



**INVESTMENT FUND
CBL OPPORTUNITIES FUNDS**

Sub-fund

CBL Optimal Opportunities Fund - USD

ANNUAL REPORT for 2023

Prepared in accordance with the IFRS Accounting Standards
approved by the European Union

Riga, 2024



**CBL ASSET
MANAGEMENT**

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INFORMATION ABOUT THE INVESTMENT FUND

Name of the Fund:	CBL Opportunities Funds
Date of registration of the Fund:	24 August 2007
Type of the Fund:	Investment fund with sub-funds
Name of the Sub-fund:	CBL Optimal Opportunities Fund - USD
Number of the Sub-fund:	FFL204
ISIN of the Sub-fund:	LV0000400984
Name of the investment management company:	CBL Asset Management IPAS
Registered office of the investment management company:	Republikas laukums 2a, Riga LV-1010, Latvia
Registration number of the investment management company:	40003577500
Number of the license for investment management company operations:	06.03.07.098/367
Name of the Fund's Custodian:	SC Citadele bank
Registered office of the Fund's Custodian:	Republikas laukums 2a, Riga, LV-1010, Latvia
Registration number of the Fund's Custodian:	40103303559
Name, surname and position of members of the Supervisory Board and the Management Board of the investment management company:	Supervisory Board of the investment management company: Vaidas Žagunis, Chairperson of the Supervisory Board, appointed on 03.08.2021 Vladimirs Ivanovs, Deputy Chairperson of the Supervisory Board, appointed on 03.08.2021 Ruta Ezerskiene, Member of the Supervisory Board, appointed on 03.11.2023 Magnus Blohmé, Member of the Supervisory Board, resigned on 03.11.2023 Management Board of the investment management company: Kārlis Purgailis, Chairperson of the Management Board Zigurds Vaikulis, Member of the Management Board Lolita Sičeva, Member of the Management Board Andris Kotāns, Member of the Management Board, resigned on 15.09.2023
Rights and responsibilities related to the investment fund management:	Members of the Supervisory Board and Management Board shall perform all duties provided for in the laws and regulations of the Republic of Latvia and the Articles of Association of the investment management company
Fund Managers:	Zigurds Vaikulis Reinis Gerasimovs Andris Kotāns, resigned on 15.09.2023
Rights and responsibilities related to the Fund management:	The Fund Managers shall perform all duties of the Fund Manager provided for in the laws and regulations of the Republic of Latvia, Articles of Association of the investment management company and the Fund Prospectus
Auditors:	Rainers Vilāns Certified Auditor Certificate No. 200 KPMG Baltics SIA Roberta Hirša iela 1, Riga Latvia, LV-1045 Licence No. 55

INVESTMENT MANAGEMENT COMPANY REPORT

The asset manager of the sub-fund CBL Optimal Opportunities Fund - USD of the investment fund CBL Opportunities Funds (hereinafter – the Fund) is CBL Asset Management, an investment management company with registered office at Republikas laukums 2a, Riga, LV-1010, and registration number 40003577500, incorporated on 11 January 2002 (hereinafter – the Company). The investment company's operating licence number is 06.03.07.098/367.

The investment objective of the Fund is to achieve long-term capital appreciation by investing in share certificates (units) and equivalent securities of investment funds registered in Latvia or other Member States of the European Union. Investments may be made in money market, bond, balanced and equity investment funds as well as ETFs and equity securities traded on regulated markets in the Member States of the European Union and the OECD without sectoral restrictions. Equity funds may represent up to 70% of the Fund's assets. Regarding the investments underlying this financial product the EU criteria for environmentally sustainable economic activities were not considered. The Fund's net assets decreased by EUR 130,354 or 10.53% during the period under review and stood at EUR 1,107,477 at the end of the year. As at 31.12.2023, gross assets amounted to EUR 1,109,493. The value per share increased by EUR 0.75 to EUR 10.30 during the year. The return was 7.85% (positive) in euro terms and 11.68% in the Fund's base currency US dollars during the period under review.

The year 2023 was turbulent on the financial markets, with volatile investor sentiment and security prices, but overall, the year continued the stabilisation and recovery of the financial markets that started in autumn 2022. Economic trends in Western countries followed the best-case scenario: recessionary concerns were not allayed, unemployment remained low, while inflation rates on both sides of the Atlantic continued to slow significantly during 2023. This allowed central banks to conclude their rate hiking marathon in the second half of the year.

The US economy remained on a growth trajectory throughout the year, with GDP growing by 2.5% in real terms in 2023. While the performance of the most interest rate-sensitive sectors – construction and manufacturing – remained weak, it was relatively difficult to see signs of pronounced weakness elsewhere in the US economy. This was underpinned by strong private demand, which continued to be supported by historically low unemployment and sustained income growth. The picture was different in the euro area, where the economy stagnated from the end of 2022, private consumption dynamics were weak and the economy grew by only 0.5% over the year, while the German economy was even slightly negative on an annualised basis in 2023.

After cumulative interest rate hikes since 2022 of 4.5 percentage points in the euro area and 5.25 percentage points in the US, central banks officially ended the rate hiking phase in the second half of 2023. The US Federal Reserve last raised interest rates in July 2023, the ECB – in September. With the end of the base rate hikes, financial market participants started to anticipate a sharp rate cut in 2024 at the end of last year. Central bankers were more cautious than investors about a quick and rapid reversal of the monetary course. Although rates had risen sharply, the labour market situation in the US and the euro area did not deteriorate. Slower inflation with sustained wage growth improved people's purchasing power, which could create a favourable ground for inflation rates to remain above historical norms. This, in turn, could discourage central banks from cutting rates too aggressively, at least in the early stages of rate normalisation.

Rising investor expectations for an early reduction in base rates had a positive impact on all bond segments at the end of the year and led to a positive result for 2023. Despite dramatic fluctuations during the year, US 10-year government bond rates ended the year at the same level as in 2022, German ones below last year's levels. Against the backdrop of overall optimism on financial markets, riskier bonds were helped by a reduction in risk premia in 2023. After double-digit declines in 2022, bonds of speculatively rated Western companies rose by an average of 11-12% in euro-hedge terms. Other bond segments showed more moderate dynamics, with safe-haven US corporate bonds, euro area investment-grade indices and emerging market debt showing average annual gains of 6-7%.

Global equity markets also rebounded in 2023 from deep lows in 2022. Western equity markets rose by more than 20% in euro-hedge terms, emerging markets by 7% on average. Moreover, the broad US stock market outperformed other regions and at the end of the year came close to the record levels reached two years ago. The euro was volatile during the period under review, but managed to grow by around 3% over the year.

Since the beginning of 2024, investors have gradually started to adjust their aggressive expectations for the size of rate cuts in the coming year. Benchmark rates showed an upward trend, undermining the price recovery in bond markets. At the same time, the equity market showed more independence from movements in benchmark rates at the start of the year than in the previous two years. Western share prices continued to rise unhindered in the opening part of the year and the broad US stock market reached new record levels. Although Western corporate earnings are expected to return to stronger growth during 2024 after stagnating in 2023, Western earnings forecasts, except for US technology companies, have recently shown a slightly negative trend. The recession scenario has been removed from the agenda, but growth is expected to remain below historically average levels over the next year. This, together with slower price increases, could constrain corporate profitability. If expectations of a sharp improvement in company financial results in 2024 do not materialise, it will become increasingly difficult to justify a further upswing in global share prices, especially given that valuations of US companies are currently no longer cheap.

During the period under review, the Fund underwent the following changes. The share of the Fund's net asset value invested in bond funds at the end of the year was 61.19%, a decrease of 0.84 percentage points (pp) compared to the beginning of the year. The share of equity funds increased by 1.60 pp to 35.91% of the Fund's net asset value. Free cash represents 3.09% of the Fund's net assets. All funds in the Fund are registered in a Member State of the European Union. Most of the funds (59.68%) are invested in funds registered in Luxembourg. The Fund also contains investment funds registered in Latvia and Ireland.

The total management costs for the period under review amounted to EUR 15,023, which does not exceed the 1.70% ceiling set in the prospectus. The remuneration of the investment management company amounted to EUR 9,942, the remuneration of the custodian bank to EUR 1,884 and other management expenses to EUR 3,197. The Fund's ongoing charges ratio for the period under review was 1.40% of the Fund's average net asset value. The prospectuses of the investment funds managed by the Company do not provide for performance fees.

There have been no significant events since the end of the reporting year until the date of its approval in 2023 that would have a material impact on the financial position of the Fund.

The Fund Manager will continue to closely follow the trends in the global financial markets. Changes in the weighting of equity fund investments will be made primarily to adjust the Fund's structure in line with the assessment of the current and expected situation.

On behalf of the Management Board of the Investment Management Company:

Kārlis Purgailis
Chairperson of the Management Board

Zigurds Vaikulis
Fund Manager

Reinis Gerasimovs
Fund Manager

Riga, 26 April 2024

*This report is signed with a secure electronic signature and contains a time stamp.

REPORT ON THE IMPLEMENTATION OF THE ENGAGEMENT POLICY

The Asset Manager shall participate in the management of the companies in which the assets of the Fund are invested by exercising its voting rights, where the voting rights held by the Fund amount to at least 5% of the total number of votes.

During the reporting period, the Asset Manager did not implement any engagement activities through voting rights at general meetings of shareholders and/or bondholders and did not use the services of proxy advisors.

On behalf of the Management Board of the Investment Management Company:

Kārlis Purgailis
Chairperson of the Management Board

Zigurds Vaikulis
Fund Manager

Reinis Gerasimovs
Fund Manager

Riga, 26 April 2024

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STATEMENT OF RESPONSIBILITY OF THE MANAGEMENT BOARD OF THE INVESTMENT MANAGEMENT COMPANY

The Management Board of the Company is responsible for preparation of financial statements of the sub-fund of CBL Optimal Opportunities Fund – USD of the investment fund CBL Opportunities Funds (hereinafter – the Fund). The financial statements set out on pages 8 to 22 have been prepared based on the supporting documents and give a true and fair view of the financial position of the Fund as at 31 December 2023 and of its performance for the year then ended.

The above financial statements have been prepared in accordance with the IFRS Accounting Standards adopted by the European Union, as required by the regulation of the Financial and Capital Market Commission (FCMC) On Preparation of Annual Reports, Consolidated Annual Reports and Semi-Annual Reports of Investment Fund and Open Alternative Investment Fund on a going concern basis. Appropriate accounting policies have been consistently applied during the reporting period. The judgements and estimates made by management in the preparation of the financial statements have been prudent and reasonable.

The Management Board of the Investment Management Company is responsible for the maintenance of proper accounting records, the safeguarding of assets of the CBL Optimal Opportunities Fund - USD and detecting and preventing fraud and other unfair practices. The Management Board is also responsible for compliance with the Law on Investment Management Companies of the Republic of Latvia, the regulations of the Financial and Capital Market Commission and other legislative requirements of the Republic of Latvia.

On behalf of the Management Board of the Investment Management Company:

Kārlis Purgailis
Chairperson of the Management
Board

Riga, 26 April 2024

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STATEMENT OF ASSETS AND LIABILITIES

	Notes	<u>31.12.2023</u>	<u>31.12.2022</u>
Assets			
Due on demand from credit institutions	3	34,172	47,131
Financial assets at fair value through profit or loss			
Share certificates of investment funds and similar securities	4	1,075,321	1,192,467
Total assets		<u>1,109,493</u>	<u>1,239,598</u>
Liabilities			
Accrued expenses	5	(2,016)	(1,767)
Total liabilities		<u>(2,016)</u>	<u>(1,767)</u>
Net assets		<u>1,107,477</u>	<u>1,237,831</u>

The accompanying notes on pages 12 to 22 are an integral part of these financial statements.

On behalf of the Management Board of the Investment Management Company:

Kārlis Purgailis
Chairperson of the Management Board

Riga, 26 April 2024

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STATEMENT OF INCOME AND EXPENSES

	Notes	<u>2023</u>	<u>2022</u>
Expenses for the reporting period			
Remuneration to the investment management company and the manager		(9,942)	(11,462)
Remuneration to the custodian bank		(1,884)	(2,172)
Other Fund management expenses	6	<u>(3,197)</u>	<u>(1,822)</u>
Total expenses		(15,023)	(15,456)
Increase/(decrease) in investment value			
Realised increase/(decrease) in investment value	7	26,205	(15,652)
Unrealised increase/(decrease) in investment value	8	<u>108,126</u>	<u>(172,540)</u>
Total increase/(decrease) in investment value		<u>134,331</u>	<u>(188,192)</u>
Result on revaluation of foreign currencies		<u>(34,020)</u>	<u>58,728</u>
Increase/(decrease) in net assets from investments		<u>85,288</u>	<u>(144,920)</u>

The accompanying notes on pages 12 to 22 are an integral part of these financial statements.

On behalf of the Management Board of the Investment Management Company:

Kārlis Purgailis
Chairperson of the Management Board

Riga, 26 April 2024

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STATEMENT OF CHANGES IN NET ASSETS

	<u>2023</u>	<u>2022</u>
Net assets at the beginning of the reporting year	1,237,831	1,009,869
Increase/(decrease) in net assets from investment	85,288	(144,920)
Transactions in share certificates and units		
Inflow from sale of share certificates and units	276,694	388,783
Outflow on redemption of share certificates and units	(492,336)	(15,901)
(Decrease)/increase in net assets from transactions in share certificates and units	<u>(215,642)</u>	<u>372,882</u>
(Decrease)/Increase in net assets during the reporting period	(130,354)	227,962
Net assets at the end of the reporting year	<u>1,107,477</u>	<u>1,237,831</u>
Number of issued share certificates and units at the beginning of the reporting year	129,603	93,564
Number of issued share certificates and units at the end of the reporting year	107,545	129,603
Net assets per share certificate and unit at the beginning of the reporting year	9.55	10.79
Net assets per share certificate and unit at the end of the reporting year	<u>10.30</u>	<u>9.55</u>

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On behalf of the Management Board of the Investment Management Company:

Kārlis Purgailis
Chairperson of the Management Board

Riga, 26 April 2024

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CASH FLOW STATEMENT

	Notes	<u>2023</u>	<u>2022</u>
Cash flow from operating activities			
Investment management expenses		(14,720)	(14,697)
Acquisition of investments	9	(250,217)	(596,626)
Inflow from sale of investments		460,583	115,339
Foreign currency conversion result		8,675	11,228
Increase/(decrease) in cash and cash equivalents from operating activities		<u>204,321</u>	<u>(484,756)</u>
Cash flow from financing activities			
Inflow from sale of share certificates and units		276,694	388,783
Outflow on redemption of share certificates and units		(492,336)	(15,901)
(Decrease)/increase in cash and cash equivalents from financing activities		<u>(215,642)</u>	<u>372,882</u>
Net (decrease) in cash and cash equivalents during the reporting period		<u>(11,321)</u>	<u>(111,874)</u>
Effects of changes in foreign exchange rates on cash and cash equivalents		(1,638)	9,266
Cash and cash equivalents at the beginning of the reporting year		<u>47,131</u>	<u>149,739</u>
Cash and cash equivalents at the end of the reporting year	3	<u><u>34,172</u></u>	<u><u>47,131</u></u>

The accompanying notes on pages 12 to 22 are an integral part of these financial statements.

On behalf of the Management Board of the Investment Management Company:

Kārlis Purgailis
Chairperson of the Management Board

Riga, 26 April 2024

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NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 GENERAL INFORMATION

Name of the Fund:	CBL Opportunities Funds
Type of fund:	Investment fund with sub-funds
Scope of the Fund:	The investment objective of the investment fund is to achieve long-term capital appreciation by investing in share certificates (units) and equivalent securities of investment funds registered in Latvia or other Member States of the European Union. Investments can be made in money market, bond, balanced and equity investment funds, as well as ETFs and equity securities traded on regulated markets in the European Union and OECD Member States without sectoral restrictions
Name of the sub-fund:	CBL Optimal Opportunities Fund - USD
Scope of the sub-fund:	Under normal market conditions, up to 100% of the sub-fund's assets may be invested in share certificates of investment funds, including ETFs, and up to 70% in equity securities or share certificates of investment funds, which invest in equity securities, including ETFs.
Name of the investment management company:	CBL Asset Management IPAS (the Company) Republikas laukums 2a, Riga, LV-1010, Latvia

NOTE 2 SIGNIFICANT ACCOUNTING PRINCIPLES

Principles for the preparation of financial statements

The financial statements of the CBL Optimal Opportunities Fund - USD have been prepared in accordance with the IFRS Accounting Standards as adopted by the European Union, as prescribed by the Financial and Capital Market Commission (hereinafter referred to as the FCMC) regulations on "Regulatory provisions for the preparation of the annual report, consolidated annual report and half-yearly report of an investment fund and open-ended alternative investment fund".

The financial statements are prepared under the historical cost convention and modified to reflect the fair value of financial instruments held for trading.

The monetary unit used in the financial statements is the euro (EUR), the monetary unit of the Republic of Latvia. The financial statements cover the period from 1 January 2023 to 31 December 2023. The opening balances of the Statement of Assets and Liabilities on 1 January 2023 are the same as the closing balances of the published financial statements for 2022.

Functional and reporting currency

The Fund's functional currency is the US dollar, but in accordance with the requirements of the FCMC, the Fund also maintains its accounts in euro and accordingly the presentation currency of these financial statements is euro.

Significant estimates and assumptions

The preparation of financial statements in conformity with the IFRS Accounting Standards requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures in the notes to the financial statements at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Similarly, the preparation of the financial statements requires management of the investment entity to make assumptions and judgements in applying the Fund's chosen accounting policies. The most significant estimates and assumptions relate to the determination of the fair value of financial assets.

Income and expense recognition

All interest income and expenses are accounted for on an accrual basis.

Interest income and expense on assets or liabilities carried at amortised cost is recognised in the income statement using the effective interest method. The effective interest rate is the rate that exactly discounts the future cash flows of a financial instrument over the expected life of the financial asset or liability. For financial instruments at fair value through profit or loss, interest income is recognised on an accrual basis but without applying the effective interest rate. Remuneration for managing the Fund and Custodian fee is calculated as a percentage of the value of the Fund's assets and accrues daily but is paid monthly.

Revaluation of foreign currencies

Transactions in foreign currencies are converted into euros at the foreign exchange rate published by the European Central Bank on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are revalued in euro at the foreign exchange rate published by the European Central Bank at the end of the last day of the reporting period. Non-monetary assets and liabilities denominated in foreign currencies and measured at fair value in a foreign currency are converted into the functional currency using the exchange rate on the date on which the fair value was determined. Gains or losses arising from changes in foreign exchange rates are included in the statement of income and expenses as gains or losses on remeasurement of foreign currency positions.

The exchange rates published by the European Central Bank for the currencies most used in the preparation of the Fund's statement of assets and liabilities (foreign currency units to EUR) were as follows:

Currency	31.12.2023	31.12.2022
USD	1.1050	1.0666

Cash and cash equivalents

Cash and cash equivalents consist of current balances on the Fund's accounts and other short-term highly liquid investments with original maturities of 3 months or less.

Financial instruments

Financial assets are recognised in the balance sheet when, and only when, the Company becomes a party to the contractual provisions of the financial instrument. Financial assets are classified as at amortised cost or at fair value through profit or loss. The basis for classification is both the business model within which the financial assets are managed and the contractual cash flow characteristics of the financial asset. The asset classification category is determined at the time of acquisition based on guidelines established by management. To decide whether a financial asset is classified in a particular category, the Company determines at the time of acquisition whether the asset meets the criteria for a particular business model and contractual cash flows. The business model is revealed through the activities of the Fund. It results from the way in which the Company typically manages the Fund's financial assets to generate cash flows. Therefore, this assessment is not made based on scenarios that the Company does not consider sufficiently realistic. In the event of a stress scenario, if cash flows were recovered in a manner different from that expected by the Company under a typical business model, this would not be a reason to consider that a prior period error has occurred, nor would a reclassification of the remaining financial assets relating to a particular business model be required. However, historical cash flows would need to be evaluated in classifying future acquisitions and could be the basis for a change in the business model.

Financial assets are initially recognised at fair value plus directly attributable transaction costs, except for financial assets at fair value through profit or loss. Regular way purchases or sales of assets are recognised using settlement date accounting. The settlement date is the date on which the asset is transferred to the Fund, or the Fund transfers the asset to a third party. The settlement date refers to the recognition of an asset on the date the asset is transferred to the Fund and the derecognition of the asset on the date the Company transfers it to a third party.

Financial instruments at fair value through profit or loss

Financial assets are measured at fair value through profit or loss if they are not measured at amortised cost or at fair value through other comprehensive income. Most of the Fund's financial assets are classified in this category because the Fund's business model is designed to increase its net assets through holding and trading these assets. Financial assets or liabilities may be designated as at fair value through profit or loss on initial recognition if doing so would avoid or significantly reduce accounting mismatches, that would otherwise arise from accounting for assets or liabilities or recognising income or expense from them differently, or a group with financial liabilities or financial assets and financial liabilities is measured and its performance is evaluated on a fair value basis in accordance with a documented risk management or investment strategy and information about that group is reported internally to management on a fair value basis.

Except for interest on interest rate swaps, interest on financial assets at fair value through profit or loss is included in net interest income. Revaluation and trading gains or losses arising from changes in the fair value of the financial assets concerned, as well as interest on interest rate swaps, are included directly in the 'Net finance income' line in the profit or loss. Such financial assets and liabilities are remeasured after initial recognition at fair value based on quoted market prices or prices quoted by brokers.

This category includes certain assets and liabilities that are managed and whose return is measured on a fair value basis in accordance with a documented risk management or investment strategy.

Financial assets and liabilities held for trading are measured at fair value through profit or loss. Financial assets and liabilities are held for trading if they are acquired to profit from short-term price movements or dealer margin, or if they are included in a portfolio characterised by short-term profit-taking. The Fund also has demand claims on credit institutions, but given the short-term structure and credit ratings, the allowance for credit losses is not material.

Fair value of financial assets and liabilities

Fair value is the price that would be received from selling an asset or paid to transfer a liability in an arm's length transaction between market participants at the measurement date in the principal market, or in its absence, the most advantageous market to which the Company has access at that date. The fair value of liabilities reflects the risk of default.

When possible, the Company measures the fair value of a financial instrument using quoted prices in an active market. A market is considered active if transactions in the asset or liability occur frequently enough and in sufficient volume to permit regular price information to be obtained.

The revaluation of securities is carried out using financial information available on Bloomberg and NASDAQ OMX Riga on the bid prices of these securities. Purchases and sales of securities are recognised on the settlement date. The acquisition value of securities sold is determined using the FIFO (first in, first out) method.

Where a quoted price in an active market is not available, the Company uses valuation techniques that use observable market data as much as possible and unobservable inputs as little as possible. The valuation method chosen includes all factors that market participants would consider in determining the transaction price.

At initial recognition, the best evidence of the fair value of a financial instrument is the transaction price, the fair value of the consideration paid or received. If the Company determines that the fair value at initial recognition differs from the transaction price and the fair value is not evidenced either by a quoted price in an active market for an identical asset or liability or by the results of a valuation technique that uses only observable inputs, the financial instrument is initially measured at fair value, adjusted to reflect the difference between the fair value at initial recognition and the transaction price. This difference is subsequently recognised in profit or loss, as appropriate, considering the expected life of the instrument, but not later than the point at which the value can be fully supported by observable market data, or the transaction is completed.

The portfolios of financial assets and financial liabilities exposed to market risk and credit risk managed by the Company based on net exposure to either market risk or credit risk are valued by reference to the price that would be paid to sell a net long position (or paid to transfer a net short position) in the individual risks. These portfolio level adjustments are allocated to individual assets and liabilities based on relative risk adjustments for each individual portfolio of instruments. A description of the methods used to determine fair value by 3 levels, based on the degree of observability of the information used in the valuation techniques, is presented below.

Level 1 represents financial instruments whose fair value is based on quoted prices in an active market. This category mainly includes equity instruments, debt instruments, short-term bonds and standardised derivatives that are valued using quoted exchange prices. Securities traded in active markets outside the stock exchange are also included in this category. Level 2 represents financial instruments for which available market inputs, such as prices for similar financial instruments, are used to measure fair value and which are traded in the market. This category consists mainly of less liquid debt instruments and derivatives that are valued based on observable market data. The price of less liquid debt securities is adjusted for yield spreads available in the market.

Level 3 represents financial instruments whose fair value is determined using observable market data and the entity's internal estimates.

The Company recognises changes in the fair value hierarchy level for instruments at the end of the reporting period in which the changes have occurred. There have been no changes in the fair value hierarchy levels compared to last year.

The portfolios of financial assets and financial liabilities exposed to market risk and credit risk that the Company manages for the Fund, based on the net exposure to either market risk or credit risk, are valued by reference to the price that would be paid to sell a net long position (or paid to transfer a net short position) in the individual exposures. These portfolio-level adjustments are allocated to individual assets and liabilities based on the relative risk adjustment for each individual instrument in the portfolio.

Taxes

The income of the Fund is subject to income taxes in the country where it is earned. The Fund is not subject to corporate income tax in the Republic of Latvia.

Standards published but not valid yet

Several new or amended standards are effective for annual periods beginning after 1 January 2023 (some of which have not yet been endorsed by the European Union) and early adoption is permitted; however, the Fund has not early adopted the new or amended standards in preparing these financial statements.

The new and amended standards listed below are not expected to have a material impact on the Fund's financial statements:

- Classification of liabilities as current or non-current (amendments to IAS 1).
- Non-current contingent liabilities (amendments to IAS 1)
- Lease liabilities in sale and leaseback transactions (amendments to IFRS 16)
- Financing contracts with suppliers (amendments to IAS 7 and IFRS 7)
- No substitutability (amendments to IAS 21)

NOTE 3 DUE ON DEMAND FROM CREDIT INSTITUTIONS

	31.12.2023	% of the Fund's net assets 31.12.2023	31.12.2022	% of the Fund's net assets 31.12.2022
Due on demand from credit institutions, SC				
Citadele bank	34,172	3.09%	47,131	3.81%

NOTE 4 SHARE CERTIFICATES OF INVESTMENT FUNDS AND SIMILAR SECURITIES

	31.12.2023	% of the Fund's net assets 31.12.2023	31.12.2022	% of the Fund's net assets 31.12.2022
Share certificates of investment funds and similar securities:				
Investment funds registered in OECD countries	852,709	77.00%	948,437	76.62%
Investment funds registered in Latvia	222,612	20.10%	244,030	19.72%
Total share certificates of investment funds and similar securities	1,075,321	97.10%	1,192,467	96.34%

All units and similar securities of investment funds are classified as financial assets at fair value through profit or loss.

The following table shows investment fund units and similar securities by country of origin of the issuer at 31 December 2023:

Financial instrument	ISIN code	Currency	Quantity	Acquisition value (EUR)	Carrying amount 31.12.2023	% of the Fund's net assets 31.12.2023
Financial instruments not traded on regulated markets:				1,039,108	1,075,321	97.10%
Share certificates of investment funds registered in Luxembourg:				646,126	660,870	59.68%
Fundsmith SICAV - Fundsmith Equity Fund	LU0893933373	USD	3,171	96,581	101,479	9.16%
Schroder International Selection Fund - EURO Corporate Bond	LU0428345051	USD	593	97,283	99,249	8.96%
JPMorgan Funds - JPM US Aggregate Bond Fund	LU0248063595	USD	842	100,517	98,342	8.88%
Robeco Capital Growth Funds - High Yield Bonds	LU0398248921	USD	264	79,366	82,905	7.49%
MFS Meridian Funds - European Research Fund	LU0982389560	USD	386	71,610	81,968	7.40%
Goldman Sachs US Dollar Credit*	LU0555027738	USD	8	73,660	74,532	6.73%
Amundi Funds - Pioneer US Bond	LU1883851765	USD	26	62,403	61,530	5.56%
BlackRock Global Funds - US Dollar Core Bond Fund	LU0548367084	USD	1,950	64,706	60,865	5.50%
Share certificates of investment funds registered in Latvia:				210,813	222,612	20.10%
CBL US Leaders Equity Fund R Acc USD	LV0000401032	USD	9,645	96,941	107,794	9.73%
CBL Eastern European Bond Fund R Acc USD	LV0000400125	USD	2,611	56,929	59,197	5.35%
CBL Global Emerging Markets Bond Fund R Acc USD	LV0000400968	USD	5,859	56,943	55,621	5.02%
Share certificates of investment funds registered in Ireland:				182,169	191,839	17.32%
Vanguard Investment Series PLC - US 500 Stock Index Fund	IE0002639775	USD	2,058	98,061	106,422	9.61%
PIMCO Funds Global Investors Series PLC - Total Return Bond Fund	IE0002460867	USD	3,072	84,108	85,417	7.71%
Total share certificates of investment funds:				1,039,108	1,075,321	97.10%

*On 9 March 2023, the financial instrument ISIN LU0803997666 was renamed from NN L US Credit to Goldman Sachs US Dollar Credit

The following table shows investment fund units and similar securities by country of origin of the issuer at 31 December 2022:

Financial instrument	ISIN code	Currency	Quantity	Acquisition value (EUR)	Carrying amount 31.12.2022	% of the Fund's net assets 31.12.2022
Financial instruments not traded on regulated markets:				1,256,744	1,192,467	96.34%
Share certificates of investment funds registered in Luxembourg:				788,543	747,252	60.37%
NN L US Credit Fundsmith SICAV - Fundsmith Equity Fund	LU0555027738	USD	12	110,490	106,444	8.60%
JPMorgan Funds - JPM US Aggregate Bond Fund	LU0893933373	USD	3,761	116,615	104,358	8.43%
MFS Meridian Funds - European Research Fund	LU0248063595	USD	874	104,467	100,224	8.10%
Robeco Capital Growth Funds - High Yield Bonds	LU0982389560	USD	431	76,241	85,287	6.89%
BlackRock Global Funds - US Dollar Core Bond Fund	LU0398248921	USD	291	83,784	84,659	6.84%
Schroder International Selection Fund - EURO Corporate Bond	LU0548367084	USD	2,550	81,832	78,154	6.31%
Amundi Funds - Pioneer US Bond	LU0428345051	USD	489	80,794	75,590	6.11%
Janus Henderson Horizon Global High Yield Bond Fund	LU1883851765	USD	26	62,403	60,310	4.87%
Morgan Stanley Investment Funds - US Advantage Fund	LU0978624350	USD	213	29,865	28,715	2.32%
	LU0360484686	USD	308	42,052	23,511	1.90%
Share certificates of investment funds registered in Latvia:				261,536	244,030	19.72%
CBL US Leaders Equity Fund R Acc USD	LV0000401032	USD	12,420	120,555	114,694	9.27%
CBL Eastern European Bond Fund R Acc USD	LV0000400125	USD	4,181	93,120	85,696	6.92%
CBL Global Emerging Markets Bond Fund R Acc USD	LV0000400968	USD	4,874	47,861	43,640	3.53%
Share certificates of investment funds registered in Ireland:				206,665	201,185	16.25%
PIMCO Funds Global Investors Series PLC - Total Return Bond Fund	IE0002460867	USD	3,844	110,275	104,362	8.43%
Vanguard Investment Series PLC - US 500 Stock Index Fund	IE0002639775	USD	2,270	96,390	96,823	7.82%
Total share certificates of investment funds:				1,256,744	1,192,467	96.34%

As the Company does not have access to sufficiently detailed information on the assets of these investment funds managed by financial institutions on behalf of investors, these assets have not been analysed by their actual issuer, except for the investment fund registered in Latvia and managed by CBL Asset Management IPAS.

The following table shows the breakdown of the Fund's securities portfolio by investment object:

	% of the Fund's net assets		% of the Fund's net assets	
	31.12.2023	31.12.2023	31.12.2022	31.12.2022
Bond funds	677,658	61.19%	767,794	62.03%
Equity funds	397,663	35.91%	424,673	34.31%
Total portfolio breakdown:	1,075,321	97.10%	1,192,467	96.34%

NOTE 5 ACCRUED EXPENSES

	<u>31.12.2023</u>	<u>31.12.2022</u>
Accrued expenses for investment management company fees	878	1,101
Accrued expenses for custodian fees	166	192
Accrued expenses for professional services of auditors	266	206
Accrued expenses for the Bank of Latvia (FCMC until 31.12.2022)	310	358
Other expenses	396	-
Total accrued expenses	<u>2,016</u>	<u>1,767</u>

NOTE 6 OTHER FUND MANAGEMENT EXPENSES FOR THE REPORTING PERIOD

	<u>31.12.2023</u>	<u>31.12.2022</u>
Expenses for professional services of auditors	266	206
Expenses for the Bank of Latvia (FCMC until 31.12.2022)	1,178	375
Expenses for information sources and analytical studies	1,461	-
Other expenses	292	1,241
Total other fund management expenses	<u>3,197</u>	<u>1,822</u>

NOTE 7 REALISED INCREASE/(DECREASE) IN INVESTMENT VALUE

	<u>31.12.2023</u>	<u>31.12.2022</u>
Income for the period from sale of investments*	437,127	117,041
Acquisition value of investments sold during the reporting period	(467,853)	(121,886)
Increase/(decrease) in value of sold investments recognised in previous reporting periods	56,931	(10,807)
Total realised increase/(decrease) in investment value	<u>26,205</u>	<u>(15,652)</u>

*For the reporting period, gains on the sale of investments are recorded at the exchange rate on the date of purchase of the security.

NOTE 8 UNREALISED INCREASE/(DECREASE) IN INVESTMENT VALUE

	<u>31.12.2023</u>	<u>31.12.2022</u>
From share certificates and similar securities of investment funds	108,126	(172,540)
Total unrealised increase/(decrease) in investment value	<u>108,126</u>	<u>(172,540)</u>

NOTE 9 CHANGES IN INVESTMENTS DURING THE REPORTING PERIOD

The table below shows the changes in investments in 2023:

	<u>31.12.2022</u>	<u>Increase during the reporting period</u>	<u>Decrease during the reporting period*</u>	<u>Fair value revaluation result</u>	<u>31.12.2023</u>
Financial assets at fair value through profit or loss					
Share certificates and similar securities of investment funds	1,192,467	250,217	(468,134)	100,771	1,075,321
Total investments	<u>1,192,467</u>	<u>250,217</u>	<u>(468,134)</u>	<u>100,771</u>	<u>1,075,321</u>

*Decrease during the reporting period are accounted for at the exchange rate on the date the investment is sold. This item includes the proceeds from the sale of investments.

The table below shows the changes in investments in 2022:

	<u>31.12.2021</u>	<u>Increase during the reporting period</u>	<u>Decrease during the reporting period*</u>	<u>Fair value revaluation result</u>	<u>31.12.2022</u>
Financial assets at fair value through profit or loss					
Share certificates and similar securities of investment funds	861,100	596,626	(126,052)	(139,207)	1,192,467
Total investments	<u>861,100</u>	<u>596,626</u>	<u>(126,052)</u>	<u>(139,207)</u>	<u>1,192,467</u>

* Decrease during the reporting period is carried at the exchange rate on the date the investment is sold. This item includes gains on sale, redemption of investments.

NOTE 10 PLEDGED ASSETS

During the reporting period, the Fund did not issue any guarantees or sureties or pledge or otherwise encumber any assets.

NOTE 11 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

The management of the investment management company considers that the carrying amounts of financial assets and liabilities are consistent with their fair values. Fair values are determined using market quotes, based on information published by stock exchanges and brokers, and based on daily net asset quotations by fund managers. All financial assets of the Fund qualify as Level 1.

NOTE 12 RISK MANAGEMENT

Investment process risk can be defined as a probability of undesirable outcome that may materialise in each market economy at a given point in time. Risk management is described as risk identification, measurement, and its possible prevention. The investment process may be affected by the exchange rate risk, interest rate risk, price risk, credit risk, liquidity risk and other risks, including operational risk. The Fund's investment strategy is designed to minimise these risks, but the Company cannot guarantee that these risks can be completely avoided in the future.

Risk management framework

Risk identification and measurement is a responsibility of an independent unit - the Risk Management Department of the Company, which develops and presents the information on risk profile to the Fund Manager. The Fund Manager can make certain decisions on the necessity to reduce existing or potential risks.

Risk measurement process employs models that are developed by the company, are based on historical data and are adjusted according to the economic situation. Certain models are also used to predict the financial risk factor changes under both normal and exceptional financial market circumstances. The Manager of Investment Fund follows risk diversification and hedging principles whose objective is to reduce the investment risk that are developed in accordance with the Management Policy. When investing for the account of the Fund, the Fund Manager shall obtain sufficient information on potential or acquired investment targets and shall monitor the financial and economic situation of issuers in whose securities the Fund's assets will be or have been invested. When developing the Fund's investment strategy and setting risk limits, the Company performs an analysis of the Fund's distribution of maturity, geographic location, and types of currency investments by assessing the risk level for each of these factors. The Manager acts in strict compliance with the Prospectus of the Fund, Fund Management Regulations, as well as regulations and restrictions prescribed in laws and regulations of the Republic of Latvia.

Market risk

Market risk is the probability that the Fund's value may decrease when any of the market factors changes, for example, in case of changes in interest rates (interest rate risk), prices of securities (price risk), foreign currency exchange rates (foreign currency risk) or other market risk factors. The assessment of each of these market risk sources is provided below, however, they cannot be fully diversified.

Interest rate risk

The security price risk of fixed-income securities (bonds) depends largely on fluctuations in market interest rates and changes in the credit quality of the issuer. Changes in market interest rates have the most direct impact on the attractiveness of a security as it is, by definition, an alternative source of interest income. If interest rates rise in the market, the prices of fixed income securities fall, and vice versa. On the other hand, a rise (fall) in market interest rates has a positive (negative) impact on coupon rates for floating rate fixed income securities (where the coupon is set as a base rate, e.g., Euribor or Libor, plus an additional margin). After revaluation (the point at which a new interest rate will be applied), the coupon yield on such securities increases (decreases), resulting in an increase (decrease) in interest income.

In the fund selection process, the Fund Manager focuses on the Fund's duration as the main indicator of interest rate risk, based on the forecasts developed for the development of the fixed income market. It is not possible to calculate the Fund's duration precisely because the information on its components is not published at the same time (lag of 3 months or more).

Price volatility risk

For equity securities (shares), price changes depend on two variables: changes in national equity indices (in Latvia, for example, changes in the RIGSE index), and the financial situation of the issuer (its ability to make a profit in the long term), which in turn affects the fluctuations between the demand and supply balance. The former is also often referred to as systematic risk; the latter as specific risk.

Systematic risk is managed based on forecasts of the overall development of the economy in each geographical region and the potential development of the economy in a given sector. Specific risk is managed by a detailed study of the issuer's financial position and profitability as well as other factors affecting the price of the security, mainly based on the issuer's public reports, media coverage, etc. This focuses on both the volatility (deviations) of security prices and their correlations. As a result, it is possible to calculate the total price risk of the securities in the portfolio, considering their historical yields. In the fund selection process, the Fund Manager selects the most appropriate funds that are in line with the Fund's strategy, based on the forecasts developed for the development of individual regions and sectors. It is not possible to calculate accurately the sensitivity of the Fund to changes in individual market indices as the information on their components is not published at the same time (lag of 3 months or more).

The risk of market price volatility was calculated as the standard deviation for the relevant reporting period. The standard deviation of the reference index values of the relevant investment fund category was used for the price volatility risk calculation.

2023	Standard deviation in the reference index	Carrying amount, EUR	Potential negative impact on the current year profit, EUR	Potential positive impact on the current year profit, EUR	% of the Fund's net assets EUR*
Classified as financial assets at fair value through profit or loss					
Including investments in share certificates:					
Equity funds	15.00%	397,663	(59,649)	59,649	5.39%
Bond funds	10.00%	677,658	(67,766)	67,766	6.12%
Total:		1,075,321	(127,415)	127,415	11.51%

*Net carrying amount of equity instrument assets is disclosed as a percentage of the Fund's net assets.

The risk of market price fluctuations was calculated on the standard deviation of the 2022 reporting period. The standard deviation of the reference index values of the relevant investment fund category was used for the price volatility risk calculation.

2022	Standard deviation in the reference index	Carrying amount, EUR	Potential negative impact on the current year profit, EUR	Potential positive impact on the current year profit, EUR	% of the Fund's net assets EUR*
Classified as financial assets at fair value through profit or loss					
Including investments in share certificates:					
Equity funds	25.00%	424,673	(106,168)	106,168	8.58%
Bond funds	20.00%	767,794	(153,559)	153,559	12.41%
Total:		1,192,467	(259,727)	259,727	20.99%

*Net carrying amount of equity instrument assets is disclosed as a percentage of the Fund's net assets.

The following table shows the geographical breakdown of the Fund's assets and liabilities at 31 December 2023 based on the Funds' countries of incorporation:

	Latvia	Other OECD countries	Total
Assets			
Due on demand from credit institutions	34,172	-	34,172
Financial assets at fair value through profit or loss			
Share certificates of investment funds and similar securities	222,612	852,709	1,075,321
Total assets	256,784	852,709	1,109,493
Liabilities			
Accrued expenses	(2,016)	-	(2,016)
Total liabilities	(2,016)	-	(2,016)
Net assets	254,768	852,709	1,107,477

The following table shows the geographical breakdown of the Fund's assets and liabilities at 31 December 2022 based on the Funds' countries of incorporation:

	Latvia	Other OECD countries	Total
Assets			
Due on demand from credit institutions	47,131	-	47,131
Financial assets at fair value through profit or loss			
Share certificates of investment funds and similar securities	244,030	948,437	1,192,467
Total assets	291,161	948,437	1,239,598
Liabilities			
Accrued expenses	(1,767)	-	(1,767)
Total liabilities	(1,767)	-	(1,767)
Net assets	289,394	948,437	1,237,831

The following table shows the breakdown of the Fund's net assets by country:

Country	Carrying amount	% of the Fund's net	Carrying amount	% of the Fund's net
	31.12.2023	assets 31.12.2023	31.12.2022	assets 31.12.2022
Luxembourg	660,870	59.68%	747,252	60.37%
Latvia	254,768	23.00%	289,394	23.38%
Ireland	191,839	17.32%	201,185	16.25%
Total	1,107,477	100.00%	1,237,831	100.00%

Exchange rate risk

The following table shows the breakdown of the Fund's assets and liabilities by currency at 31 December 2023, based on the Funds' major currencies:

	USD	EUR	Total
Assets			
Due on demand from credit institutions	34,172	-	34,172
Financial assets at fair value through profit or loss			
Share certificates of investment funds and similar securities	1,075,321	-	1,075,321
Total assets	1,109,493	-	1,109,493
Liabilities			
Accrued expenses	(1,354)	(662)	(2,016)
Total liabilities	(1,354)	(662)	(2,016)
Net assets	1,108,139	(662)	1,107,477
Net long position	100.06%	(0.06%)	100.00%

The following table shows the breakdown of the Fund's assets and liabilities by currency at 31 December 2022, based on the Funds' major currencies:

	USD	EUR	Total
Assets			
Due on demand from credit institutions	47,131	-	47,131
Financial assets at fair value through profit or loss			
Share certificates of investment funds and similar securities	1,192,467	-	1,192,467
Total assets	1,239,598	-	1,239,598
Liabilities			
Accrued expenses	(1,203)	(564)	(1,767)
Total liabilities	(1,203)	(564)	(1,767)
Net assets	1,238,395	(564)	1,237,831
Net long position	100.05%	(0.05%)	100.00%

The impact of exchange rate changes on the Fund's net asset value is shown in the tables below. Exchange rate movements are the one-year standard deviation (root-mean-square deviation) of the respective exchange rate.

Impact of exchange rate changes (2023)				Impact of exchange rate changes (2022)			
Currency	Share in the Fund (% of net assets)	Exchange rate against USD	Impact on the value of the Fund	Currency	Share in the Fund (% of net assets)	Exchange rate against USD	Impact on the value of the Fund
USD	100.06%	0.00%	0.00%	USD	100.05%	0.00%	0.00%
EUR	(0.06%)	7.54%	0.00%	EUR	(0.05%)	10.06%	(0.01%)
Total	100.00%		0.00%	Total	100.00%		(0.01%)

Credit risk

Credit risk refers to the probability that the value of a Fund may decline if the Fund's counterparty or the issuer of the debt obligations is unable or refuses to meet its obligations. Consequently, only reputable, and reliable counterparties are selected for transactions in the Fund's assets. The Fund Manager regularly monitors the solvency of the Fund's counterparties, researching their credit ratings, financial condition, and media coverage.

The cash balance is kept at SC Citadele bank. On 31 October 2023, the international credit rating agency revised the credit rating of SC Citadele bank to Baa2 with a stable outlook.

Liquidity risk

Liquidity risk may arise if the Fund has difficulties meeting its financial obligations. The Fund Manager maintains an asset structure of the Fund that enables the Fund to sell securities in a timely manner and without material loss.

For liquidity measurement purposes, balances of assets and liabilities are reported according to their remaining maturities.

The following table shows the maturity structure of the Fund's assets and liabilities at 31 December 2023:

	Up to 1 month	1 to 6 months	Indefinite	Total
Assets				
Due on demand from credit institutions	34,172	-	-	34,172
Financial assets at fair value through profit or loss				
Share certificates of investment funds and similar securities	-	-	1,075,321	1,075,321
Total assets	34,172	-	1,075,321	1,109,493
Liabilities				
Accrued expenses	(1,044)	(972)	-	(2,016)
Total liabilities	(1,044)	(972)	-	(2,016)
Net assets	33,128	(972)	1,075,321	1,107,477
Net position %	2.98%	(0.08%)	97.10%	100.00%

The following table shows the maturity structure of the Fund's assets and liabilities at 31 December 2022:

	Up to 1 month	1 to 6 months	Indefinite	Total
Assets				
Due on demand from credit institutions	47,131	-	-	47,131
Financial assets at fair value through profit or loss				
Share certificates of investment funds and similar securities	-	-	1,192,467	1,192,467
Total assets	47,131	-	1,192,467	1,239,598
Liabilities				
Accrued expenses	(1,203)	(564)	-	(1,767)
Total liabilities	(1,203)	(564)	-	(1,767)
Net assets	45,928	(564)	1,192,467	1,237,831
Net position %	3.71%	(0.05%)	96.34%	100.00%

NOTE 13 INFORMATION ON HOLDERS OF SHARE CERTIFICATES OF THE FUND

The following table sets out the number of share certificates held by the Company's related parties and other persons in the total number of issued share certificates:

	% of the total number		% of the total number	
	31.12.2023	31.12.2023	31.12.2022	31.12.2022
Share certificates held by related parties	17,879	16.62%	20,614	15.91%
Share certificates held by other persons	89,666	83.38%	108,989	84.09%
Number of issued share certificates at the end of the reporting period	107,545	100.00%	129,603	100.00%

NOTE 14 RELATED PARTY TRANSACTIONS

Most of the Fund's investments are purchased through a custodian bank. SC Citadele bank also receives a custodian fee, which is shown in the statement of income and expenses, and SC Citadele bank holds the cash of the Fund (see also note 3). During the period under review, related parties transacted in the Fund's units (see Note 12). For the purposes of these financial statements, related parties are: officers of the Company, employees of the Company, as well as other natural persons involved in the provision of management services by the Company and whose activities are controlled by the Company, or natural persons who are first-degree relatives; companies within the Group of SC Citadele bank; during 2023, related parties bought 121 unit and sold 2,856 units. During 2022, related parties bought 2,566 units and sold 1,593 units. The remuneration paid to the investment management company during the period is disclosed in the statement of income and expenses.

During the period under review, the Fund had investments in an investment fund managed by a related investment management company of EUR 222,612. In 2022, these investments amounted to EUR 244,030.

NOTE 15 PERFORMANCE DYNAMICS OF THE INVESTMENT FUND

	31.12.2023	31.12.2022	31.12.2021
Net assets of the Fund (EUR)	1,107,477	1,237,831	1,009,869
Number of share certificates of the Fund	107,545	129,603	93,564
Value of the unit of the Fund	10.30	9.55	10.79
Fund return*	7.85%	(11.49%)	13.70%
Fund net assets (USD)*	1,223,762	1,320,270	1,143,778
Number of share certificates of the Fund	107,545	129,603	93,564
Value of the unit of the Fund	11.38	10.19	12.22
Fund return**	11.68%	(16.61%)	4.98%

* Net asset value in USD determined using end-of-day foreign exchange rates quoted in financial markets.

** Return is calculated assuming there are 365 days in a year.

NOTE 16 EVENTS AFTER THE END OF THE REPORTING PERIOD

No significant events have occurred between the end of the reporting year and today that could have a material impact on the assessment in of the Annual Report for 2023 or on the financial position of the Fund.

Riga,

DATE: AS STATED IN THE TIME STAMP OF THE ELECTRONIC SIGNATURE

CUSTODIAN BANK REPORT

For the period from 1st January 2023 to 31st December 2023

To the holders of "CBL Opportunities Funds" Investment Fund
sub-fund "CBL Optimal Opportunities Fund - USD" Share Certificates

SC "Citadele bank", registered in the Register of Enterprises of the Republic of Latvia on June 30, 2010, with No. 40103303559, registered office: Republikas laukums 2a, Riga, hereby confirms the following:

- in accordance with the custody agreement concluded on 7th April 2017 (hereinafter - the Custody Agreement), SC "Citadele bank" (hereinafter the Custodian) performs custodian's duties for the investment fund "CBL Opportunities Funds" sub-fund "CBL Optimal Opportunities Fund - USD" (hereinafter - the Fund) established by IPAS "CBL Asset Management" (hereinafter - the Company).
- the Custodian performs the functions of the Fund's custodian pursuant to the law "On Investment Management Companies" and other laws and regulations applicable to the Custodian (hereinafter - the Law).

The Custodian is responsible for the performance of obligations set forth for it in the Law and in the Custody Agreement. The main duties of the Custodian include:

- holding the Fund's assets in accordance with the Law and the Custody Agreement;
- ensuring the maintenance of the Fund's accounts, receiving and executing the Company's orders, as well as settlement of the orders according to requirements of the Law and the Custody Agreement;
- ensuring that the value of Fund's net assets and Fund Share Certificates is estimated in accordance with requirements of the Law, Regulations of Financial and Capital Market Commission, Fund prospectus and the Fund Management Rules;
- ensuring that issue, sale or repurchase of the Fund Share Certificates is affected in compliance with requirements of the Law, Fund's prospectus, and the Fund Management Rules.
- ensuring that Fund income is allocated in accordance with the Law, the Fund prospectus, and the Fund Management Rules.

During the period from January 1st, 2023, to December 31st, 2023, according to the information provided to the Custodian by the Company:

- Issue, sale and repurchase of the Fund Share Certificates were affected in compliance with requirements of the Law, Fund prospectus and the Fund Management Rules;
- Fund assets were held in accordance with requirements of the Law and the Custody Agreement;
- the value of Fund's net assets was assessed in accordance with requirements of the Law, Regulations of Financial and Capital Market Commission, Fund prospectus and the Fund Management Rules;
- the Company's orders, as well as transactions executed with the Fund's assets were performed in accordance with the Law, Fund prospectus, the Fund Management Rules, and the Custody Agreement.

Chairman of the Management Board

Johan Åkerblom

THIS DOCUMENT IS SIGNED ELETRONICALLY WITH SECURE ELECTRONIC SIGNATURE AND CONTAINS TIME STAMP



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Independent Auditors' Report

To the shareholders of investment fund “CBL Opportunities Funds” Sub-fund “CBL Optimal Opportunities Fund – USD”

Report on the audit of financial statements

Our opinion on the financial statements

We have audited the financial statements of investment fund ‘CBL Opportunities Funds’ Sub-fund ‘CBL Optimal Opportunities Fund - USD’ (“the Fund”) managed by IPAS ‘CBL Asset Management’ (“the Asset Manager”) as set out on pages 8 to 22 of the accompanying Annual Report. The accompanying financial statements include:

- Overview of assets and liabilities as at 31 December 2023,
- Report on income and expenses for the year then ended,
- Statement of changes to net assets for the year then ended,
- Statement of cash flows for the year then ended, and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of investment fund “CBL Opportunities Funds’ Sub-fund ‘CBL Optimal Opportunities Fund - USD’ as at 31 December 2023, and of its financial performance and changes in net assets and cash flows for the year then ended in accordance with IFRS Accounting Standards as adopted by the European Union.

Basis for Opinion

In accordance with the ‘Law on Audit Services’ of the Republic of Latvia we conducted our audit in accordance with International Standards on Auditing (hereinafter – ISAs) adopted in the Republic of Latvia. Our responsibilities under those standards are further described in the *Auditors’ Responsibility for the Audit of the Financial Statements* section of our report.

We are independent of the Fund and the Fund Manager in accordance with the Code of Ethics for Professional Accountants (IESBA Code) by the International Ethics Standards Board for Accountants and the independence requirements included in the ‘Law on Audit Services’ of the Republic of Latvia that are relevant to our audit of the financial statements in the Republic of Latvia. We have also fulfilled our other professional ethics responsibilities and objectivity requirements in accordance with the IESBA Code and the ‘Law on Audit Services’ of the Republic of Latvia.

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

Reporting on Other Information

The management of the Asset Manager is responsible for the other information. The other information comprises:



- Information about the investment fund, as set out on page 3 of the accompanying Annual Report,
- Investment Management Companies Report, as set out on pages 4 and 5 of the accompanying Annual Report.
- Report on the implementation of the engagement policy, presented on page 6 of the accompanying Annual Report
- Statement of responsibility of the board of the Asset Manager, as set out on page 7 of the accompanying Annual Report.
- Custodian Bank Report, as set out on page 23 of the accompanying Annual Report.

Our opinion on the financial statements does not cover the other information included in the Annual Report, and we do not express any form of assurance conclusion thereon, except as described in the *Other Reporting Responsibilities in Accordance with the Legislation of the Republic of Latvia related to Other Information* section of our report.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed and in light of the knowledge and understanding of the Fund Manager and Fund and its environment obtained in the course of our audit, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Other Reporting Responsibilities in Accordance with the Legislation of the Republic of Latvia Related to Other Information

In addition, in accordance with the 'Law on Audit Services' of the Republic of Latvia, our responsibility is to express an opinion on whether the Asset Manager's Report is prepared in accordance with the requirements of Regulation No. 181 'Regulation on the preparation of annual reports, consolidated annual reports and interim reports of an investment fund and open alternative investment fund' issued by the Financial and Capital Market Commission ("Regulation No. 181").

Based solely on the work required to be undertaken in the course of our audit, in our opinion:

- the information presented in the Asset Manager's Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Asset Manager's Report has been prepared in accordance with the requirements of Regulation No. 181 of the Financial and Capital Market Commission of the Republic of Latvia.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of the financial statements that give a true and fair view in accordance with IFRS Accounting 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.



In preparing the financial statements, the management of the Fund Manager is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Fund Manager management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditors' Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the audit 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 Asset Manager's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Fund Manager to cease Fund to continue as a going concern;
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a fair presentation.

We communicate with those charged with governance of the Fund and the Asset Manager regarding, among other matters, the planned scope and timing of the audit and significant



audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG Baltics SIA

Licence No. 55

Rainers Vilāns
KPMG Baltics SIA
Sworn auditor
Certificate No. 200
Riga, Latvia
26 April 2024

This report is an English translation of the original Latvian. In the event of discrepancies between the two reports, the Latvian version prevails