. As a rule, MSCI indexes, which are indexes underlying ETFs, reflect the changes in equity prices in the currency of a respective country. Therefore, the ETF dynamics and the underlying index dynamics may differ significantly in the event of changes in the rate of the base currency against the rate of the respective country's currency. This risk is mitigated following the investment diversification principle.

The investment strategy of the fund 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	Carrying amount to fund's assets	Carrying amount	Carrying amount to fund's assets
Demand deposits with credit institutions	EUR	%	EUR	%
Demand deposits with ABLV Bank, AS	1,209,344	6.94	169,107	3.09
Total demand deposits with credit institutions	**1,209,344**	**6.94**	**169,107**	**3.09**

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). All securities are 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 number	Acquisition value EUR	Carrying amount EUR	Carrying amount to fund's assets (%)
USA	**10,100**	**8,618,272**	**8,636,790**	**49.52**
AES CORPORATION	250	240,404	234,175	1.34
ALCOA INC.	200	173,961	183,200	1.05
AMGEN INC	300	249,321	251,309	1.44
ASHLAND INC	250	209,192	209,952	1.20
AT AND T INC	300	254,114	256,505	1.47
BALL CORP	300	238,942	239,365	1.37
BERRY PETROLEUM CO LLC	300	256,363	197,490	1.13
BEST BUY CO INC	250	205,399	216,210	1.24
CELGENE CORP	300	248,868	252,387	1.45
CLEAN HARBORS INC	250	207,973	204,138	1.17
DELPHI AUTOMOTIVE HOLDINGS US	300	266,247	267,974	1.54
DISH NETWORK CORP	250	225,383	220,319	1.26
DOW CHEMICAL CO/THE	300	262,417	262,980	1.51

Table (cont'd):

Issuer	Amount number	Acquisition value EUR	Carrying amount EUR	Carrying amount to fund's assets (%)
EBAY INC	350	286,463	286,582	1.64
FRONTIER COMMUNICATIONS CORP	200	185,322	187,522	1.08
GOLDMAN SACHS GROUP INC/THE	400	335,992	346,275	1.99
HEALTH NET INC	200	175,109	177,931	1.02
HEWLETT-PACKARD CO	250	222,064	220,571	1.26
IBM	300	254,633	259,905	1.49
INGERSOLL-RAND PLC	350	302,261	303,581	1.74
KLA-TENCOR CORP	300	251,359	256,702	1.47
KOHL'S CORP	300	256,980	258,559	1.48
L-3 COMMUNICATIONS CORPORATION	350	289,144	289,142	1.66
MACY'S INC	300	237,756	242,199	1.39
Morgan Stanley	350	294,982	299,342	1.72
OMNICOM GROUP INC	350	287,639	290,037	1.66
ORACLE CORP	300	251,668	256,568	1.47
REGENCY ENERGY PARTNERS LP	300	259,180	252,702	1.45
STAPLES INC	250	209,795	210,229	1.21
TENET HEALTHCARE CORP	200	177,086	181,362	1.04
TESORO CORP	250	207,954	211,082	1.21
TIME WARNER INC	350	287,141	289,562	1.66
TYSON FOODS INC	300	252,903	258,251	1.48
VERIZON COMMUNICATIONS INC	300	276,748	277,256	1.59
VOYA FINANCIAL INC	300	277,509	285,426	1.64
Azerbaijan	**450**	**358,965**	**348,264**	**2.00**
THE INTERNATIONAL BANK OF AZERBAIJAN REPUBLIC OAO	450	358,965	348,264	2.00
Brazil	**1,200**	**997,540**	**983,658**	**5.64**
BRASKEM SA	250	206,944	211,679	1.21
BRF - BRASIL FOODS SA	250	191,397	191,242	1.10
CENTRAIS ELETRICAS BRASILEIRAS SA	250	222,490	216,139	1.24
JBS SA	200	175,274	171,095	0.98
TELEMAR NORTE LESTE SA	250	201,435	193,503	1.11
South Africa	**250**	**204,369**	**204,574**	**1.17**
SASOL LIMITED	250	204,369	204,574	1.17
Georgia	**500**	**438,749**	**435,532**	**2.50**
Bank of Georgia JSC	500	438,749	435,532	2.50
Croatia	**200**	**169,673**	**172,244**	**0.99**
HRVATSKA ELEKTROPRIVREDA	200	169,673	172,244	0.99
India	**250**	**221,219**	**229,370**	**1.32**
INDIAN OIL CORP LTD	250	221,219	229,370	1.32
Indonesia	**250**	**206,943**	**194,981**	**1.12**
JAPFA COMFEED INDONESIA TBK PT	250	206,943	194,981	1.12
Italy	**700**	**594,422**	**570,825**	**3.28**
FINMECCANICA SPA	200	176,674	182,596	1.05
WIND TELECOMUNICAZIONI SPA	500	417,748	388,229	2.23
Israel	**350**	**307,162**	**304,755**	**1.75**
ISRAEL ELECTRIC CORP LTD	350	307,162	304,755	1.75
Canada	**550**	**448,650**	**394,184**	**2.26**
BARRICK GOLD CORP	250	204,155	200,676	1.15
URANIUM ONE INC	300	244,495	193,508	1.11

Table (cont'd):

Issuer	Amount number	Acquisition value EUR	Carrying amount EUR	Carrying amount to fund's assets (%)
Kazakhstan	**250**	**221,137**	**209,209**	**1.20**
Halyk Savings Bank of Kazakhst	250	221,137	209,209	1.20
Russia	**1,050**	**895,574**	**706,767**	**4.06**
LUKOIL OAO	100	93,477	79,048	0.45
RASPADSKAYA	200	165,390	112,682	0.65
SIBUR OJSC	250	192,015	174,295	1.00
SISTEMA JSFC	250	213,945	146,021	0.84
VIMPEL-COMMUNICATIONS	250	230,747	194,721	1.12
China	**1,250**	**1,034,746**	**1,022,557**	**5.85**
ALIBABA GROUP HOLDING LTD	350	288,213	286,679	1.64
CHINA ORIENTAL GROUP CO LTD	200	157,936	158,559	0.91
CHINA SHANSHUI CEMENT GROUP LTD	200	166,379	167,970	0.96
MAOYE INTERNATIONAL HOLDINGS LTD	250	216,467	203,416	1.16
SEMICONDUCTOR MANUFACTURING INTERNATIONAL CORP	250	205,751	205,933	1.18
Latvia	**2,750**	**186,012**	**193,236**	**1.11**
ABLV BANK, AS	2,750	186,012	193,236	1.11
Luxembourg	**650**	**604,275**	**593,175**	**3.40**
ARCELORMITTAL	400	405,568	398,196	2.28
MILLICOM INTERNATIONAL CELLULAR SA	250	198,707	194,979	1.12
Mexico	**250**	**213,636**	**204,846**	**1.17**
FRESNILLO PLC	250	213,636	204,846	1.17
Singapore	**200**	**170,167**	**177,049**	**1.02**
BW GROUP LTD	200	170,167	177,049	1.02
Turkey	**750**	**625,505**	**644,609**	**3.70**
MERSIN ULUSLARARASI LIMAN ISLETMECILIGI AS	250	219,195	222,975	1.28
TURKIYE SISE VE CAM FABRIKALARI AS	300	231,777	242,500	1.39
YAPI VE KREDI BANKASI AS	200	174,533	179,134	1.03
Total financial instruments traded on regulated markets	**21,950**	**16,517,016**	**16,226,625**	**93.06**

Financial assets at fair value by geographical area:

	31/12/2014		31/12/2013	
Geographical area	Carrying amount EUR	Carrying amount to fund's assets %	Carrying amount EUR	Carrying amount to fund's assets %
OECD countries	10,185,184	58.41	1,868,322	34.14
Other countries	4,511,961	25.88	2,480,928	45.33
EMU countries	1,164,000	6.67	349,462	6.39
Latvia	193,236	1.11	163,632	2.99
Other EU Member States	172,244	0.99	441,291	8.06
Total debt securities and other fixed income securities	**16,226,625**	**93.06**	**5,303,635**	**96.91**

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	15,103	4,706
Accrued commission fees payable to custodian bank	3,021	942
Accrued fees payable for professional services	1,960	1,961
Accrued payments to the stock exchange	298	169
Total accrued expense	**20,382**	**7,778**

Note 7

Interest revenue

EUR

Item	01/01/2014-31/12/2014	05/06/2013-31/12/2013
From financial assets at fair value through profit or loss	652,069	150,595
Total interest revenue	**652,069**	**150,595**

Note 8

Realised investment value

EUR

Item	01/01/2014-31/12/2014	05/06/2013-31/12/2013
Income from sale of investments	9,717,163	2,853,063
(Acquisition) value of investments sold	(10,009,796)	(2,858,949)
Total realised (decrease) in investment value	**(292,633)**	**(5,886)**

Note 9

Unrealised investment value

EUR

Item	01/01/2014-31/12/2014	05/06/2013-31/12/2013
Revaluation of financial assets at fair value through profit or loss	(493,760)	23,371
Currency exchange difference	1,738,693	(227,457)
Total unrealised increase/ (decrease) in investment value	**1,244,933**	**(204,087)**

Note 10

Change in investment assets during the reporting year

Changes in the investment portfolio in 2014:

EUR

Item	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	5,303,635	20,584,460	(10,629,400)	(493,760)	1,461,690	16,226,625
Total assets	**5,303,635**	**20,584,460**	**(10,629,400)**	**(493,760)**	**1,461,690**	**16,226,625**

Changes in the investment portfolio in 2013:

EUR

Item	05/06/2013	Increase for the reporting period	Decrease for the reporting period	Fair value revaluation result	Foreign currency translation result	31/12/2013
Financial assets at fair value through profit or loss	-	8,507,136	(3,058,015)	23,371	(168,856)	5,303,635
Total assets	**-**	**8,507,136**	**(3,058,015)**	**23,371**	**(168,856)**	**5,303,635**

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 fund’s exposure to credit risk arises mainly from investments in fixed income securities and balances due from credit institutions.

Credit risk associated with the fund’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:

EUR

Assets	High quality	Average quality	Low quality	No rating	Total
Demand deposits with credit institutions	-	-	-	1,209,344	1,209,344
Financial assets at fair value through profit or loss	8,841,593	6,181,514	1,010,282	193,236	16,226,625
Total assets	**8,841,593**	**6,181,514**	**1,010,282**	**1,402,580**	**17,435,969**

Assets by credit ratings as at 31 December 2013:

EUR

Assets	High quality	Average quality	Low quality	No rating	Total
Demand deposits with credit institutions	-	-	-	169,107	169,107
Financial assets at fair value through profit or loss	667,341	3,319,833	1,152,829	163,632	5,303,635
Total assets	**667,341**	**3,319,833**	**1,152,829**	**332,739**	**5,472,742**

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	1,209,344	-	-	-	-	**1,209,344**
Financial assets at fair value through profit or loss	193,236	1,164,000	172,244	10,185,184	4,511,961	**16,226,625**
Total assets	**1,402,580**	**1,164,000**	**172,244**	**10,185,184**	**4,511,961**	**17,435,969**
Liabilities						
Accrued expense	(20,382)		-	-	-	(20,382)
Total liabilities	**(20,382)**		**-**	**-**	**-**	**(20,382)**
Net assets	**1,382,198**		**-**	**-**	**4,511,961**	**17,415,587**

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

EUR

Assets	Latvia	EMU countries	EU Member States	OECD countries	Other countries	Total
Demand deposits with credit institutions	169,107	-	-	-	-	**169,107**
Financial assets at fair value through profit or loss	163,632	349,462	441,291	1,868,322	2,480,928	**5,303,635**
Total assets	**332,739**	**349,462**	**441,291**	**1,868,322**	**2,480,928**	**5,472,742**
Liabilities						
Accrued expense	(7,778)	-	-	-	-	(7,778)
Total liabilities	**(7,778)**	**-**	**-**	**-**	**-**	**(7,778)**
Net assets	**324,961**	**349,462**	**441,291**	**1,868,322**	**2,480,928**	**5,464,964**

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

	31/12/2014		31/12/2013	
	Carrying amount	Carrying amount to fund's assets	Carrying amount	Carrying amount to fund's assets
Industry	EUR	%	EUR	%
Information and communication services	4,265,573	24.46	859,594	15.70
Production of consumer goods	3,542,621	20.32	-	-
Finance	2,635,946	15.12	865,402	15.81
Mining	1,830,089	10.50	1,050,705	19.20
Energy	1,461,243	8.37	902,705	16.50
Manufacturing	1,386,791	7.95	534,394	9.77
Utilities	927,313	5.32	473,712	8.66
Logistics	177,049	1.02	156,611	2.86
Health care	-	-	321,948	5.88
Chemicals	-	-	138,564	2.53
Total debt securities and other fixed income securities	**16,226,625**	**93.06**	**5,303,635**	**96.91**

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

Analysis of the fund's maximum credit risk exposure:

EUR

	31/12/2014		31/12/2013	
Assets	Carrying amount	Maximum exposure	Carrying amount	Maximum exposure
Demand deposits with credit institutions	1,209,344	1,209,344	169,107	169,107
Financial assets at fair value through profit or loss	16,226,625	16,226,625	5,303,635	5,303,635
Total assets	**17,435,969**	**17,435,969**	**5,472,742**	**5,472,742**

Note 12

Financial risks

Interest rate risk

Interest rate risk represents the effect of changes in market rates on the fund's value, affecting the fund'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 fund's value).

The total fund'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:

EUR

	01/01/2014-31/12/2014		05/06/2013-31/12/2013	
	+100bps	-100bps	+100bps	-100bps
Effect on profit	(830,131)	830,131	(187,936)	187,936

Liquidity risk

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

Liquidity risk is minimised by holding part of the fund'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	1,209,344	-	-	-	1,209,344
Financial assets at fair value through profit or loss	-	83,588	5,310,630	10,832,407	16,226,625
Total assets	**1,209,344**	**83,588**	**5,310,630**	**10,832,407**	**17,435,969**
Liabilities					
Accrued expense	(18,124)	(2,258)	-	-	**(20,382)**
Total liabilities	**(18,124)**	**(2,258)**	**-**	**-**	**(20,382)**
Net assets	**1,191,220**	**81,330**	**5,310,630**	**10,832,407**	**17,415,587**

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	169,107	-	-	-	169,107
Financial assets at fair value through profit or loss	-	-	4,152,260	1,151,375	5,303,635
Total assets	**169,107**	**-**	**4,152,260**	**1,151,375**	**5,472,742**
Liabilities					
Accrued expense	(5,648)	(2,130)	-	-	**(7,778)**
Total liabilities	**(5,648)**	**(2,130)**	**-**	**-**	**(7,778)**
Net assets	**163,459**	**- 2,130**	**4,152,260**	**1,151,375**	**5,464,964**

Note 13

Information on holders of investment certificates

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

	31/12/2014		31/12/2013	
Item	Number of certificates	% of total certificates	Number of certificates	% of total certificates
Investment certificates held by shareholders of the company	448,040	21.69%	473,040	22.90%
Investment certificates held by related parties	60,760	2.94%	36,251	1.75%
Investment certificates held by other persons	1,557,088	75.37%	221,880	10.74%
Investment certificates issued as at the year end	**2,065,888**	**100.00%**	**731,171**	**35.39%**

Note 14

Related party disclosures

The majority of the fund’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 fund’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 30,441 (517,216) investment certificates and sold 5,932 (7,925) investment certificates of the fund.

Note 15

Pledged assets

During the reporting year, no guarantees or collateral have been issued by the fund, 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 fund's assets according to the hierarchy of input data for determining the fair value:

		31/12/2014	31/12/2013
Financial assets	Level 1	Level 2	Level 1
Demand deposits with credit institutions	1,209,344	-	169,107
Financial assets at fair value through profit or loss	16,033,389	193,236	5,303,635
Total financial assets	**17,242,733**	**193,236**	**5,472,742**

Note 17

Dynamics of performance

Dynamics of investment fund's annual performance*:

Item	31/12/2014	31/12/2013
Net assets (EUR)	17,415,587	5,464,964
Number of investment certificates	2,065,888	731,171
Value of investment fund's investment certificates (EUR)	**8.43**	**7.47**
Net assets (USD)	21,144,264	7,457,862
Number of investment certificates	2,065,888	731,171
Value of investment fund's investment certificates (USD)	**10.23**	**10.20**
	01/01/2014-31/12/2014	05/06/2013-31/12/2013
Annual performance on investment fund's investment certificates (USD)	**0.34%**	**3.48%**

* - Performance is calculated as the value of the fund'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 fund's performance for the year.

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INDEPENDENT AUDITORS' REPORT

To the shareholders of AIF ABLV Global Corporate USD Bond Fund

Report on the financial statements

We have audited the accompanying financial statements of AIF ABLV Global Corporate USD Bond Fund (the "Fund"), set out on pages 7 through 24 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 Global Corporate USD Bond Fund as of 31 December 2014, and of its financial performance and its cash flows for the year then ended in accordance with 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

Riga, 14 April 2015