



ABLV

BANKING / INVESTMENTS \ ADVISORY

Open-end investment fund
ABLV Emerging Markets Bond Fund

Subfund
ABLV Emerging Markets USD Bond Fund

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

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General information

Name of the fund:	ABLV Emerging Markets Bond Fund
Category of the fund:	Open-end investment fund with subfunds
Type of the fund:	Bond fund
Registration date of the fund:	23 March 2007
Number of the fund:	06.03.05.263/32
Name of the investment manager:	ABLV Asset Management, IPAS
Registered office of the investment manager:	Elizabetes iela 23, Riga, LV-1010
Registration number of the investment manager:	40003814724
Licence number of the investment manager:	06.03.07.263/204
Date of the licence:	04 August 2006
Name of the custodian bank:	ABLV Bank, AS
Registered office of the custodian bank:	Elizabetes iela 23, Riga, LV-1010
Registration number of the custodian bank:	50003149401
Names and positions of council members, board members of the investment manager, and fund manager:	<p>Council of the investment manager:</p> <p>Chairman of the Council - Ernests Bernis Deputy Chairman of the Council - Māris Kanneņieks Council Member - Vadims Reinfelds</p> <p>Board of the investment manager:</p> <p>Chairman of the Board - Leonīds Kiļs Deputy Chairman of the Board - Jevgenijs Gžibovskis Board Member - Vadims Burcevs</p> <p>Fund Manager - Sergejs Gačenko</p>
Duties of the fund manager:	The fund manager operates the fund's property according to the company's Articles of Association and the Fund Management Regulations. The fund manager may be employed only by one investment manager and manage several funds of one investment manager.

Report of the Investment Management Company

On 23 March 2007, the subfund ABLV Emerging Markets USD Bond Fund of the open-end investment fund ABLV Emerging Markets Bond Fund (hereinafter referred to as the Fund) was registered as a bond fund with the investment currency US dollars.

ABLV Asset Management, IPAS (ABLV Asset Management, IPAS new name registered with the Register of Enterprises on 27.05.2011, hereinafter referred to as the Company) was registered with the Republic of Latvia Register of Enterprises on 4 August 2006 under No 40003814724, licence for investment management activities No 06.03.07.263/204, and it is located in Riga, at Elizabetes iela 23.

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

The year 2013 is the seventh year of operations of ABLV Emerging Markets USD Bond Fund. As at the end of June 2013, the Fund's net assets amounted to USD 26,602,943 (LVL 14,338,986), its 6-month yield was - 6.25%, average term to maturity was 7.3 years, average weighted rating of the investment portfolio was BB+, and yield to maturity was 5.54%.

In the first half of 2013, ABLV Emerging Markets USD Bond Fund demonstrated negative dynamics because unfavourable situation dominated on the global bond market. Such decline of the bonds of developed and emerging countries was caused by the US Federal Reserve statement that it was ready to gradually cease the QE (quantitative easing) stimulation programme due to improved macroeconomic indicators. This news triggered the most powerful wave of selling U.S. government bonds in the last 20 years, which in turn had a dramatic impact on the global bond market.

The minimum amount of investment in the Fund is USD 1,000.

The company performs regular analysis of current political and economic situation, as well as comparative and technical analysis, analysis of various macroeconomic indicators, and summarizing analysis of recommendations given by the world leading brokerage and analytics companies on different financial markets.

In order to regularly provide information on situation in the world financial markets to current and prospective customers of ABLV Asset Management, IPAS, detailed monthly analysis of macroeconomic situation prepared by our chief analyst is published at ABLV Bank, AS home page www.ablv.com. Whereas the customers who invested in funds managed by ABLV Asset Management, IPAS each month are sent comments of the funds' manager, containing information on market situation, funds' performance and actions taken by the fund manager.

To ensure diversification and to minimise risks, the company constantly pays great attention to risk management issues. The company has established an Investment Strategy Committee, which determines the company's investment strategy, risk limits and financial markets where transactions in financial instruments are performed. The members of the Investment Strategy Committee are ABLV Bank, AS and the company's top specialists in financial markets.

The company will continue its efforts to efficiently manage the Fund's assets in order to increase the number of the Fund's investors and net assets in 2013.

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

ABLV Asset Management, IPAS
Chairman of the Board

Leonīds Kijs

ABLV Asset Management, IPAS
Fund Manager

Sergejs Gačenko

Riga, 30 July 2013

Statement of assets and liabilities

				LVL
	Notes	30.06.2013	31.12.2012	
Assets				
Demand deposits with credit institutions	2	1,052,992	2,244,245	
Financial assets at fair value through profit or loss		13,297,927	8,268,919	
Debt securities and other fixed income securities	3	13,297,927	8,268,919	
Total assets		14,350,919	10,513,164	
Liabilities				
Accrued expense		(11,933)	(9,402)	
Total liabilities		(11,933)	(9,402)	
Net assets		14,338,986	10,503,762	

ABLV Asset Management, IPAS
Chairman of the Board

Leonīds Kijs

ABLV Asset Management, IPAS
Fund Manager

Sergejs Gačenko

Riga, 30 July 2013

Statement of income and expense

	LVL	
	01.01.2013- 30.06.2013	01.01.2012- 30.06.2012
Income		
Interest revenue	338,686	183,885
Other income	172	-
Total	338,858	183,885
Expense		
Remuneration to investment manager	(47,894)	(24,278)
Remuneration to custodian bank	(11,175)	(5,665)
Other fund management expense	(715)	(608)
Interest expense	(46)	(38)
Total	(59,830)	(30,589)
(Decrease) / increase in investment value		
Realised increase in investment value	14,703	95,052
Unrealised (decrease) / increase in investment value	(1,083,177)	306,739
(Decrease) / increase in net assets from investment	(789,446)	555,087

ABLV Asset Management, IPAS
 Chairman of the Board

Leonīds Kijs

ABLV Asset Management, IPAS
 Fund Manager

Sergejs Gačenko

Riga, 30 July 2013

Statement of changes in net assets

Item	LVL	
	01.01.2013- 30.06.2013	01.01.2012- 30.06.2012
Net assets at the beginning of the period	10,503,762	6,445,834
(Decrease) / increase in net assets from investment	(789,446)	555,087
Transactions with investment certificates		
Inflow from sale of investment certificates	6,678,340	622,620
Outflow of redemption of investment certificates	(2,053,670)	(1,419,268)
Total result of transactions with investment certificates	4,624,670	(796,648)
Increase / (decrease) in net assets for the period	3,835,224	(241,561)
Net assets at the end of the period	14,338,986	6,204,273
Issued investment certificates at the beginning of the period	1,343,717	931,259
Issued investment certificates at the end of the period	1,927,585	819,388
Net assets per investment certificate at the beginning of the period	7.82	6.92
Net assets per investment certificate at the end of the period	7.44	7.57

ABLV Asset Management, IPAS
 Chairman of the Board

Leonīds Kijs

ABLV Asset Management, IPAS
 Fund Manager

Sergejs Gačenko

Riga, 30 July 2013

Note 1

General information

The subfund ABLV Emerging Markets USD Bond Fund of the open-end investment fund ABLV Emerging Markets Bond Fund is a bond fund registered on 23 March 2007. The registered address of its investment manager is Elizabetes iela 23, Riga, LV-1010, Latvia.

The Fund's business includes investments in debt securities of emerging countries issued by emerging countries, and corporations and financial institutions with major shareholdings owned by such countries, as well as in money market instruments.

The Fund's financial statements have been prepared in accordance with the laws of the Republic of Latvia and the Regulations of the Financial and Capital Market Commission on the Preparation of Reports of Investment Funds, on a going concern basis. Appropriate accounting policies have been applied on a consistent basis in the reporting period. Prudent and reasonable judgements have been made by the management in the preparation of the financial statements.

The Fund's functional currency is USD. The monetary unit used in the financial statements is lat (LVL), the monetary unit of the Republic of Latvia. These financial statements have been prepared in lats, unless otherwise stated. The information given in the notes to the financial statements represents comparative figures for the year 2012, unless otherwise stated.

Assets and liabilities denominated in foreign currencies are translated into lats at the official exchange rate of the bank of Latvia at the reporting date (lats per foreign currency unit):

Reporting date	USD
30 June 2013	0.539
31 December 2012	0.531
30 June 2012	0.562

Information on the principal accounting policies and principles applied, as well as on risk management is available on the Annual Report 2012 homepage <http://www.ablv.com/lv/about/financial-reports/funds>. Compared with the accounting policies applied in the preparation of financial statements of previous periods, the accounting policies applied in the preparation of financial statements for 2013 have not changed. No significant changes have occurred in risk management since 31 December 2012.

The following abbreviations are used in the notes to the financial statements: Financial and Capital Market Commission (FCMC), European Monetary Union (EMU), European Union (EU), Organisation for Economic Cooperation and Development (OECD), Republic of Latvia (RL), ABLV Asset Management, IPAS (the Company), open-end investment fund (AIF).

Note 2

Deposits with credit institutions

	30.06.2013		31.12.2012	
	Carrying amount	Carrying amount to fund's assets	Carrying amount	Carrying amount to fund's assets
	LVL	%	LVL	%
Demand deposits with credit institutions				
Demand deposits with ABLV Bank, AS	1,052,992	7.34	2,244,245	21.35
Total demand deposits with credit institutions	1,052,992	7.34	2,244,245	21.35

Note 3

Debt securities and other fixed income securities

All debt securities and other fixed income securities are classified as financial assets at fair value through profit or loss. All securities are listed on the regulated market (stock exchange). All securities are traded over-the-counter.

Financial assets at fair value by geographical placement:

Geographical placement	30.06.2013		31.12.2012	
	Carrying amount	Carrying amount to fund's assets	Carrying amount	Carrying amount to fund's assets
	LVL	%	LVL	%
Other countries	10,432,507	72.70	5,888,891	56.01
OECD countries	1,339,238	9.33	471,405	4.48
Other EU Member States	1,296,275	9.03	1,010,782	9.62
Latvia	229,907	1.60	489,214	4.65
EMU countries	-	-	231,822	2.21
International organisations	-	-	176,805	1.68
Total debt securities and other fixed income securities	13,297,927	92.66	8,268,919	78.65

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

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

Issuer	Amount number	Acquisition value	Carrying amount	Carrying amount to fund's assets
		LVL	LVL	(%)
Angola	250	149,623	139,195	0.97
REPUBLIC OF ANGOLA	250	149,623	139,195	0.97
Argentina	450,000	236,432	184,874	1.29
REPUBLIC OF ARGENTINA	450,000	236,432	184,874	1.29
Azerbaijan	900	481,933	461,822	3.22
STATE OIL CO OF THE AZERBAIJAN REPU	900	481,933	461,822	3.22
Brazil	1,350	876,407	814,448	5.67
Federative Republic of Brazil	1,100	703,267	654,925	4.56
PETROLEO BRASILEIRO SA	250	173,140	159,523	1.11
South Africa	800	531,467	476,177	3.32
REPUBLIC OF SOUTH AFRICA	800	531,467	476,177	3.32
Dominicana	400	231,867	219,380	1.53
DOMINICAN REPUBLIC	400	231,867	219,380	1.53
Philippines	600	446,974	415,950	2.90
REPUBLIC OF PHILIPPINES	600	446,974	415,950	2.90
Gabon	400	259,750	243,173	1.69
GABONESE REPUBLIC	400	259,750	243,173	1.69
Ghana	450	279,135	261,266	1.82
REPUBLIC OF GHANA	450	279,135	261,266	1.82
Georgia	300	188,704	174,369	1.21
REPUBLIC OF GEORGIA	300	188,704	174,369	1.21
Croatia	750	458,188	439,065	3.06
REPUBLIC OF CROATIA	750	458,188	439,065	3.06
Indonesia	900	716,117	673,673	4.69
REPUBLIC OF INDONESIA	900	716,117	673,673	4.69
Kazakhstan	1,300	743,966	685,790	4.78
DEVELOPMENT BANK OF KAZAKHSTAN JSC	600	320,226	286,696	2.00
KAZMUNAYGAZ NATIONAL CO	400	259,776	244,600	1.70
SAMRUK-ENERGY JSC	300	163,964	154,494	1.08
Colombia	1,000	655,316	620,062	4.32
REPUBLIC OF COLOMBIA	1,000	655,316	620,062	4.32

Table continued:

Issuer	Amount	Acquisition value	Carrying amount	Carrying amount to
	number	LVL	LVL	fund's assets (%)
Russia	1,209,056	1,309,185	1,235,049	8.61
JSC VTB BANK	600	358,058	338,009	2.36
RUSSIAN FEDERATION	1,208,056	694,078	652,598	4.55
VNESHECONOMBANK	400	257,049	244,442	1.70
Latvia	400	246,862	229,907	1.60
REPUBLIC OF LATVIA	400	246,862	229,907	1.60
Lithuania	400	277,855	262,148	1.83
REPUBLIC OF LITHUANIA	400	277,855	262,148	1.83
Morocco	800	445,440	382,475	2.67
Kingdom of Morocco	800	445,440	382,475	2.67
Mexico	425	543,630	519,532	3.62
United Mexican States	425	543,630	519,532	3.62
Nigeria	400	244,571	231,194	1.61
FEDERAL REPUBLIC OF NIGERIA	400	244,571	231,194	1.61
Panama	500	317,202	299,854	2.09
REPUBLIC OF PANAMA	500	317,202	299,854	2.09
Peru	250	173,828	165,138	1.15
REPUBLIC OF PERU	250	173,828	165,138	1.15
Poland	500	332,455	322,402	2.25
REPUBLIC OF POLAND	500	332,455	322,402	2.25
Romania	250	318,616	308,241	2.15
ROMANIA	250	318,616	308,241	2.15
Senegal	400	243,628	225,211	1.57
REPUBLIC OF SENEGAL	400	243,628	225,211	1.57
Serbia	700	417,489	392,335	2.73
REPUBLIC OF SERBIA	700	417,489	392,335	2.73
Sri Lanka	400	227,602	214,357	1.49
REPUBLIC OF SRI LANKA	400	227,602	214,357	1.49
Turkey	1,300	855,302	819,706	5.71
REPUBLIC OF TURKEY	1,300	855,302	819,706	5.71
Ukraine	700	385,036	372,073	2.59
UKRAINE GOVERNMENT	700	385,036	372,073	2.59
Hungary	700	409,867	403,484	2.81
REPUBLIC OF HUNGARY	700	409,867	403,484	2.81
Venezuela	5,950	817,286	744,719	5.19
REPUBLIC OF VENEZUELA	5,950	817,286	744,719	5.19
Vietnam	450	259,933	263,713	1.84
SOCIALIST REP OF VIETNAM	450	259,933	263,713	1.84
Zambia	200	108,339	97,145	0.68
REPUBLIC OF ZAMBIA	200	108,339	97,145	0.68
Total financial instruments traded on regulated markets		14,190,005	13,297,927	92.66

Note 4

Dynamics of Fund's performance

The following table demonstrates the dynamics of the Fund's performance – the yield of the investment fund*:

Item	30.06.2013	31.12.2012
Net assets (LVL)	14,338,986	10,503,762
Number of investment certificates	1,927,585	1,343,717
Value of investment fund's shares (LVL)	7.44	7.82
Net assets (USD)	26,602,943	19,781,096
Number of investment certificates	1,927,585	1,343,717
Value of investment fund's shares (USD)	13.80	14.72
Item	01.01.2013- 30.06.2013	01.01.2012- 30.06.2012
Annual performance of investment fund's shares (%)	-6.25	5.81

* Performance is calculated as the ratio of the value of the Fund's share at the end of the reporting period against its value at the beginning of the reporting period. This ratio is expressed as annual percentage raised to the power, where the dividend is 365 and the divisor is the number of days in the reporting period.

Note 5

Events after reporting date

As of the last day of the reporting period until the date of approval of these financial statements there have been no significant events that could produce a material effect on the Fund's performance for the reporting period.