

Citadele Eastern European Bond Fund - USD

Fund statement as of 31 December 2011

Investment Objective

The investment objective is to achieve long-term capital growth by investing in short-term and long-term debt securities issued or guaranteed by governments, municipalities, central banks and credit institutions of the Eastern European countries as well as corporate debt securities. The Fund's investment portfolio is diversified across investments in different currencies and countries, thus ensuring the highest investment security and protection against movements in the value of the Fund's assets characteristic to investments in securities of a single currency or country. Use of derivatives to hedge the currency exposure is allowed.

Portfolio Manager's comments for December

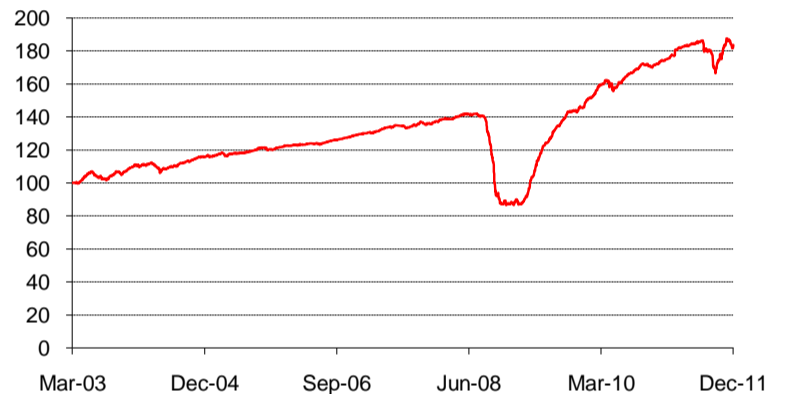
In December, global Emerging Market sovereign (+1.3%) and corporate (+1.0%) debt continued to outperform Eastern European segment with -0.5% and -0.8%, respectively (based on JP Morgan indices). Based on TDI indices, Russia and Ukraine performed similarly, losing around 0.1% in December, whereas Kazakhstan plunged 2.1%.

During the month we opportunistically invested in an attractively valued short maturity Baltic placement. Otherwise, the end of the year was spent calmly without any substantial trading activity. As a result, the Fund's average yield reached 10.1% and the average duration was 2.3 at the end of the month, while net cash was marginally reduced to 6% of the assets.

The Fund slightly underperformed the market during the month. For the second consecutive month BTA bonds turned out to be the worst performer and put the Fund's monthly performance in the red. Now it is almost certain that debt restructuring will take place rather soon, as the management acknowledged that bank may have insufficient liquidity to make a coupon payment at the beginning of January 2012, though we believe the coupon is also used as a "stick" before the intensive negotiations with creditors start. Currently the bank's bonds trade at very distressed levels, while it is too early to tell whether the debt restructuring will be successful. Czech-based coal producer New World Resources was the largest positive contributor to the Fund's performance, followed by Alfa Bank Ukraine and Georgian Railways.

Date of inception	12/03/2003
Legal Status	UCITS III Latvia domiciled
Base currency	USD
Fund size	USD 19.91 mln
Minimum Subscription	1 investment certificate
NAV	17.23
Number of holdings	35
Load fee	1.00%
Management fee	1.50% p.a.
ISIN code	LV0000400125
Riga Stock Exchange, Bloomberg code	PXSPAOF, PAREEUB LR
VALOR number	3298465
Issue/Redemption	Daily
Distribution Dividends	Reinvested
Morningstar	http://quote.morningstar.com/fund/f.aspx?t=LV0000400125&region=LVA

Indexed performance since inception



Ratios	1 year	3 years	5 years
Volatility	8.16%	11.68%	15.93%
Sharpe Ratio*	-0.11	2.14	0.25
Max Drawdown**	7.92%	7.92%	25.80%

* Risk free rate: 3M LIBOR USD

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

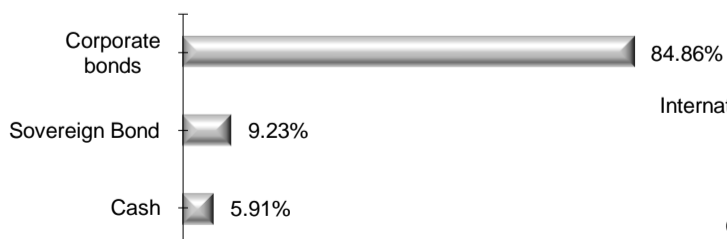
Statistics

Average Duration	2.30
Average Yield to Maturity	10.10%

Top 10 Holdings

Russian Federation 7.5% 31/03/2030	4.95%
Alfa Bank Ukraine 13% 30/07/2012	4.32%
Eurasian Development bank 7.4% 29/09/2014	4.28%
VTB bank 6.3% 30/06/2035	4.19%
Centercredit bank 8.6% 30/01/2014	4.08%
KazakhGold 9.4% 06/11/2013	3.99%
Citadele bank 5.0% 15/02/2012	3.98%
Gazprom 7.2% 01/02/2020	3.91%
EuroChem Mineral & Chemical 7.9% 21/03/2012	3.87%
Alfa Bank Russia 8.0% 18/03/2015	3.86%
TOTAL:	41.44%

Portfolio Composition



Performance as at 31/12/2011

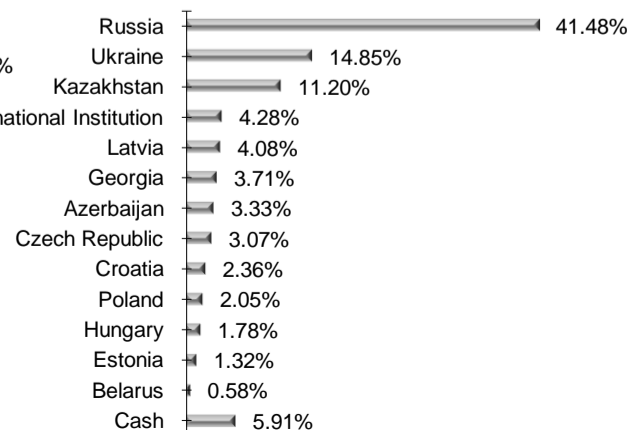
YTD	-0.52%
1 month	-0.46%
3 months	2.56%
6 months	-5.95%
1 year	-0.52%
3 years annualised	25.48%
5 years annualised	5.91%
Since inception	72.30%
Since Inception annualized	6.37%

Calendar Year Performance

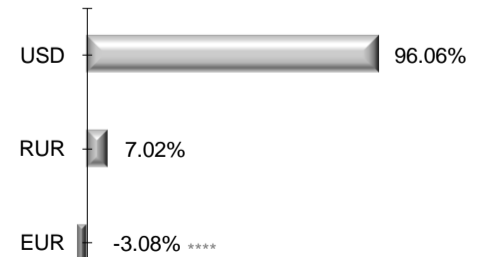
2003***	9.90%
2004	5.99%
2005	4.81%
2006	5.98%
2007	5.64%
2008	-36.21%
2009	67.89%
2010	18.31%

*** From 12/03/03

Geographic Allocation



Currency Breakdown



**** Does not include the inherent EUR risk vs. USD present in the RUB, which is a managed by the Central Bank of Russia vs. a dual currency basket consisting of 55% USD and 45% EUR