

Citadele Eastern European Bond Fund - EUR

Fund statement as of 31 December 2011

Investment Objective

The investment objective of the Open-end Investment Fund "Eastern European Bond Fund - EUR" is to achieve long-term capital growth by investing mainly in debt and equity securities issued or guaranteed by the governments, municipalities, central banks and credit institutions, as well as in debt and equity securities issued by corporates in the Eastern European countries. The Fund's investment portfolio is diversified among investments in debt and equity securities as well as in different currencies and countries to ensure greater investment security and protection against the Fund's asset value fluctuations associated with investments in securities of a single asset class, currency, or country.

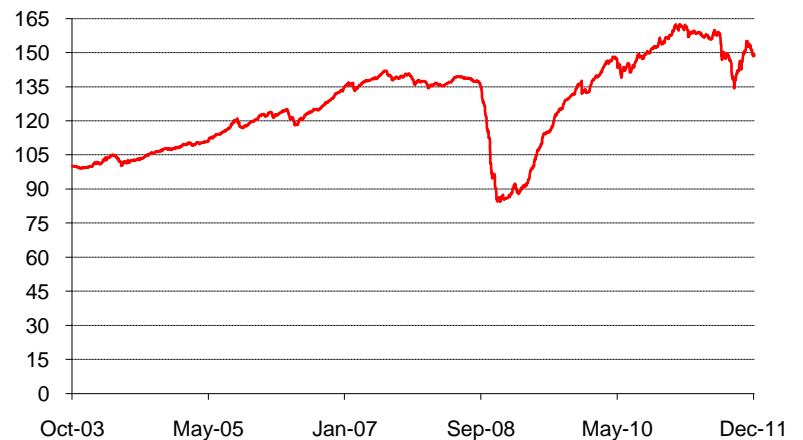
Portfolio Manager's comments for December

In December, according to the changed mandate of the Fund, we sold out equity investments in Olainfarm, Westa, Halyk, Uranium One and in Central European Distribution company. During the month, Privatbank bond successfully matured. The spare cash was reinvested in an attractively priced short maturity Baltic market placement, as well as in the Eurobonds of Azerbaijan Railways, a strategically important state-owned company in the Caucasus country.

In December, the Fund demonstrated better performance than the market overall, declining just 0.1%. In particular, various positions in Central Europe (New World Resources and Zlomrex), in Ukraine (Oschadbank and Alfa Bank Ukraine) and in Belarus (Belagroprombank) outweighed the negative effect from BTA Bank, which dropped in the anticipation of the very difficult second-round debt restructuring. At the end of the month, the Fund's average yield was 11.0% and the average duration remained at 2.5. Net cash balance was 3.5% of the Fund's assets.

Date of inception	06/10/2003
Legal Status	UCITS III Latvia domiciled
Base currency	EUR
Fund size	EUR 10.99 mln
Minimum Subscription	1 investment certificate
NAV	13.96
Number of holdings	33
Load fee	up to 1.5%
Management fee	1.5% p.a.
ISIN code	LV0000400174
Riga Stock Exchange, Bloomberg code	PXSPASFR, PAREUBA LR
VALOR number	3298537
Issue/Redemption	Daily
Distribution Dividends	Reinvested
Morningstar	http://quote.morningstar.com/fund/f.aspx?t=LV0000400174&region=DEU

Indexed performance since inception



Ratios	1 year	3 years	5 years
Volatility	9.70%	11.49%	15.33%
Sharpe Ratio*	-1.40	1.44	-0.10
Max Drawdown**	10.11%	10.11%	23.48%

* Risk free rate: 3M LIBOR USD

** Max Drawdown is calculated as the max drop of 30D roll return

Statistics

Average Duration***	2.5
Average Yield to Maturity***	11.0%

***- on the bond portfolio

Top 10 Holdings

Russian Federation	7.50%	31/03/2030	5.19%
Kazakhgold	9.38%	06/11/2013	4.88%
Alfa Bank	13.00%	30/07/2012	4.65%
Centercredit Bank	8.63%	30/01/2014	4.63%
VTB bank	6.25%	30/06/2035	4.48%
First Ukrainian International Bank	11.00%	31/12/2014	3.97%
Avangardco Investments	10.00%	29/10/2015	3.71%
Georgian railway	9.88%	22/07/2015	3.70%
Azerbaijan Railways	8.25%	18/02/2016	3.58%
New World Resources	7.88%	01/05/2018	3.43%
TOTAL:			42.20%

Performance as at 31/12/2011

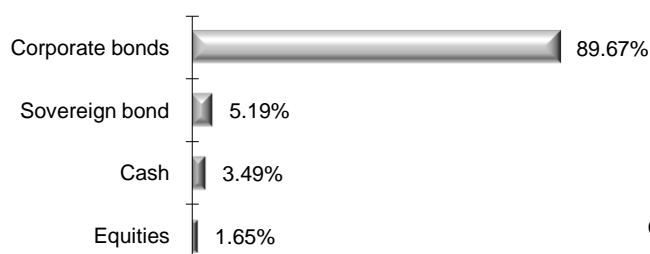
YTD	-12.20%
1 month	-0.14%
3 months	1.90%
6 months	-10.46%
1 year	-12.20%
3 years annualised	17.62%
5 years annualised	0.97%
Since inception	39.60%
Since Inception annualised	4.13%

Calendar Year Performance

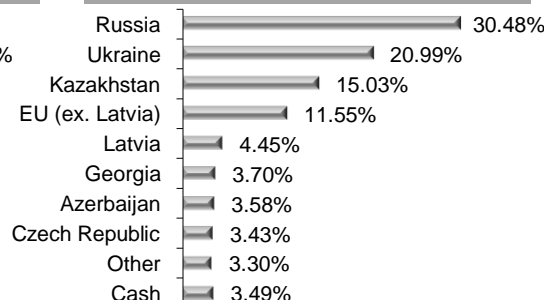
2003****	-0.10%
2004	8.21%
2005	11.66%
2006	10.19%
2007	3.23%
2008	-37.55%
2009	55.83%
2010	18.92%

****- From 06/10/03

Portfolio Composition



Geographic Allocation



Currency Breakdown

