

Citadele Eastern European Bond Fund - USD

Fund statement as of 31 March 2012

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 March

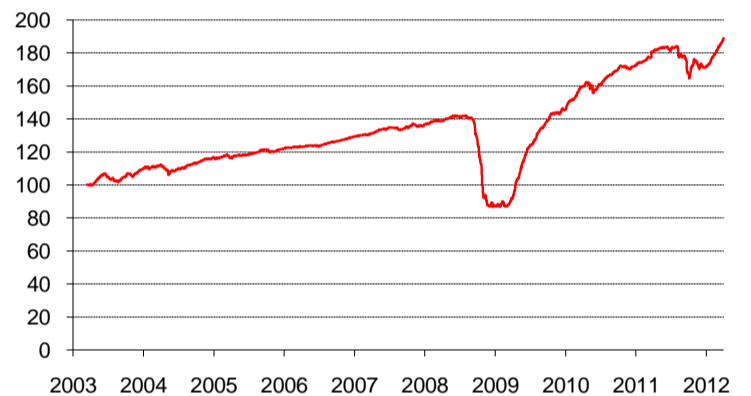
In the first half of March markets continued to perform well amid eventual Greek debt swap, while in the second half markets corrected as investors started to take profits on news of manufacturing contraction in Europe and China. Emerging Europe sovereigns closed the month in line with global EM sovereign debt, gaining 0.2% - 0.3% (based on JP Morgan indices). Emerging Europe corporates gained 0.5% outperforming global EM corporates that posted a 0.1% gain (based on JP Morgan indices). Among separate countries, Kazakhstan outperformed the market spiking solid 2.5% for the period, while Russia was flat and Ukraine declined 1.7% amid negative fiscal news flow.

In March, the Fund continued to perform better than the market in general and outperformed the composite benchmark (50% JPM EMBI Global Diversified Europe region and 50% JPM CEMBI Diversified Europe region) by 0.5%. The largest positive contributors were the high-yielding names: Ukraine's Avangard and Croatia's Zagrebacki, as well as local currency RBC bonds. On the other hand, Russia's Metalloinvest and Ukraine's Metinvest were among the few negative contributors in the Fund. Country-wise, investments in Ukraine amid superior security selection significantly outperformed the market and led to the Fund's outperformance.

During the month, Kazakhgold'13 paper was called prematurely as expected. At a local price maximum we sold out our remainder of BTA positions. Spare cash was invested in Alrosa's short term paper and the attractively priced CB Renaissance Capital Eurobonds. Finally, in the second half of the month Eurochem's Eurobonds successfully matured. As a result of the market movements and transactions, the Fund's average yield declined marginally to 7.9%, while the average duration remained at 2.4 at the end of the month. Net cash position was increased to nearly 11% of assets.

Date of inception	12/03/2003
Legal Status	UCITS III Latvia domiciled
Base currency	USD
Fund size	USD 20.94 mln
Minimum Subscription	1 investment certificate
NAV	18.50
Number of holdings	32
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	★★★★

Indexed performance since inception



Ratios	1 year	3 years	5 years
Volatility	8.86%	10.37%	16.00%
Sharpe Ratio*	0.18	2.50	0.34
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

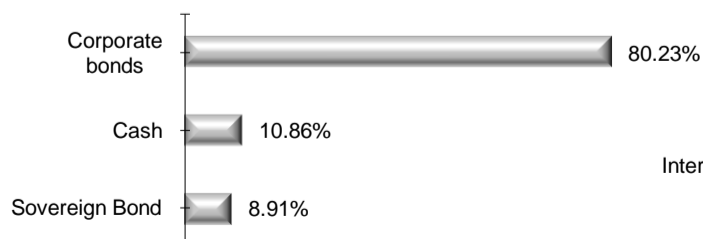
Statistics

Average Duration	2.40
Average Yield to Maturity	7.90%

Top 10 Holdings

Romania 5.25% 17/06/2016	4.75%
VTB bank 6.25% 30/06/2035	4.30%
Eurasian Development Bank 7.37% 29/09/2014	4.16%
Alfa Bank Ukraine 13.0% 30/07/2012	3.98%
Centercredit bank 8.62% 30/01/2014	3.93%
Russian Agricultural Bank 6.0% 03/06/2021	3.83%
Metalloinvest 6.5% 21/07/2016	3.81%
Alfa Bank Russia 8.0% 18/03/2015	3.78%
Gazprom 8.12% 31/07/2014	3.74%
Georgian Railway 9.9% 22/07/2015	3.62%
TOTAL:	39.90%

Portfolio Composition



Performance as at 31/03/2012

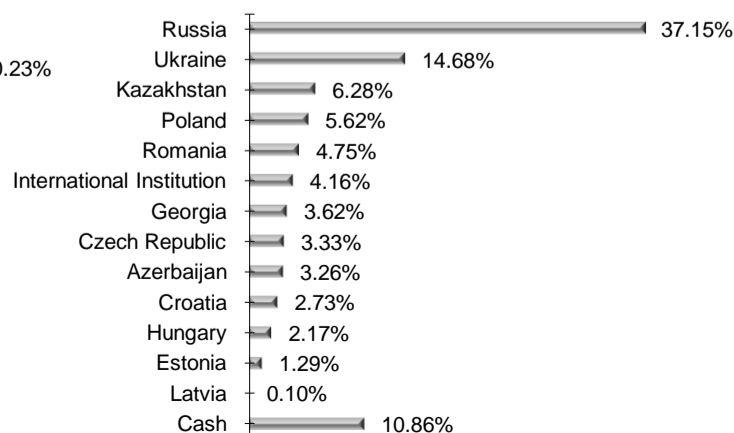
YTD	7.37%
1 month	0.93%
3 months	7.37%
6 months	10.12%
1 year	1.98%
3 years annualised	26.10%
5 years annualised	7.11%
Since inception	85.00%
Since Inception annualized	7.03%

Calendar Year Performance

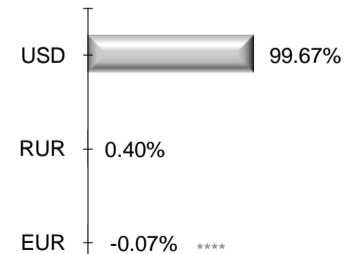
2003***	9.90%
2004	5.99%
2005	4.81%
2006	5.98%
2007	5.64%
2008	-36.21%
2009	67.89%
2010	18.31%
2011	-0.52%

*** 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