



ABLV

BANKING / INVESTMENTS \ ADVISORY

Open-end investment fund  
ABLV Global Stock Index Fund

Subfund  
ABLV Global USD Stock Index Fund

Annual report  
for 2016

and the independent auditor's report

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## General information on the investment fund

|  |  |
|--|--|
| Name of the fund:  | ABLV Global Stock Index Fund   |
| Category of the fund:  | Open-end investment fund with subfunds   |
| Name of the subfund:   | ABLV Global USD Stock Index Fund   |
| Type of the fund:  | Stock fund   |
| Registration date:   | 23 March 2007  |
| Registration number of the fund:   | 06.03.05.263/33  |
| Name of the investment management company:                                   | ABLV Asset Management, IPAS  |
| Registered office:   | 23 Elizabetes street, Riga, LV-1010, Latvia  |
| Registration number of the investment management company:                    | 40003814724  |
| License number of the investment management company:                         | 06.03.07.263/315   |
| Licence issued:  | 4 August 2006, re-registered on 3 June 2011  |
| Name of the custodian bank:  | ABLV Bank, AS  |
| Registered address of the custodian bank:                                    | 23 Elizabetes street, Riga, LV-1010, Latvia  |
| Registration number of the custodian bank:                                   | 50003149401  |
| Names and positions of council members, board members, and the fund manager: | <p>Council of the Joint Stock Investment Management Company:</p> <p>Chairman of the Council - Ernests Bernis<br/>Deputy Chairman of the Council - Māris Kannenieks<br/>Council Member - Vadims Reinfelds</p> <p>Board of the Joint Stock Investment Management Company:</p> <p>Chairman of the Board - Leonīds Kiļs<br/>Deputy Chairman of the Board - Jevgenijs Gžibovskis<br/>Board Member - Sergejs Gačenko</p> <p>Fund manager – Andrejs Pijka</p> |
| Duties of the fund manager:  | The fund manager operates with the fund's assets 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 a single investment management company.  |

## Investment management company report

The open-end investment fund ABLV Global Stock Index Fund was registered on 23 March 2007, and on 11 July 2007 it was reorganized into a fund with two subfunds – the ones in USD and in EUR. The subfund ABLV Global USD Stock Index Fund is a stock fund. The investment currency of the fund is USD. In June 2013, the name of the subfund was changed from ABLV Global USD ETF Fund to ABLV Global USD Stock Index Fund (hereinafter - the subfund).

ABLV Asset Management, IPAS (hereinafter - 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. 06.03.07.263/315, and it is located in Riga, at 23 Elizabetes Street.

The subfund's investment objective is the achievement of the long-term capital growth. To achieve this objective, the subfund's assets are invested in the ETF securities that replicate the index structure of the stocks of commercial companies of developed countries and emerging countries which are traded on regulated markets.

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

During the reporting period subfund's net assets decreased from USD 10,385,298 (EUR 9,539,173) to USD 6,725,993 (EUR 6,380,793), the subfund's total assets decreased from USD 10,403,592 (EUR 9,555,977) to USD 6,738,057 (EUR 6,392,237); the decrease was caused both by drop of the value of subfund's certificate and by that the investors of the subfund sold their subfund certificates. At the beginning of the reporting period seeing a sharp drop in prices on global stock markets, the share of monetary assets was increased, yet later by the end of the year it was lowered gradually.

During the reporting period, the following costs were covered from the subfund's assets: management fee – EUR 119,522, custody fee – EUR 19,920, and other expenses – EUR 1,983. In the reporting period, the subfund's total expense ratio equalled 1.77% of the subfund's average net asset value, which is comparable to the corresponding indicator in the previous reporting period.

In the reporting period the value of the subfund's certificate decreased from USD 10.81 (EUR 9.93) to USD 10.25 (EUR 9.72), demonstrating negative annual return equalled -5.24%.

2016 has been a rather tough year for the global financial markets. High volatility was prevailing on the global stock market throughout the year. Almost all major stock exchanges started the year with a massive downside caused by sharp drop of stock prices on Chinese equity market. Chinese macroeconomic data released on the first days of the year brought a negative surprise to the investors causing worries about worsening of economic situation in the country. Just within 2.5 weeks equity markets experienced loss – from 11% in the USA to 15% in Japan. Along with the price drops on stock markets, correction continued on commodities market as well, and resulted in oil price reaching multi-year minimum in January.

Promises of the central banks of leading countries to take additional actions for economy stimulations upon necessity managed to stop the market correction. These promises resulted into actions. Japan's Central Bank decreased the base interest rate to the negative value and gave additional hope to the investors regarding further strengthening the stimulation measures of economy and financial markets. European Central Bank lowered the refinancing rate and deposit rate, announcing the extension of quantitative easing programme. While US Federal Reserve System having increased base interest rate in December 2015 was for a good while restraining from any further changes in its monetary policy (increasing the interest rate only in December 2016). The activity of the Central Banks made the markets feel their support and global stocks started recovering from the losses faced at the beginning of the year.

Yet the peace was prevailing on the stock markets not too long. In June, the whole world held its breath waiting for one of the biggest events of the year – UK's referendum on leaving the European Union. Before the fateful day the probability that EU composition would change was not considered serious – bookmakers were predicting only 20–25% probability of that UK would leave the Union. Yet in contradiction with the predictions of experts, UK voted for its future development beyond the EU causing another panic on the financial markets. On the day after the referendum results were announced, British pound exchange rate against US dollar dropped by 8% (reaching 30-years minimum). Government bond prices experienced sharp growth, German 10-year bond yield dropped to negative. The drop of European stock indexes exceeded 10% in two days, prices on raw materials market shrunk, while gold price grew. The panic was not long. Just in a few weeks, the market started recovering from it. Buyers quickly returned to the market, and even though Brexit brought a lot of confusion to the political and economic field, yet it was clear soon that the procedure of leaving is going to be a long story and all governments are interested in diminishing the shock created by this event.

By the end of the year, the destiny had another surprise for the investors. Again, contrary to all predictions, Donald Trump won US presidential elections despite that his chances were considered much lower than Hillary Clinton's. Once again, the investors panicked not even waiting for the outcome of the elections. Yet the panic was even shorter than the one experienced after Brexit. Investors shifted focus to the promises of the new president to revive the economy and rushed to buy stock, which got cheaper for a short while. As a result, the US leading market index S&P 500 demonstrated 8.5% growth per annum. In the shadow of Brexit, European stock market was a little weaker, and the key European stock market indexes remained flat. Surprisingly, taking into consideration the turbulent climate that prevailed throughout the year, emerging

markets seemed to be a safe haven. Within the year, MSCI EM grew by 9%. Only the US presidential elections created some pressure on the emerging markets, since the investors were cautious about the victory of Donald Trump, who was promising worsening of trading relationships between the developing countries (especially Mexico) and the USA. Seems like in 2016 the investors started paying more attention to the fundamental factors as they were buying emerging markets' stocks that were strongly falling behind other leading stock markets for the last few years.

It is anticipated that in 2017 value of the assets of the subfund might increase taking into account that the investors of the subfund – both existing and prospective ones – will appreciate the investment policy of the subfund and will invest monetary assets into the subfund (accordingly increasing the number of certificates of the subfund). Additionally, the value growth of assets of the subfund may be prompted by the expected increase in the value of subfund's certificate.

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 clients and prospective investors of ABLV Asset Management, IPAS, detailed monthly analysis of macroeconomic situation prepared by our chief analyst, as well as monthly comment of the subfund manager and overview of the market situation, subfund's performance, and actions taken by the subfund manager, are published at ABLV Bank, AS website [www.ablv.com](http://www.ablv.com).

To ensure diversification and minimize risks, the company constantly pays great attention to risk management. The Investment Strategy Committee is established at the company, 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.

Management of ABLV Asset Management, IPAS expresses gratitude to our clients for their loyalty and successful cooperation.

Between the last day of the reporting period and the day of approving the report there were no significant events that would have substantial impact on the performance of the fund during the reporting period.

ABLV Asset Management, IPAS  
Chairman of the Board

**Leonīds Kiļs**



ABLV Asset Management, IPAS  
Fund Manager

**Andrejs Piļka**



Rīga, 20 April 2017

## Statement of responsibility of the Board of the investment management company

The board of the investment management company is responsible for the preparation of the financial statements of ABLV Global USD Stock Index Fund, the subfund of the open-end investment fund ABLV Global Stock Index Fund.

The financial statements set out on pages 8 to 27 are prepared in accordance with the source documents and present fairly the financial position of the subfund as of 31 December 2016 and 31 December 2015, and the results of its operations for the years ended 31 December 2016 and 31 December 2015.

The above financial statements were prepared according to the laws of the Republic of Latvia and '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, according to International Financial Reporting Standards as adopted by the European Union on a going concern basis. Appropriate accounting methods have been consistently applied in the reporting period. During the preparation of financial statements the Management has made prudent and reasonable judgements and estimates.

The Board of the investment management company is responsible for the maintenance of proper accounting records, the safeguarding of the subfund's assets, and the prevention and detection of fraud and other irregularities in the fund. The Board is also responsible for operating in compliance with the Latvian Law on Investment Management Companies, regulations of the Financial and Capital Market Commission (FCMC) and other laws and regulations of the Republic of Latvia.

ABLV Asset Management, IPAS  
Chairman of the Board

**Leonīds Kijs**

Riga, 20 April 2017



## Custodian bank's report

To the investors of ABLV Global USD Stock Index Fund, the subfund of the open-end investment fund ABLV Global Stock Index Fund

ABLV Bank, AS, registered with the Enterprise Register of the Republic of Latvia on 17 September 1993 under No 50003149401, located in Riga, 23 Elizabetes Street, hereby confirms and attests that:

According to the Law on Investment Management Companies, FCMC regulations, other requirements of the laws of the Republic of Latvia, and the Custodian Bank Agreement signed on 2 March 2007, ABLV Bank, AS (hereinafter – the custodian bank) acts as the custodian bank for the subfund ABLV Global USD Stock Index Fund established by ABLV Asset Management, IPAS.

The custodian bank is responsible for compliance with the requirements of the laws of the Republic of Latvia 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 subfund's property held in the account according to the conditions of the Custodian Bank Agreement;
- to service the subfund's account and execute the orders given by the company in respect of the subfund's property held in the account according to the Custodian Bank Agreement;
- to control that the subfund'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 assigned to the 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 subfund'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 subfund's Prospectus, and the Fund Management Regulations.

The company's orders and transactions involving the property of the subfund of the open-end investment fund ABLV Global Stock Index Fund, ABLV Global USD Stock Index, comply 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 subfund's property.

Custodian bank ABLV Bank, AS  
Chairman of the Board

**Ernests Bernis**



Riga, 20 April 2017

# Statement of assets and liabilities

EUR

| <b>Assets</b>   | Notes | 31.12.2016.      | 31.12.2015.      |
|---|-------|------------------|------------------|
| Demand deposits with credit institutions              | 4     | 1,134,245        | 206,668          |
| Financial assets at fair value through profit or loss | 5     | 5,257,992        | 9,349,309        |
| Shares and other non-fixed income securities          |       | 5,257,992        | 9,349,309        |
| <b>Total assets</b>                                   |       | <b>6,392,237</b> | <b>9,555,977</b> |
| <b>Liabilities</b>                                    |       |                  |                  |
| Accrued expense                                       | 6     | (11,444)         | (16,804)         |
| <b>Total liabilities</b>                              |       | <b>(11,444)</b>  | <b>(16,804)</b>  |
| <b>Net assets</b>                                     |       | <b>6,380,793</b> | <b>9,539,173</b> |

ABLV Asset Management, IPAS  
Chairman of the Board

**Leonīds Kijs**

Rīga, 20 April 2017

ABLV Asset Management, IPAS  
Fund Manager

**Andrejs Pijka**



## Statement of income and expense

|  |       | EUR                         |                             |
|--|-------|-----------------------------|-----------------------------|
|  | Notes | 01.01.2016.-<br>31.12.2016. | 01.01.2015.-<br>31.12.2015. |
| <b>Income</b>  |       |                             |                             |
| Dividends  |       | 131,431                     | 267,587                     |
| <b>Total</b>   |       | <b>131,431</b>              | <b>267,587</b>              |
| <b>Expense</b>   |       |                             |                             |
| Remuneration to investment management company            |       | (119,522)                   | (163,482)                   |
| Remuneration to custodian bank                           |       | (19,920)                    | (26,483)                    |
| Other fund management expense                            |       | (1,857)                     | (2,258)                     |
| Other expense  |       | (126)                       | (233)                       |
| <b>Total</b>   |       | <b>(141,425)</b>            | <b>(192,456)</b>            |
| <b>Increase/(decrease) in investment value</b>           |       |                             |                             |
| Realised (decrease) in investment value                  | 7     | (842,664)                   | (427,049)                   |
| Unrealised increase in investment value                  | 8     | 518,374                     | 894,121                     |
| <b>Total (decrease)/increase in investment value</b>     |       | <b>(324,290)</b>            | <b>467,072</b>              |
| Taxes and duties   |       | (30,080)                    | (65,448)                    |
| <b>(Decrease)/increase in net assets from investment</b> |       | <b>(364,364)</b>            | <b>476,755</b>              |

ABLV Asset Management, IPAS  
Chairman of the Board

**Leonīds Kijs**

Rīga, 20 April 2017

ABLV Asset Management, IPAS  
Fund Manager

**Andrejs Pijka**

## Statement of changes in net assets

| Item   | EUR                         |                             |
|--|-----------------------------|-----------------------------|
|  | 01.01.2016.-<br>31.12.2016. | 01.01.2015.-<br>31.12.2015. |
| <b>Net assets at the beginning of the year</b>                     | <b>9,539,173</b>            | <b>10,241,724</b>           |
| (Decrease)/ increase in net assets from investment                 | (364,364)                   | 476,755                     |
| Transactions with investment certificates                          |                             |                             |
| Inflow from sale of investment certificates                        | 116,952                     | 591,315                     |
| Outflow from redemption of investment certificates                 | (2,910,968)                 | (1,770,621)                 |
| <b>Total result of transactions with investment certificates</b>   | <b>(2,794,016)</b>          | <b>(1,179,306)</b>          |
| <b>(Decrease) in net assets for the year</b>                       | <b>(3,158,380)</b>          | <b>(702,551)</b>            |
| <b>Net assets at the end of the year</b>                           | <b>6,380,793</b>            | <b>9,539,173</b>            |
| Issued investment certificates at the beginning of the year        |                             |                             |
|  | 960,314                     | 1,071,861                   |
| Issued investment certificates at the end of the year              |                             |                             |
|  | 656,335                     | 960,314                     |
| Net assets per investment certificate at the beginning of the year |                             |                             |
|  | 9.93                        | 9.56                        |
| Net assets per investment certificate at the end of the year       |                             |                             |
|  | 9.72                        | 9.93                        |

ABLV Asset Management, IPAS  
Chairman of the Board

**Leonīds Kijs**

Rīga, 20 April 2017

ABLV Asset Management, IPAS  
Fund Manager

**Andrejs Piļka**

## Statement of cash flows

EUR

| Item  | Pielikums | 01.01.2016.-<br>31.12.2016. | 01.01.2015.-<br>31.12.2015. |
|---|-----------|-----------------------------|-----------------------------|
| Dividends received  |           | 131,431                     | 267,587                     |
| Investment management expense   |           | (146,785)                   | (198,306)                   |
| Acquisition of financial assets   | 9         | (4,672,859)                 | (8,335,635)                 |
| Disposal of financial assets  |           | 8,358,235                   | 6,893,862                   |
| Taxes and duties  |           | (30,080)                    | (65,448)                    |
| <b>Increase/(decrease) in cash and cash equivalents from operating activities</b> |           | <b>3,639,942</b>            | <b>(1,437,940)</b>          |
| Inflow from sale of investment certificates                                       |           | 116,952                     | 591,315                     |
| Outflow from redemption of investment certificates                                |           | (2,910,968)                 | (1,770,621)                 |
| <b>(Decrease) in cash and cash equivalents from financing activities</b>          |           | <b>(2,794,016)</b>          | <b>(1,179,306)</b>          |
| <b>Increase/(decrease) in cash and cash equivalents for the year</b>              |           | <b>845,926</b>              | <b>(2,617,246)</b>          |
| <b>Cash and cash equivalents at the beginning of the year</b>                     |           | <b>206,668</b>              | <b>2,614,770</b>            |
| Net foreign exchange difference   |           | 81,651                      | 209,144                     |
| <b>Cash and cash equivalents at the end of the year</b>                           |           | <b>1,134,245</b>            | <b>206,668</b>              |

ABLV Asset Management, IPAS  
Chairman of the Board

**Leonīds Kijs**

Riga, 20 April 2017

ABLV Asset Management, IPAS  
Fund Manager

**Andrejs Piļka**

## Notes to the financial statements

### 1. Note

#### General information

The subfund of the open-end investment fund ABLV Global Stock Index Fund, ABLV Global USD Stock Index Fund (hereinafter - the subfund) is a stock fund registered on 23 March 2007. The registered office of the investment management company is 23 Elizabetes Street, Riga, LV-1010, Latvia.

The subfund's business activity is making diversified investments in ETF securities, which replicate the index structure of corporations of various economic industries traded on regulated markets of developing countries.

The following abbreviations are used in the notes to these financial statements: International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), International Financial Reporting Interpretations Committee (IFRIC), Financial and Capital Market Commission of the Republic of Latvia (FCMC), European Monetary Union (EMU), European Union (EU), Organisation for Economic Cooperation and Development (OECD), the Republic of Latvia (LR), ABLV Asset Management, IPAS (the company), ETF (exchange traded funds).

### 2. Note

#### Information on principal accounting policies

##### Basis of preparation

These financial statements are based on accounting records kept according to law and are prepared in conformity with International Financial Reporting Standards as adopted by the European Union and their interpretations, as well as FCMC regulations that are in force at the end of the reporting period, on a going concern basis.

The financial statements were prepared on the historical cost basis, except for the financial assets carried at fair value.

The financial statements for the period from 1 January 2016 to 31 December 2016 were prepared on the basis of accounting policies consistent with those disclosed in the prior-year financial statements, except for the changes in IFRS that entered into effect during the reporting period.

The functional currency of the subfund is USD. The presentation currency of the financial statements of the subfund is EUR.

Information given herein in brackets represents comparative figures for the year ended 31 December 2015 unless stated differently.

##### Significant 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 may impact assumptions that were used as the basis for estimates. Such estimates and assumptions are based on most reliable information available to the management in respect of specific events and actions. The effect of any changes in estimates is recorded in the financial statements when determinable.

The significant areas of estimation uncertainty and assumptions relate to determining the fair value of financial assets.

##### Recognition, subsequent measurement 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 subfund; or an agreement which is derived and will or may be settled in a manner 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 subfund; or an agreement that is derived and will or may be settled in a manner 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 accompanying notes on pages 12 to 27 form an integral part of these financial statements.

Financial assets or financial liabilities are recognised by the fund on the statement of assets and liabilities when, and only when, the subfund becomes a party to the contractual provisions of the instrument.

Financial assets at fair value through profit or loss are debt securities with fixed income, shares and other non-fixed income securities held-for-trading, i.e. securities acquired for generating a profit from fluctuations in price in the short term.

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 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. The effective interest rate is a method of calculating the amortized cost of a financial asset or liability, which is based on the recognition of interest income and expenses over a specific period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument.

An impairment allowance is established when there is objective evidence that the subfund 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.

A financial asset is derecognised only when the contractual rights to receive cash flows from the asset have expired, or the subfund 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 recorded on the settlement date. The acquisition value of sold securities is determined on a weighted average cost basis.

#### Fair Value of Financial Assets and Liabilities

Fair value of the financial assets and liabilities represents the amount that would be received when the asset is sold or paid to for settlement of a liability in an orderly transaction between knowledgeable and willing market participants that are not financially related. 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 several valuation models, including discounted cash flow analysis, recent transactions that are substantially the same, as well as management estimates and assumptions. The comparison of carrying amounts and fair values of the subfund's financial assets and liabilities is presented in Note 15.

#### Revenue and Expense Recognition

All income and expense are recognised on an accrual basis.

Dividend income is recognized 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 recognised in the statement of income and expense during the term of the transaction, or deferred and recognised only either 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. Any changes in the fair value are recognised in the statement of income and expense without adjustments by the deferred 'Day 1' profit or loss.

#### Foreign Currency Translation

The subfund's functional currency is USD but as required by the FCMC the subfund ensures accounting also in EUR. These financial statements are prepared based on transaction accounting in EUR.

The assets and liabilities denominated in foreign currencies have been revaluated into EUR at the exchange rate set by the ECB on the last day of the financial year. Profit or loss resulting from changes in exchange rates has been disclosed in the statement of income and expense as an unrealised change in the value of the investment. Income and expenses in foreign currencies were revalued into EUR at the exchange rate set by the ECB at the date of recognition of the respective items.

## Cash and Cash Equivalents

Cash and cash equivalents comprise subfund's demand deposits with credit institutions and term deposits with credit institutions with original contractual maturities of three months or less. Cash and cash equivalents are highly liquid assets that are readily convertible to known amounts of cash and that are subject to an insignificant risk of change in value.

## Taxes

Income earned by the holders of the subfund's certificates is subject to income taxes in the country of its origin. The subfund's income is exempt from income taxes. The subfund is not a Latvian corporate income tax payer, and upon redemption of the subfund's investment certificates, no income taxes are charged on increases in value.

## Subsequent events

These financial statements reflect subsequent events that are likely to impact the financial position of the subfund at the end of the reporting period (adjusting events). If the nature of the subsequent events is other than adjusting, they are disclosed in the notes to the financial statements only if they are significant.

## Adoption of new and/ or changed IFRSs and IFRIC interpretations in the reporting year

The subfund has adopted the following new standards and amendments to standards, including any consequential amendments to other standards, with the date of initial application of 1 January 2015.

The application of new standards and amendments did not have any impact on these financial statements:

- IFRIC 21 guidance on a levy imposed by government
- Annual Improvements to IFRSs

## Adoption of new and/ or changed IFRSs and IFRIC interpretations in the reporting year

The subfund has adopted the following new standards and amendments to standards, including any consequential amendments to other standards, with the date of initial application of 1 January 2016.

The application of new standards and amendments did not have any impact on these financial statements:

- IFRS 11- Accounting for Acquisitions of Interests in Joint Operations
- IAS 1 – Presentation of Financial Statements
- IAS 16 – Property, Plant and Equipment and IAS 38 – Intangible Assets
- IAS 19 – Defined Benefit Plans: Employee Contributions
- IAS 27 – Separate Financial Statements
- Annual Improvements to IFRSs

## Standards issued but not yet effective and not early adopted

Standards that are issued, but not yet effective or not endorsed by the EU, and which are not applied prior to their official date of validity.

The subfund has not applied the following IFRS and amendments to IFRIC interpretations that have been issued to the date of authorisation of these financial statements for issue, but which are not yet effective:

- IFRS 9 – Financial Instruments (effective for annual periods beginning on or after 1 January 2018. Earlier application is permitted.)

This Standard replaces IAS 39, Financial Instruments: Recognition and Measurement, except that it is still permitted to apply hedge accounting according to IAS 39 and entities have an accounting policy choice between IFRS 9 and IAS 39.

Although the permissible measurement bases for financial assets – amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit and loss (FVTPL) – are similar to IAS 39, the criteria for classification into the appropriate measurement category are significantly different.

A financial asset measured at amortized cost if the following two conditions are met:

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and,
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding.

In addition, for a non-trading equity instrument, an entity may elect to present irrevocably subsequent changes in fair value (including foreign exchange gains and losses) in OCI. These are not reclassified to profit or loss under any circumstances.

For debt instruments measured at FVOCI, interest revenue, expected credit losses and foreign exchange gains and losses are recognised in profit or loss in the same manner as for amortised cost assets. Other gains and losses are recognised in OCI and are reclassified to profit or loss on derecognition.

The impairment model in IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' model, which means that a loss event will no longer need to occur before an impairment allowance is recognised.

IFRS 9 includes a new general hedge accounting model, which aligns hedge accounting more closely with risk management. The types of hedging relationships – fair value, cash flow and foreign operation net investment – remain unchanged, but additional judgment will be required.

The standard contains new requirements to achieve, continue and discontinue hedge accounting and allows additional exposures to be designated as hedged items.

Extensive additional disclosures regarding risk management and hedging activities will be required.

The subfund does not expect IFRS 9 to have material impact on the financial statements. Due to the nature of the subfund's operations and the types of financial instruments it holds, the classification and measurement of the subfund's financial assets is not expected to change significantly under IFRS 9. The subfund believes that impairment losses could increase as losses are expected to become more volatile for assets that qualify for the ECL model. The subfund has not yet completed the development of impairment methodology in accordance with IFRS 9.

- IFRS 15 – Revenue from Contracts with Customers (effective for annual periods beginning on or after 1 January 2018. Earlier application is permitted).
- IFRS 16 Leases – (Effective for annual periods beginning on or after 1 January 2019. Earlier application is permitted if the entity also applies IFRS 15).
- Amendments to IFRS 2: Classification and Measurement of Share-based Payment Transactions (Effective for annual periods beginning on or after 1 January 2018; to be applied prospectively. Earlier application is permitted).
- Amendments to IFRS 10 and IAS 28 Sale or contribution of assets between an investor and its associate or joint venture (The effective date has not yet been determined by the IASB, however earlier adoption is permitted).
- Amendments to IAS 7 (Effective for annual periods beginning on or after 1 January 2017, to be applied prospectively. Earlier application is permitted).
- Amendments to IAS 12: Recognition of Deferred Tax Assets for Unrealised Losses (Effective for annual periods beginning on or after 1 January 2018; to be applied prospectively. Earlier application is permitted).
- Amendments to IAS 40 Transfers of Investment Property (Effective for annual periods beginning on or after 1 January 2018; to be applied prospectively).
- IFRIC 22 Foreign Currency Transactions and Advance Consideration (Effective for annual periods beginning on or after 1 January 2018).

It is not expected that these IFRS and IFRIC amendments will affect subfund's financial statements.

#### Annual improvements to IFRSs

Annual improvements to IFRSs 2014-2016 cycle were issued on 8 December 2016 and introduce two amendments to two standards and consequential amendments to other standards and interpretations that result in accounting changes for presentation, recognition or measurement purposes. The amendments on IFRS 12 Disclosure of Interest in Other Entities are effective for annual periods beginning on or after 1 January 2017 and amendments on IAS 28 Investments in Associates and Joint Ventures are effective for annual periods beginning on or after 1 January 2018; to be applied retrospectively. None of these amendments are expected to have a significant impact on the financial statements of the subfund.

### 3. Note

#### Risk management

Risks are inherent in the investment process and risk management is one of the subfund's strategic values, which is based on the confidence that efficient risk management is critical for the success of the subfund. Risk management enables the subfund to maintain exposures on par with its risk appetite and capacity to undertake risks.

The key investment risks are market risk, price risk, liquidity risk, currency risk, credit risk, legal risk, information risk, foreign investment risk, and other business-related risks. Given that the company makes investments only in the subfund's base currency (USD), the exposure to currency risk can be considered insignificant.

Risk management stands for identification, assessment and control of potential risks.

The company acts in strict compliance with the provisions and restrictions of the fund prospectus, agreements, and legislation of the Republic of Latvia, as well as assesses the compliance of the investments made on an ongoing basis.

Investment risks are minimised by managing the subfund in line with the principle of risk diversification and hedging. 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 spite of the fact that the company makes investments only in the subfund's base currency, currency risk should also be considered. Investments in ETF instruments denominated in the subfund's base currency with underlying assets made of investments in the markets of countries whose currency is other than the subfund's base currency are exposed to currency risk. This risk is mitigated based on the principle of diversification of investments and by making investments in ETF instruments that use derivatives to hedge currency risk. The subfund may invest in derivatives only for hedging purposes.

The subfund's investment strategy seeks to reduce the above risks to the extent possible; however, the company cannot guarantee that these risks can be completely avoided in the future.

Credit risk and financial risks are further presented in Notes 10 and 11.

#### 4. Note

##### Demand deposits with credit institutions

|   | 31.12.2016.      |                                     | 31.12.2015.     |                                     |
|---|------------------|-------------------------------------|-----------------|-------------------------------------|
|   | Carrying amount  | Carrying amount to subfund's assets | Carrying amount | Carrying amount to subfund's assets |
|   | EUR              | %                                   | EUR             | %                                   |
| <b>Demand deposits with credit institutions</b>       |                  |                                     |                 |                                     |
| Demand deposits with ABLV Bank, AS                    | 1,134,245        | 17.74                               | 206,668         | 2.16                                |
| <b>Total demand deposits with credit institutions</b> | <b>1,134,245</b> | <b>17.74</b>                        | <b>206,668</b>  | <b>2.16</b>                         |

As of 31 December 2016 and 31 December 2015, demand deposits with credit institutions were neither past due nor impaired.

#### 5. Note

##### Financial assets at fair value through profit or loss

All shares and other non-fixed income securities are classified as financial assets at fair value through profit or loss. All securities are quoted and traded on a regulated market (on an exchange).

Traded shares and other non-fixed income securities on regulated markets by region:

| Region             | 31.12.2016.      |                                     | 31.12.2015.      |                                     |
|--------------------|------------------|-------------------------------------|------------------|-------------------------------------|
|                    | Carrying amount  | Carrying amount to subfund's assets | Carrying amount  | Carrying amount to subfund's assets |
|                    | EUR              | %                                   | EUR              | %                                   |
| OECD countries     | 2,325,441        | 36.38                               | 4,865,264        | 50.92                               |
| EMU countries      | 1,611,199        | 25.21                               | 2,793,249        | 29.23                               |
| Other countries    | 1,162,492        | 18.19                               | 1,457,206        | 15.25                               |
| Other EU countries | 158,860          | 2.48                                | 233,590          | 2.44                                |
| <b>Total</b>       | <b>5,257,992</b> | <b>82.26</b>                        | <b>9,349,309</b> | <b>97.84</b>                        |



Shares and other non-fixed income securities traded on regulated markets by country profile and issuers as of 31 December 2016:

| Issuer  | ISIN code    | Amount        | Acquisition value<br>EUR | Carrying amount<br>EUR | Carrying amount<br>to fund's assets<br>(%) |
|---|--------------|---------------|--------------------------|------------------------|--|
| <b>United States of America</b>               |              | <b>22,505</b> | <b>1,670,693</b>         | <b>1,745,934</b>       | <b>27.31</b>                               |
| AAJ - ISHARES MSCI ASIA EX-JAPAN              | US4642881829 | 10            | 602                      | 544                    | 0.01                                       |
| ACWI - ISHARES MSCI ACWI ETF                  | US4642882579 | 2,852         | 160,158                  | 160,023                | 2.50                                       |
| EEM - ISHARES MSCI EMERGING MARKETSINDEX FUND | US4642872349 | 28            | 952                      | 933                    | 0.01                                       |
| EWJ - ISHARES MSCI HONG KONG INDEXFUND        | US4642868719 | 2             | 36                       | 35                     | 0.00                                       |
| FXI - ISHARES FTSE/XINHUA CHINA 25INDEX FUND  | US4642871846 | 2             | 70                       | 64                     | 0.00                                       |
| GDX - MARKET VECTORS GOLD MINERS              | US92189F1066 | 1,108         | 22,115                   | 21,926                 | 0.34                                       |
| HEZU - ISHARES CURRENCY HEDGED MSCI           | US46434V6395 | 8             | 210                      | 212                    | 0.00                                       |
| IJH - ISHARES CORE S&P MIDCAP ETF             | US4642875078 | 800           | 127,329                  | 125,506                | 1.96                                       |
| IWM - ISHARES RUSSELL 2000 ETF                | US4642876555 | 1,163         | 134,945                  | 148,774                | 2.34                                       |
| QQQ - POWERSHARES QQQ                         | US73935A1043 | 2,188         | 200,902                  | 246,016                | 3.85                                       |
| SPY - SPDR TRUST SERIES 1                     | US78462F1030 | 2,287         | 446,629                  | 485,102                | 7.59                                       |
| VGK - VANGUARD MSCI EUROPEAN ETF              | US9220428745 | 57            | 2,898                    | 2,600                  | 0.04                                       |
| XLB - MATERIALS SELECT SECTOR SPDR            | US81369Y1001 | 1,400         | 66,796                   | 65,982                 | 1.03                                       |
| XLU - UTILITIES SELECT SECTOR SPDR            | US81369Y8865 | 3,300         | 145,943                  | 152,086                | 2.38                                       |
| XLY - CONSUMER DISCRETIONARY SELT             | US81369Y4070 | 2,070         | 158,582                  | 159,819                | 2.50                                       |
| XME - SPDR S&P METALS & MINING ETF            | US78464A7550 | 2,139         | 63,868                   | 61,717                 | 0.97                                       |
| XPX - SPDR S&P PHARMACEUTICALS ETF            | US78464A7220 | 3,091         | 138,658                  | 114,595                | 1.79                                       |
| <b>United Arab Emirates</b>                   |              | <b>65</b>     | <b>2,326</b>             | <b>2,281</b>           | <b>0.03</b>                                |
| ACWI - ISHARES MSCI ACWI ETF                  | US4642882579 | 4             | 243                      | 242                    | 0.00                                       |
| EEM - ISHARES MSCI EMERGING MARKETSINDEX FUND | US4642872349 | 60            | 2,050                    | 2,009                  | 0.03                                       |
| VGK - VANGUARD MSCI EUROPEAN ETF              | US9220428745 | 1             | 33                       | 30                     | 0.00                                       |
| <b>Australia</b>                              |              | <b>944</b>    | <b>24,273</b>            | <b>24,005</b>          | <b>0.37</b>                                |
| ACWI - ISHARES MSCI ACWI ETF                  | US4642882579 | 130           | 7,279                    | 7,272                  | 0.11                                       |
| GDX - MARKET VECTORS GOLD MINERS              | US92189F1066 | 790           | 15,775                   | 15,640                 | 0.24                                       |
| VGK - VANGUARD MSCI EUROPEAN ETF              | US9220428745 | 24            | 1,219                    | 1,093                  | 0.02                                       |
| <b>Austria</b>                                |              | <b>199</b>    | <b>6,738</b>             | <b>6,426</b>           | <b>0.10</b>                                |
| ACWI - ISHARES MSCI ACWI ETF                  | US4642882579 | 0             | 24                       | 24                     | 0.00                                       |
| HEDJ - WISDOMTREE EUROPE HEDGED EQU           | US97717X7012 | 24            | 1,488                    | 1,316                  | 0.02                                       |
| HEZU - ISHARES CURRENCY HEDGED MSCI           | US46434V6395 | 141           | 3,513                    | 3,549                  | 0.06                                       |
| VGK - VANGUARD MSCI EUROPEAN ETF              | US9220428745 | 34            | 1,713                    | 1,537                  | 0.02                                       |

Table (continued):

| Issuer  | ISIN code    | Amount       | Acquisition    | Carrying       | Carrying amount  |
|---|--------------|--------------|----------------|----------------|------------------|
|   |              |              | value          | amount         | to fund's assets |
|   |              |              | EUR            | EUR            | (%)              |
| <b>Belgium</b>                                |              | <b>1,435</b> | <b>56,478</b>  | <b>52,793</b>  | <b>0.83</b>      |
| ACWI - ISHARES MSCI ACWI ETF                  | US4642882579 | 22           | 1,243          | 1,242          | 0.02             |
| HEDJ - WISDOMTREE EUROPE HEDGED EQU           | US97717X7012 | 446          | 27,452         | 24,291         | 0.38             |
| HEZU - ISHARES CURRENCY HEDGED MSCI           | US46434V6395 | 825          | 20,603         | 20,818         | 0.33             |
| VGK - VANGUARD MSCI EUROPEAN ETF              | US9220428745 | 142          | 7,180          | 6,442          | 0.10             |
| <b>Bermuda</b>                                |              | <b>13</b>    | <b>1,260</b>   | <b>1,350</b>   | <b>0.01</b>      |
| ACWI - ISHARES MSCI ACWI ETF                  | US4642882579 | 2            | 91             | 91             | 0.00             |
| IWM - ISHARES RUSSELL 2000 ETF                | US4642876555 | 7            | 808            | 892            | 0.01             |
| SPY - SPDR TRUST SERIES 1                     | US78462F1030 | 1            | 229            | 249            | 0.00             |
| VGK - VANGUARD MSCI EUROPEAN ETF              | US9220428745 | 3            | 132            | 118            | 0.00             |
| <b>Brasil</b>                                 |              | <b>580</b>   | <b>20,597</b>  | <b>20,227</b>  | <b>0.32</b>      |
| ACWI - ISHARES MSCI ACWI ETF                  | US4642882579 | 42           | 2,366          | 2,364          | 0.04             |
| EEM - ISHARES MSCI EMERGING MARKETSINDEX FUND | US4642872349 | 538          | 18,231         | 17,863         | 0.28             |
| <b>Czech Republic</b>                         |              | <b>14</b>    | <b>506</b>     | <b>498</b>     | <b>0.01</b>      |
| ACWI - ISHARES MSCI ACWI ETF                  | US4642882579 | 2            | 91             | 91             | 0.00             |
| EEM - ISHARES MSCI EMERGING MARKETSINDEX FUND | US4642872349 | 12           | 415            | 407            | 0.01             |
| <b>Chile</b>                                  |              | <b>99</b>    | <b>3,577</b>   | <b>3,510</b>   | <b>0.06</b>      |
| ACWI - ISHARES MSCI ACWI ETF                  | US4642882579 | 9            | 485            | 485            | 0.01             |
| EEM - ISHARES MSCI EMERGING MARKETSINDEX FUND | US4642872349 | 89           | 3,026          | 2,966          | 0.05             |
| VGK - VANGUARD MSCI EUROPEAN ETF              | US9220428745 | 1            | 66             | 59             | 0.00             |
| <b>Denmark</b>                                |              | <b>208</b>   | <b>10,720</b>  | <b>9,794</b>   | <b>0.16</b>      |
| ACWI - ISHARES MSCI ACWI ETF                  | US4642882579 | 31           | 1,729          | 1,727          | 0.03             |
| VGK - VANGUARD MSCI EUROPEAN ETF              | US9220428745 | 177          | 8,991          | 8,067          | 0.13             |
| <b>South Africa</b>                           |              | <b>936</b>   | <b>27,173</b>  | <b>26,708</b>  | <b>0.42</b>      |
| ACWI - ISHARES MSCI ACWI ETF                  | US4642882579 | 37           | 2,093          | 2,091          | 0.03             |
| EEM - ISHARES MSCI EMERGING MARKETSINDEX FUND | US4642872349 | 483          | 16,376         | 16,047         | 0.25             |
| GDX - MARKET VECTORS GOLD MINERS              | US92189F1066 | 404          | 8,078          | 8,009          | 0.13             |
| VGK - VANGUARD MSCI EUROPEAN ETF              | US9220428745 | 12           | 626            | 561            | 0.01             |
| <b>Jersey</b>                                 |              | <b>361</b>   | <b>7,623</b>   | <b>7,517</b>   | <b>0.12</b>      |
| ACWI - ISHARES MSCI ACWI ETF                  | US4642882579 | 3            | 152            | 152            | 0.00             |
| GDX - MARKET VECTORS GOLD MINERS              | US92189F1066 | 348          | 6,949          | 6,891          | 0.11             |
| IWM - ISHARES RUSSELL 2000 ETF                | US4642876555 | 0            | 28             | 31             | 0.00             |
| VGK - VANGUARD MSCI EUROPEAN ETF              | US9220428745 | 10           | 494            | 443            | 0.01             |
| <b>Egypt</b>                                  |              | <b>9</b>     | <b>329</b>     | <b>324</b>     | <b>0.00</b>      |
| ACWI - ISHARES MSCI ACWI ETF                  | US4642882579 | 1            | 61             | 61             | 0.00             |
| EEM - ISHARES MSCI EMERGING MARKETSINDEX FUND | US4642872349 | 8            | 268            | 263            | 0.00             |
| <b>Philippines</b>                            |              | <b>136</b>   | <b>5,788</b>   | <b>5,501</b>   | <b>0.08</b>      |
| AAXJ - ISHARES MSCI ASIA EX-JAPAN             | US4642881829 | 41           | 2,374          | 2,146          | 0.03             |
| ACWI - ISHARES MSCI ACWI ETF                  | US4642882579 | 9            | 485            | 485            | 0.01             |
| EEM - ISHARES MSCI EMERGING MARKETSINDEX FUND | US4642872349 | 86           | 2,929          | 2,870          | 0.04             |
| <b>France</b>                                 |              | <b>9,992</b> | <b>355,255</b> | <b>337,327</b> | <b>5.27</b>      |
| ACWI - ISHARES MSCI ACWI ETF                  | US4642882579 | 168          | 9,462          | 9,454          | 0.15             |
| HEDJ - WISDOMTREE EUROPE HEDGED EQU           | US97717X7012 | 2,104        | 129,435        | 114,534        | 1.79             |
| HEZU - ISHARES CURRENCY HEDGED MSCI           | US46434V6395 | 6,800        | 169,754        | 171,527        | 2.68             |
| VGK - VANGUARD MSCI EUROPEAN ETF              | US9220428745 | 920          | 46,604         | 41,812         | 0.65             |
| <b>Guernsey</b>                               |              | <b>1</b>     | <b>66</b>      | <b>59</b>      | <b>0.00</b>      |
| VGK - VANGUARD MSCI EUROPEAN ETF              | US9220428745 | 1            | 66             | 59             | 0.00             |
| <b>Greece</b>                                 |              | <b>29</b>    | <b>1,048</b>   | <b>1,030</b>   | <b>0.01</b>      |
| ACWI - ISHARES MSCI ACWI ETF                  | US4642882579 | 2            | 121            | 121            | 0.00             |
| EEM - ISHARES MSCI EMERGING MARKETSINDEX FUND | US4642872349 | 27           | 927            | 909            | 0.01             |

Table (continued):

| Issuer  | ISIN code    | Amount        | Acquisition value<br>EUR | Carrying amount<br>EUR | Carrying amount<br>to fund's assets<br>(%) |
|---|--------------|---------------|--------------------------|------------------------|--|
| <b>Hong Kong</b>                              |              | <b>10,786</b> | <b>250,204</b>           | <b>237,216</b>         | <b>3.71</b>                                |
| AAJX - ISHARES MSCI ASIA EX-JAPAN             | US4642881829 | 483           | 27,849                   | 25,177                 | 0.39                                       |
| ACWI - ISHARES MSCI ACWI ETF                  | US4642882579 | 89            | 5,004                    | 5,000                  | 0.08                                       |
| EEM - ISHARES MSCI EMERGING MARKETSINDEX FUND | US4642872349 | 300           | 10,177                   | 9,972                  | 0.16                                       |
| EWJ - ISHARES MSCI HONG KONG INDEXFUND        | US4642868719 | 8,955         | 173,408                  | 165,497                | 2.59                                       |
| FXI - ISHARES FTSE/XINHUA CHINA 25INDEX FUND  | US4642871846 | 959           | 33,766                   | 31,570                 | 0.49                                       |
| <b>India</b>                                  |              | <b>10,013</b> | <b>289,156</b>           | <b>267,390</b>         | <b>4.19</b>                                |
| AAJX - ISHARES MSCI ASIA EX-JAPAN             | US4642881829 | 280           | 16,148                   | 14,598                 | 0.23                                       |
| ACWI - ISHARES MSCI ACWI ETF                  | US4642882579 | 40            | 2,244                    | 2,242                  | 0.04                                       |
| EEM - ISHARES MSCI EMERGING MARKETSINDEX FUND | US4642872349 | 593           | 20,110                   | 19,705                 | 0.31                                       |
| INDA - ISHARES MSCI INDIA ETF                 | US46429B5984 | 9,100         | 250,654                  | 230,845                | 3.61                                       |
| <b>Indonesia</b>                              |              | <b>290</b>    | <b>12,224</b>            | <b>11,613</b>          | <b>0.18</b>                                |
| AAJX - ISHARES MSCI ASIA EX-JAPAN             | US4642881829 | 88            | 5,048                    | 4,564                  | 0.07                                       |
| ACWI - ISHARES MSCI ACWI ETF                  | US4642882579 | 16            | 879                      | 879                    | 0.01                                       |
| EEM - ISHARES MSCI EMERGING MARKETSINDEX FUND | US4642872349 | 186           | 6,297                    | 6,170                  | 0.10                                       |
| <b>Italy</b>                                  |              | <b>1,611</b>  | <b>51,183</b>            | <b>49,528</b>          | <b>0.77</b>                                |
| ACWI - ISHARES MSCI ACWI ETF                  | US4642882579 | 32            | 1,789                    | 1,788                  | 0.03                                       |
| HEDJ - WISDOMTREE EUROPE HEDGED EQU           | US97717X7012 | 120           | 7,391                    | 6,540                  | 0.10                                       |
| HEZU - ISHARES CURRENCY HEDGED MSCI           | US46434V6395 | 1,243         | 31,036                   | 31,360                 | 0.49                                       |
| VGK - VANGUARD MSCI EUROPEAN ETF              | US9220428745 | 216           | 10,967                   | 9,840                  | 0.15                                       |
| <b>Israel</b>                                 |              | <b>17</b>     | <b>1,188</b>             | <b>1,314</b>           | <b>0.02</b>                                |
| ACWI - ISHARES MSCI ACWI ETF                  | US4642882579 | 10            | 576                      | 576                    | 0.01                                       |
| IWM - ISHARES RUSSELL 2000 ETF                | US4642876555 | 1             | 84                       | 92                     | 0.00                                       |
| QQQ - POWERSHARES QQQ                         | US73935A1043 | 6             | 528                      | 646                    | 0.01                                       |
| <b>Ireland</b>                                |              | <b>1,096</b>  | <b>48,085</b>            | <b>43,753</b>          | <b>0.69</b>                                |
| ACWI - ISHARES MSCI ACWI ETF                  | US4642882579 | 46            | 2,578                    | 2,576                  | 0.04                                       |
| HEDJ - WISDOMTREE EUROPE HEDGED EQU           | US97717X7012 | 99            | 6,095                    | 5,393                  | 0.08                                       |
| HEZU - ISHARES CURRENCY HEDGED MSCI           | US46434V6395 | 368           | 9,174                    | 9,271                  | 0.15                                       |
| IWM - ISHARES RUSSELL 2000 ETF                | US4642876555 | 1             | 153                      | 169                    | 0.00                                       |
| SPY - SPDR TRUST SERIES 1                     | US78462F1030 | 24            | 4,588                    | 4,984                  | 0.08                                       |
| VGK - VANGUARD MSCI EUROPEAN ETF              | US9220428745 | 80            | 4,051                    | 3,635                  | 0.06                                       |
| XPH - SPDR S&P PHARMACEUTICALS ETF            | US78464A7220 | 478           | 21,446                   | 17,725                 | 0.28                                       |
| <b>Japan</b>                                  |              | <b>5,366</b>  | <b>205,614</b>           | <b>198,261</b>         | <b>3.10</b>                                |
| DBJP - DEUTSCHE X-TRACKERS MSCI JAP           | US2330515071 | 4,940         | 181,716                  | 174,383                | 2.73                                       |
| ACWI - ISHARES MSCI ACWI ETF                  | US4642882579 | 426           | 23,898                   | 23,878                 | 0.37                                       |
| <b>New Zealand</b>                            |              | <b>1</b>      | <b>61</b>                | <b>61</b>              | <b>0.00</b>                                |
| ACWI - ISHARES MSCI ACWI ETF                  | US4642882579 | 1             | 61                       | 61                     | 0.00                                       |
| <b>Jordānija</b>                              |              | <b>2</b>      | <b>99</b>                | <b>89</b>              | <b>0.00</b>                                |
| VGK - VANGUARD MSCI EUROPEAN ETF              | US9220428745 | 2             | 99                       | 89                     | 0.00                                       |
| <b>Cayman Islands</b>                         |              | <b>30</b>     | <b>1,475</b>             | <b>1,265</b>           | <b>0.02</b>                                |
| IWM - ISHARES RUSSELL 2000 ETF                | US4642876555 | 1             | 167                      | 184                    | 0.00                                       |
| XPH - SPDR S&P PHARMACEUTICALS ETF            | US78464A7220 | 29            | 1,308                    | 1,081                  | 0.02                                       |
| <b>Canada</b>                                 |              | <b>3,630</b>  | <b>79,648</b>            | <b>79,014</b>          | <b>1.25</b>                                |
| ACWI - ISHARES MSCI ACWI ETF                  | US4642882579 | 177           | 9,947                    | 9,939                  | 0.16                                       |
| GDX - MARKET VECTORS GOLD MINERS              | US92189F1066 | 3,390         | 67,702                   | 67,124                 | 1.06                                       |
| IWM - ISHARES RUSSELL 2000 ETF                | US4642876555 | 1             | 153                      | 169                    | 0.00                                       |
| VGK - VANGUARD MSCI EUROPEAN ETF              | US9220428745 | 1             | 33                       | 30                     | 0.00                                       |

Table (continued):

| Issuer  | ISIN code    | Amount       | Acquisition    | Carrying       | Carrying amount  |
|---|--------------|--------------|----------------|----------------|------------------|
|   |              |              | value          | amount         | to fund's assets |
|   |              |              | EUR            | EUR            | (%)              |
| <b>Qatar</b>                                  |              | <b>65</b>    | <b>2,323</b>   | <b>2,282</b>   | <b>0.03</b>      |
| ACWI - ISHARES MSCI ACWI ETF                  | US4642882579 | 5            | 273            | 273            | 0.00             |
| EEM - ISHARES MSCI EMERGING MARKETSINDEX FUND | US4642872349 | 60           | 2,050          | 2,009          | 0.03             |
| <b>Colombia</b>                               |              | <b>34</b>    | <b>1,195</b>   | <b>1,173</b>   | <b>0.02</b>      |
| ACWI - ISHARES MSCI ACWI ETF                  | US4642882579 | 2            | 121            | 121            | 0.00             |
| EEM - ISHARES MSCI EMERGING MARKETSINDEX FUND | US4642872349 | 32           | 1,074          | 1,052          | 0.02             |
| <b>Republic of Korea</b>                      |              | <b>1,622</b> | <b>68,554</b>  | <b>65,110</b>  | <b>1.01</b>      |
| AAXJ - ISHARES MSCI ASIA EX-JAPAN             | US4642881829 | 493          | 28,417         | 25,691         | 0.40             |
| ACWI - ISHARES MSCI ACWI ETF                  | US4642882579 | 84           | 4,701          | 4,697          | 0.07             |
| EEM - ISHARES MSCI EMERGING MARKETSINDEX FUND | US4642872349 | 1,045        | 35,436         | 34,722         | 0.54             |
| <b>Russia</b>                                 |              | <b>324</b>   | <b>11,473</b>  | <b>11,254</b>  | <b>0.18</b>      |
| ACWI - ISHARES MSCI ACWI ETF                  | US4642882579 | 22           | 1,213          | 1,212          | 0.02             |
| EEM - ISHARES MSCI EMERGING MARKETSINDEX FUND | US4642872349 | 299          | 10,128         | 9,924          | 0.16             |
| VGK - VANGUARD MSCI EUROPEAN ETF              | US9220428745 | 3            | 132            | 118            | 0.00             |
| <b>China</b>                                  |              | <b>8,220</b> | <b>308,012</b> | <b>290,802</b> | <b>4.55</b>      |
| AAXJ - ISHARES MSCI ASIA EX-JAPAN             | US4642881829 | 774          | 44,598         | 40,319         | 0.63             |
| ACWI - ISHARES MSCI ACWI ETF                  | US4642882579 | 123          | 6,884          | 6,878          | 0.11             |
| EEM - ISHARES MSCI EMERGING MARKETSINDEX FUND | US4642872349 | 1,635        | 55,424         | 54,308         | 0.85             |
| FXI - ISHARES FTSE/XINHUA CHINA 25INDEX FUND  | US4642871846 | 5,535        | 194,951        | 182,273        | 2.85             |
| GDX - MARKET VECTORS GOLD MINERS              | US92189F1066 | 110          | 2,206          | 2,188          | 0.03             |
| QQQ - POWERSHARES QQQ                         | US73935A1043 | 43           | 3,949          | 4,836          | 0.08             |
| <b>Great Britain</b>                          |              | <b>2,876</b> | <b>137,232</b> | <b>127,499</b> | <b>2.00</b>      |
| ACWI - ISHARES MSCI ACWI ETF                  | US4642882579 | 288          | 16,195         | 16,181         | 0.25             |
| HEDJ - WISDOMTREE EUROPE HEDGED EQU           | US97717X7012 | 287          | 17,661         | 15,628         | 0.25             |
| HEZU - ISHARES CURRENCY HEDGED MSCI           | US46434V6395 | 634          | 15,832         | 15,998         | 0.25             |
| IWM - ISHARES RUSSELL 2000 ETF                | US4642876555 | 5            | 585            | 645            | 0.01             |
| QQQ - POWERSHARES QQQ                         | US73935A1043 | 15           | 1,373          | 1,681          | 0.03             |
| SPY - SPDR TRUST SERIES 1                     | US78462F1030 | 10           | 1,973          | 2,143          | 0.03             |
| VGK - VANGUARD MSCI EUROPEAN ETF              | US9220428745 | 1,613        | 81,746         | 73,342         | 1.15             |
| XLY - CONSUMER DISCRETIONARY SELT             | US81369Y4070 | 24           | 1,867          | 1,881          | 0.03             |
| <b>Luxembourg</b>                             |              | <b>255</b>   | <b>7,390</b>   | <b>7,292</b>   | <b>0.11</b>      |
| ACWI - ISHARES MSCI ACWI ETF                  | US4642882579 | 5            | 273            | 273            | 0.00             |
| HEZU - ISHARES CURRENCY HEDGED MSCI           | US46434V6395 | 218          | 5,452          | 5,509          | 0.09             |
| IWM - ISHARES RUSSELL 2000 ETF                | US4642876555 | 1            | 84             | 92             | 0.00             |
| VGK - VANGUARD MSCI EUROPEAN ETF              | US9220428745 | 31           | 1,581          | 1,418          | 0.02             |
| <b>Macao</b>                                  |              | <b>387</b>   | <b>8,083</b>   | <b>7,678</b>   | <b>0.12</b>      |
| AAXJ - ISHARES MSCI ASIA EX-JAPAN             | US4642881829 | 14           | 802            | 725            | 0.01             |
| ACWI - ISHARES MSCI ACWI ETF                  | US4642882579 | 2            | 91             | 91             | 0.00             |
| EWI - ISHARES MSCI HONG KONG INDEXFUND        | US4642868719 | 371          | 7,190          | 6,862          | 0.11             |
| <b>Malaysia</b>                               |              | <b>281</b>   | <b>11,849</b>  | <b>11,248</b>  | <b>0.17</b>      |
| AAXJ - ISHARES MSCI ASIA EX-JAPAN             | US4642881829 | 86           | 4,965          | 4,488          | 0.07             |
| ACWI - ISHARES MSCI ACWI ETF                  | US4642882579 | 14           | 758            | 758            | 0.01             |
| EEM - ISHARES MSCI EMERGING MARKETSINDEX FUND | US4642872349 | 181          | 6,126          | 6,002          | 0.09             |
| <b>Malta</b>                                  |              | <b>5</b>     | <b>152</b>     | <b>150</b>     | <b>0.00</b>      |
| ACWI - ISHARES MSCI ACWI ETF                  | US4642882579 | 1            | 30             | 30             | 0.00             |
| EEM - ISHARES MSCI EMERGING MARKETSINDEX FUND | US4642872349 | 4            | 122            | 120            | 0.00             |

Table (continued):

| Issuer  | ISIN code    | Amount       | Acquisition    | Carrying       | Carrying amount  |
|---|--------------|--------------|----------------|----------------|------------------|
|   |              |              | value          | amount         | to fund's assets |
|   |              |              | EUR            | EUR            | (%)              |
| <b>Mexico</b>                                 |              | <b>279</b>   | <b>9,946</b>   | <b>9,760</b>   | <b>0.15</b>      |
| ACWI - ISHARES MSCI ACWI ETF                  | US4642882579 | 21           | 1,183          | 1,182          | 0.02             |
| EEM - ISHARES MSCI EMERGING MARKETSINDEX FUND | US4642872349 | 256          | 8,664          | 8,489          | 0.13             |
| VGK - VANGUARD MSCI EUROPEAN ETF              | US9220428745 | 2            | 99             | 89             | 0.00             |
| <b>Isle of Man</b>                            |              | <b>3</b>     | <b>165</b>     | <b>148</b>     | <b>0.00</b>      |
| VGK - VANGUARD MSCI EUROPEAN ETF              | US9220428745 | 3            | 165            | 148            | 0.00             |
| <b>Monaco</b>                                 |              | <b>65</b>    | <b>1,378</b>   | <b>1,377</b>   | <b>0.02</b>      |
| GDX - MARKET VECTORS GOLD MINERS              | US92189F1066 | 64           | 1,281          | 1,270          | 0.02             |
| IWM - ISHARES RUSSELL 2000 ETF                | US4642876555 | 1            | 97             | 107            | 0.00             |
| <b>Netherlands</b>                            |              | <b>2,963</b> | <b>113,781</b> | <b>107,408</b> | <b>1.69</b>      |
| ACWI - ISHARES MSCI ACWI ETF                  | US4642882579 | 72           | 4,064          | 4,060          | 0.06             |
| HEDJ - WISDOMTREE EUROPE HEDGED EQU           | US97717X7012 | 722          | 44,393         | 39,282         | 0.62             |
| HEZU - ISHARES CURRENCY HEDGED MSCI           | US46434V6395 | 1,764        | 44,037         | 44,497         | 0.70             |
| IWM - ISHARES RUSSELL 2000 ETF                | US4642876555 | 3            | 334            | 369            | 0.01             |
| QQQ - POWERSHARES QQQ                         | US73935A1043 | 13           | 1,225          | 1,500          | 0.02             |
| VGK - VANGUARD MSCI EUROPEAN ETF              | US9220428745 | 389          | 19,728         | 17,700         | 0.28             |
| <b>Norway</b>                                 |              | <b>89</b>    | <b>4,676</b>   | <b>4,292</b>   | <b>0.06</b>      |
| ACWI - ISHARES MSCI ACWI ETF                  | US4642882579 | 11           | 637            | 636            | 0.01             |
| IWM - ISHARES RUSSELL 2000 ETF                | US4642876555 | 1            | 153            | 169            | 0.00             |
| VGK - VANGUARD MSCI EUROPEAN ETF              | US9220428745 | 77           | 3,886          | 3,487          | 0.05             |
| <b>Panama</b>                                 |              | <b>0</b>     | <b>56</b>      | <b>61</b>      | <b>0.00</b>      |
| IWM - ISHARES RUSSELL 2000 ETF                | US4642876555 | 0            | 56             | 61             | 0.00             |
| <b>Peru</b>                                   |              | <b>163</b>   | <b>3,723</b>   | <b>3,682</b>   | <b>0.05</b>      |
| ACWI - ISHARES MSCI ACWI ETF                  | US4642882579 | 2            | 121            | 121            | 0.00             |
| EEM - ISHARES MSCI EMERGING MARKETSINDEX FUND | US4642872349 | 28           | 952            | 933            | 0.01             |
| GDX - MARKET VECTORS GOLD MINERS              | US92189F1066 | 133          | 2,650          | 2,628          | 0.04             |
| <b>Poland</b>                                 |              | <b>87</b>    | <b>3,103</b>   | <b>3,048</b>   | <b>0.05</b>      |
| ACWI - ISHARES MSCI ACWI ETF                  | US4642882579 | 7            | 394            | 394            | 0.01             |
| EEM - ISHARES MSCI EMERGING MARKETSINDEX FUND | US4642872349 | 80           | 2,709          | 2,654          | 0.04             |
| <b>Portugal</b>                               |              | <b>174</b>   | <b>6,770</b>   | <b>6,342</b>   | <b>0.09</b>      |
| ACWI - ISHARES MSCI ACWI ETF                  | US4642882579 | 4            | 212            | 212            | 0.00             |
| HEDJ - WISDOMTREE EUROPE HEDGED EQU           | US97717X7012 | 51           | 3,120          | 2,760          | 0.04             |
| HEZU - ISHARES CURRENCY HEDGED MSCI           | US46434V6395 | 101          | 2,516          | 2,543          | 0.04             |
| VGK - VANGUARD MSCI EUROPEAN ETF              | US9220428745 | 18           | 922            | 827            | 0.01             |
| <b>Romania</b>                                |              | <b>4</b>     | <b>146</b>     | <b>143</b>     | <b>0.00</b>      |
| EEM - ISHARES MSCI EMERGING MARKETSINDEX FUND | US4642872349 | 4            | 146            | 143            | 0.00             |
| <b>Singapore</b>                              |              | <b>203</b>   | <b>13,743</b>  | <b>13,692</b>  | <b>0.22</b>      |
| AAXJ - ISHARES MSCI ASIA EX-JAPAN             | US4642881829 | 135          | 7,790          | 7,042          | 0.11             |
| ACWI - ISHARES MSCI ACWI ETF                  | US4642882579 | 33           | 1,880          | 1,879          | 0.03             |
| QQQ - POWERSHARES QQQ                         | US73935A1043 | 27           | 2,513          | 3,077          | 0.05             |
| SPY - SPDR TRUST SERIES 1                     | US78462F1030 | 8            | 1,560          | 1,694          | 0.03             |
| <b>Finland</b>                                |              | <b>1,169</b> | <b>46,618</b>  | <b>43,470</b>  | <b>0.68</b>      |
| ACWI - ISHARES MSCI ACWI ETF                  | US4642882579 | 15           | 819            | 818            | 0.01             |
| HEDJ - WISDOMTREE EUROPE HEDGED EQU           | US97717X7012 | 384          | 23,612         | 20,894         | 0.33             |
| HEZU - ISHARES CURRENCY HEDGED MSCI           | US46434V6395 | 655          | 16,357         | 16,528         | 0.26             |
| VGK - VANGUARD MSCI EUROPEAN ETF              | US9220428745 | 115          | 5,830          | 5,230          | 0.08             |

| Issuer  | ISIN code    | Amount         | Acquisition      | Carrying         | Carrying amount  |
|---|--------------|----------------|------------------|------------------|------------------|
|   |              |                | value            | amount           | to fund's assets |
|   |              |                | EUR              | EUR              | (%)              |
| <b>Spain</b>                                  |              | <b>3,922</b>   | <b>160,216</b>   | <b>148,940</b>   | <b>2.32</b>      |
| ACWI - ISHARES MSCI ACWI ETF                  | US4642882579 | 50             | 2,820            | 2,818            | 0.04             |
| HEDJ - WISDOMTREE EUROPE HEDGED EQU           | US97717X7012 | 1,431          | 88,066           | 77,926           | 1.22             |
| HEZU - ISHARES CURRENCY HEDGED MSCI           | US46434V6395 | 2,115          | 52,792           | 53,344           | 0.83             |
| IWM - ISHARES RUSSELL 2000 ETF                | US4642876555 | 1              | 70               | 77               | 0.00             |
| VGK - VANGUARD MSCI EUROPEAN ETF              | US9220428745 | 325            | 16,468           | 14,775           | 0.23             |
| <b>Switzerland</b>                            |              | <b>1,211</b>   | <b>63,924</b>    | <b>58,882</b>    | <b>0.92</b>      |
| ACWI - ISHARES MSCI ACWI ETF                  | US4642882579 | 175            | 9,826            | 9,818            | 0.15             |
| HEDJ - WISDOMTREE EUROPE HEDGED EQU           | US97717X7012 | 73             | 4,463            | 3,949            | 0.06             |
| HEZU - ISHARES CURRENCY HEDGED MSCI           | US46434V6395 | 38             | 944              | 954              | 0.01             |
| SPY - SPDR TRUST SERIES 1                     | US78462F1030 | 12             | 2,294            | 2,492            | 0.04             |
| VGK - VANGUARD MSCI EUROPEAN ETF              | US9220428745 | 908            | 46,011           | 41,280           | 0.65             |
| XLY - CONSUMER DISCRETIONARY SELT             | US81369Y4070 | 5              | 386              | 389              | 0.01             |
| <b>Taiwan</b>                                 |              | <b>2,220</b>   | <b>202,815</b>   | <b>214,216</b>   | <b>3.35</b>      |
| AAJX - ISHARES MSCI ASIA EX-JAPAN             | US4642881829 | 417            | 24,021           | 21,716           | 0.34             |
| ACWI - ISHARES MSCI ACWI ETF                  | US4642882579 | 70             | 3,943            | 3,939            | 0.06             |
| EEM - ISHARES MSCI EMERGING MARKETSINDEX FUND | US4642872349 | 882            | 29,896           | 29,294           | 0.46             |
| DIA - SPDR DJIA TRUST                         | US78467X1090 | 851            | 144,955          | 159,267          | 2.49             |
| <b>Thailand</b>                               |              | <b>253</b>     | <b>10,731</b>    | <b>10,200</b>    | <b>0.16</b>      |
| AAJX - ISHARES MSCI ASIA EX-JAPAN             | US4642881829 | 77             | 4,463            | 4,035            | 0.06             |
| ACWI - ISHARES MSCI ACWI ETF                  | US4642882579 | 11             | 607              | 606              | 0.01             |
| EEM - ISHARES MSCI EMERGING MARKETSINDEX FUND | US4642872349 | 164            | 5,564            | 5,452            | 0.09             |
| IWM - ISHARES RUSSELL 2000 ETF                | US4642876555 | 1              | 97               | 107              | 0.00             |
| <b>Turkey</b>                                 |              | <b>4,382</b>   | <b>167,738</b>   | <b>135,299</b>   | <b>2.13</b>      |
| ACWI - ISHARES MSCI ACWI ETF                  | US4642882579 | 6              | 334              | 333              | 0.01             |
| TUR - ISHARES MSCI TURKEY INVSTBLE            | US4642867158 | 4,300          | 164,841          | 132,455          | 2.08             |
| EEM - ISHARES MSCI EMERGING MARKETSINDEX FUND | US4642872349 | 76             | 2,563            | 2,511            | 0.04             |
| <b>Hungary</b>                                |              | <b>23</b>      | <b>829</b>       | <b>814</b>       | <b>0.01</b>      |
| ACWI - ISHARES MSCI ACWI ETF                  | US4642882579 | 2              | 121              | 121              | 0.00             |
| EEM - ISHARES MSCI EMERGING MARKETSINDEX FUND | US4642872349 | 21             | 708              | 693              | 0.01             |
| <b>Germany</b>                                |              | <b>27,409</b>  | <b>798,733</b>   | <b>806,742</b>   | <b>12.64</b>     |
| ACWI - ISHARES MSCI ACWI ETF                  | US4642882579 | 157            | 8,795            | 8,787            | 0.14             |
| HEDJ - WISDOMTREE EUROPE HEDGED EQU           | US97717X7012 | 2,051          | 126,220          | 111,688          | 1.75             |
| DXGE - WISDOMTREE GERMANY HEDGED EQ           | US97717W4481 | 18,200         | 465,509          | 491,217          | 7.69             |
| HEZU - ISHARES CURRENCY HEDGED MSCI           | US46434V6395 | 6,090          | 152,034          | 153,622          | 2.40             |
| VGK - VANGUARD MSCI EUROPEAN ETF              | US9220428745 | 911            | 46,175           | 41,428           | 0.66             |
| <b>Sweden</b>                                 |              | <b>364</b>     | <b>18,698</b>    | <b>17,060</b>    | <b>0.26</b>      |
| ACWI - ISHARES MSCI ACWI ETF                  | US4642882579 | 50             | 2,790            | 2,788            | 0.04             |
| VGK - VANGUARD MSCI EUROPEAN ETF              | US9220428745 | 314            | 15,908           | 14,272           | 0.22             |
| <b>Other countries</b>                        |              | <b>270</b>     | <b>13,446</b>    | <b>13,140</b>    | <b>0.24</b>      |
| AAJX - ISHARES MSCI ASIA EX-JAPAN             | US4642881829 | 1              | 84               | 76               | 0.00             |
| ACWI - ISHARES MSCI ACWI ETF                  | US4642882579 | 20             | 1,122            | 1,121            | 0.02             |
| EEM - ISHARES MSCI EMERGING MARKETSINDEX FUND | US4642872349 | 22             | 732              | 717              | 0.01             |
| EWI - ISHARES MSCI HONG KONG INDEXFUND        | US4642868719 | 71             | 1,383            | 1,320            | 0.03             |
| FXI - ISHARES FTSE/XINHUA CHINA 25INDEX FUND  | US4642871846 | 4              | 137              | 128              | 0.00             |
| GDX - MARKET VECTORS GOLD MINERS              | US92189F1066 | 3              | 51               | 50               | 0.00             |
| HEDJ - WISDOMTREE EUROPE HEDGED EQU           | US97717X7012 | 9              | 528              | 467              | 0.01             |
| IWM - ISHARES RUSSELL 2000 ETF                | US4642876555 | 13             | 1,462            | 1,612            | 0.03             |
| QQQ - POWERSHARES QQQ                         | US73935A1043 | 7              | 676              | 827              | 0.01             |
| SPY - SPDR TRUST SERIES 1                     | US78462F1030 | 8              | 1,560            | 1,694            | 0.05             |
| VGK - VANGUARD MSCI EUROPEAN ETF              | US9220428745 | 109            | 5,533            | 4,964            | 0.08             |
| XLY - CONSUMER DISCRETIONARY SELT             | US81369Y4070 | 1              | 97               | 97               | 0.00             |
| XPH - SPDR S&P PHARMACEUTICALS ETF            | US78464A7220 | 2              | 81               | 67               | 0.00             |
| <b>Total</b>                                  |              | <b>129,690</b> | <b>5,330,885</b> | <b>5,257,992</b> | <b>82.26</b>     |

No payments for securities were past due in the reporting period.

## 6. Note

### Accrued expense

|  | EUR           |               |
|--|---------------|---------------|
| Item   | 31.12.2016.   | 31.12.2015.   |
| Accrued commission fees payable to investment management company | 8,217         | 12,468        |
| Accrued fees payable for professional services                   | 1,573         | 1,960         |
| Accrued commission fees payable to custodian bank                | 1,370         | 2,078         |
| Accrued payments to the stock exchange                           | 284           | 298           |
| <b>Total accrued expense</b>                                     | <b>11,444</b> | <b>16,804</b> |

## 7. Note

### Realized decrease in investment value

|   | EUR                         |                             |
|---|-----------------------------|-----------------------------|
| Item  | 01.01.2016.-<br>31.12.2016. | 01.01.2015.-<br>31.12.2015. |
| Income from sale of investments                   | 8,659,159                   | 6,897,717                   |
| Acquisition value of investments sold             | (9,501,823)                 | (7,324,766)                 |
| <b>Total realised (decrease) investment value</b> | <b>(842,664)</b>            | <b>(427,049)</b>            |

## 8. Note

### Unrealised increase in investment value

|  | EUR                         |                             |
|--|-----------------------------|-----------------------------|
| Item   | 01.01.2016.-<br>31.12.2016. | 01.01.2015.-<br>31.12.2015. |
| Revaluation of financial assets at fair value through profit or loss | 351,633                     | (280,408)                   |
| Currency exchange difference   | 166,741                     | 1,174,529                   |
| <b>Total unrealised increase in investment value</b>                 | <b>518,374</b>              | <b>894,121</b>              |

## 9. Note

### Change in investment portfolio during the reporting period

The increase in the investment portfolio during the reporting period is due to cost of acquisition of financial assets, while the decrease in the investment portfolio is due to income from disposal of investments.

|  | EUR                         |                             |
|--|-----------------------------|-----------------------------|
|  | 01.01.2016.-<br>31.12.2016. | 01.01.2015.-<br>31.12.2015. |
| <b>Investment portfolio at the beginning of the year</b> | <b>9,349,309</b>            | <b>7,649,608</b>            |
| Increase in the reporting period                         | 4,672,859                   | 8,335,635                   |
| Decrease in the reporting period                         | (8,439,886)                 | (7,103,006)                 |
| Fair value revaluation result                            | (491,031)                   | (707,457)                   |
| Foreign currency revaluation result                      | 166,741                     | 1,174,529                   |
| <b>Investment portfolio at the end of the period</b>     | <b>5,257,992</b>            | <b>9,349,309</b>            |

## 10. Note

### Credit risk

Credit risk is the risk that the subfund's value will decrease as a result of the failure of counterparties or issuers of debt securities to meet their contractual liabilities towards the subfund.

As the subfund makes investments predominantly in ETFs that reflect fund index dynamics for certain countries and regions thereby achieving the maximum diversification, credit risk associated with investments is low.

Credit risk concentration by geographical area as of 31 December 2016:

|   | EUR              |                  |                  |                  |                  |                  |
|---|------------------|------------------|------------------|------------------|------------------|------------------|
| <b>Assets</b>   | Latvia           | EMU countries    | EU Member States | OECD countries   | Other countries  | Total            |
| Demand deposits with credit institutions              | 1,134,245        | -                | -                | -                | -                | 1,134,245        |
| Financial assets at fair value through profit or loss | -                | 1,611,199        | 158,860          | 2,325,441        | 1,162,492        | 5,257,992        |
| <b>Kopā aktīvi</b>                                    | <b>1,134,245</b> | <b>1,611,199</b> | <b>158,860</b>   | <b>2,325,441</b> | <b>1,162,492</b> | <b>6,392,237</b> |

Credit risk concentration by geographical area as of 31 December 2015:

|   | EUR            |                  |                  |                  |                  |                  |
|---|----------------|------------------|------------------|------------------|------------------|------------------|
| <b>Assets</b>   | Latvia         | EMU countries    | EU Member States | OECD countries   | Other countries  | Total            |
| Demand deposits with credit institutions              | 206,668        | -                | -                | -                | -                | 206,668          |
| Financial assets at fair value through profit or loss | -              | 2,793,249        | 233,590          | 4,865,264        | 1,457,206        | 9,349,309        |
| <b>Total assets</b>                                   | <b>206,668</b> | <b>2,793,249</b> | <b>233,590</b>   | <b>4,865,264</b> | <b>1,457,206</b> | <b>9,555,977</b> |

Credit risk concentration analysis by industry profile:

| <b>Industry</b>                                     | 31.12.2016.      |                                     | 31.12.2015.      |                                     |
|---|------------------|-------------------------------------|------------------|-------------------------------------|
|   | Carrying amount  | Carrying amount to subfund's assets | Carrying amount  | Carrying amount to subfund's assets |
|   | EUR              | %                                   | EUR              | %                                   |
| Production of consumer goods                        | 1,592,230        | 24.92                               | 3,087,183        | 32.33                               |
| Financial services                                  | 1,031,590        | 16.16                               | 1,771,809        | 18.53                               |
| Manufacturing                                       | 989,203          | 15.49                               | 2,463,415        | 25.80                               |
| Information and communication services              | 570,683          | 8.93                                | 1,140,333        | 11.96                               |
| Mining  | 511,298          | 8.02                                | 27,958           | 0.28                                |
| Utilities   | 268,885          | 4.19                                | 279,114          | 2.92                                |
| Energy  | 227,479          | 3.55                                | 360,984          | 3.74                                |
| Central governments                                 | 2,261            | 0.02                                | -                | -                                   |
| Other industries                                    | 64,363           | 0.98                                | 218,513          | 2.28                                |
| <b>Total shares and non-fixed income securities</b> | <b>5,257,992</b> | <b>82.26</b>                        | <b>9,349,309</b> | <b>97.84</b>                        |

The maximum exposure to credit risk is equal to the carrying amount.

## 11. Note

### Financial risks

#### Liquidity risk

Liquidity risk is the risk that the subfund will sustain a loss if subfund's assets cannot be realised at minimal transaction costs within a certain period.

Liquidity risk is minimised by holding a part of the subfund's assets as cash and high quality, highly liquid securities to maintain an adequate diversification of investments and by forecasting cash flows related to the subfund's participants.

To maintain liquidity and to meet the requirements related to the operation of the subfund, the subfund may attract funding for a period not exceeding three months if the total amount of such funding does not exceed 10 percent of the value of the subfund.



Maturity analysis of assets and liabilities as of 31 December 2016:

| EUR   |                  |                |                  |
|---|------------------|----------------|------------------|
| <b>Assets</b>   | Up to 1 month    | 1 - 12 months  | Total            |
| Demand deposits with credit institutions              | 1,134,245        | -              | 1,134,245        |
| Financial assets at fair value through profit or loss | 5,257,992        | -              | 5,257,992        |
| <b>Total assets</b>                                   | <b>6,392,237</b> | <b>-</b>       | <b>6,392,237</b> |
| <b>Liabilities</b>                                    |                  |                |                  |
| Accrued expense                                       | (9,587)          | (1,857)        | (11,444)         |
| <b>Total liabilities</b>                              | <b>(9,587)</b>   | <b>(1,857)</b> | <b>(11,444)</b>  |
| <b>Net assets</b>                                     | <b>6,382,650</b> | <b>(1,857)</b> | <b>6,380,793</b> |

Maturity analysis of assets and liabilities as of 31 December 2015:

| EUR   |                  |                |                  |
|---|------------------|----------------|------------------|
| <b>Assets</b>   | Up to 1 month    | 1 - 12 months  | Total            |
| Demand deposits with credit institutions              | 206,668          | -              | 206,668          |
| Financial assets at fair value through profit or loss | 9,349,309        | -              | 9,349,309        |
| <b>Total assets</b>                                   | <b>9,555,977</b> | <b>-</b>       | <b>9,555,977</b> |
| <b>Liabilities</b>                                    |                  |                |                  |
| Accrued expense                                       | (14,546)         | (2,258)        | (16,804)         |
| <b>Total liabilities</b>                              | <b>(14,546)</b>  | <b>(2,258)</b> | <b>(16,804)</b>  |
| <b>Net assets</b>                                     | <b>9,541,431</b> | <b>(2,258)</b> | <b>9,539,173</b> |

**Price risk**

Price risk is the risk of potential losses due to adverse changes in the market prices of financial instruments. There are two types of price risk: systematic and specific risk.

Systematic risk represents changes in stock indexes of a respective country, while specific risk demonstrates potential changes in the individual issuer's financial position. As market risk is hedged by ABLV Global USD Stock Index Fund subfund by making investments in various index funds traded on US and European stock exchanges, specific risk is minimised, whereas the exposure to systematic risk remains. Systematic risk is managed by conducting a fundamental analysis of the countries and regions selected for investing, based on the forecasts regarding the global economic development. This risk is assessed by calculating the volatility of the subfund's market prices. Although the historical performance does not always provide a sound basis for forecasting future income, it still demonstrates the potential volatility of the subfund's prices. As a rule, the higher the price volatility the higher the investor risk. The lowest potential yield due to price volatility is calculated as a deviation from the 2016 yield subject to the 95% confidence level, i.e. the probability that the subfund's yield cannot drop below the lowest level assuming a normal distribution of the market price volatility.

Analysis of volatility of the subfund's market prices:

|  | 31.12.2016. | 31.12.2015. |
|--|-------------|-------------|
|  | %           | %           |
| Annual volatility  | 12.68       | 16.06       |
| Annual yield   | (5.24)      | (6.78)      |
| Lowest potential yield subject to the 95% confidence level | (26.10)     | (33.19)     |

The annual volatility is calculated by extrapolating the daily yield volatility estimated for the previous year. The daily yield volatility is determined as the standard deviation from the natural logarithms of the daily yield for the reporting year.

The annual yield is computed as the relative difference in the subfund's prices at the year-end against the previous reporting date.

The lowest potential yield subject to the 95% confidence level is determined on the basis of a normal distribution assumption where the average expected value is the estimated annual yield, while the standard deviation is the estimated annual volatility.

## 12. Note

### Information on holders of investment certificates

Proportion of investment certificates held by related parties of the company:

| Item   | 31.12.2016.            |                         | 31.12.2015.            |                         |
|--|------------------------|-------------------------|------------------------|-------------------------|
|  | Number of certificates | % of total certificates | Number of certificates | % of total certificates |
| Investment certificates held by related parties          | 5,651                  | 0.86                    | 5,651                  | 0.59                    |
| Investment certificates held by other persons            | 650,684                | 99.14                   | 954,663                | 99.41                   |
| <b>Investment certificates issued as at the year end</b> | <b>656,335</b>         | <b>100.00</b>           | <b>960,314</b>         | <b>100.00</b>           |

## 13. Note

### Related party disclosures

The majority of the subfund's investments are acquired with the intermediation 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 subfund'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 period, related parties sold 0 (19,647) investment certificates of the subfund.

## 14. Note

### Pledged assets

During the reporting period, no guarantees or collateral have been issued by the subfund, neither has it pledged or otherwise caused any encumbrance or lien on its assets.

## 15. Note

### Fair value

Fair value of financial instruments, such as financial assets at fair value through profit or loss, is predominantly defined based on quoted prices in an active market. In the absence of observable prices, the respective instruments are valued based on observable prices in less active markets. The fair value of the financial assets which are not quoted and for which no quoted prices of similar assets in active markets are available is estimated using valuation models which are based on assumptions and estimates regarding the potential future performance of the investee, risks inherent to the industry of the investee and the geographical region of operation of the investee. The fair value of other assets and liabilities carried at fair value, which have short maturities (less than three months) is assumed to approximate 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 fair value of assets and liabilities is determined using several sources of fair value distributed into three level according to the following hierarchy:

- 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.

Subfund's assets according to the hierarchy of input data for determining the fair value:

|   | EUR              |                  |
|---|------------------|------------------|
|   | 31.12.2016.      | 31.12.2015.      |
| <b>Financial assets</b>                               | Level 1          | Level 1          |
| Financial assets at fair value through profit or loss | 5,257,992        | 9,349,309        |
| <b>Total financial assets</b>                         | <b>5,257,992</b> | <b>9,349,309</b> |

There has been no significant movement between the levels during the reporting year.

## 16. Note

### Dynamics of performance indicators

Investment subfund's annual performance\*:

| Item  | 31.12.2016.                 | 31.12.2015.                 | 31.12.2014.                 |
|---|-----------------------------|-----------------------------|-----------------------------|
| Net assets (EUR)  | 6,380,793                   | 9,539,173                   | 10,241,724                  |
| Number of investment certificates   | 656,335                     | 960,314                     | 1,071,861                   |
| <b>Value of investment fund's investment certificates (EUR)</b>                 | <b>9.72</b>                 | <b>9.93</b>                 | <b>9.56</b>                 |
| Net assets (USD)  | 6,725,993                   | 10,385,298                  | 12,434,477                  |
| Number of investment certificates   | 656,335                     | 960,314                     | 1,071,861                   |
| <b>Value of investment fund's investment certificates (USD)</b>                 | <b>10.25</b>                | <b>10.81</b>                | <b>11.60</b>                |
|   | 01.01.2016.-<br>31.12.2016. | 01.01.2015.-<br>31.12.2015. | 01.01.2014.-<br>31.12.2014. |
| <b>Annual performance on investment subfund's investment certificates (USD)</b> | <b>(5.24%)</b>              | <b>(6.78%)</b>              | <b>(0.26%)</b>              |

\* - Performance is calculated as the value of the subfund'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.

## 17. Note

### Events after the reporting date

No significant subsequent events have occurred from the reporting date to the date of these financial statements that would materially impact the subfund's financial position, performance and cash flows in the reporting period.