



IMJSC "Citadele Asset Management"
Republikas square 2a,
Riga, LV 1010, Latvia

Open-end investment fund
„Citadele Eastern European Fixed Income Funds“
SIMPLIFIED PROSPECTUS

The Fund is registered in the Republic of Latvia

Registered with the Financial and Capital Market Commission
The Fund was registered on 20.07.2009.
with the registration number 06.03.05.098/50

Amendments to the Simplified Prospectus:

Registered on 05.10.2009, effective as of 05.10.2009.
Registered on 08.10.2009, effective as of 09.11.2009.
Registered on 29.01.2010, effective as of 29.01.2010.
Registered on 27.07.2010, effective as of 02.08.2010.
Registered on 10.08.2010, effective as of 10.08.2010.

Custodian: JSC "Citadele banka"

Sworn Auditor: SIA "PricewaterhouseCoopers"

The Prospectus, the Fund Rules, the annual and semi-annual reports of the Fund as well as other information on the Fund and the Company is available free of charge at the office of the IMJSC "Citadele Asset Management" at the following address:
Republikas square 2a, Riga, LV 1010, Latvia
on business days from 08:30 to 17:30

(See also section "General information").

Distributor of Investment Certificates:

In Latvia: JSC "Citadele banka"
Republikas square 2a, Riga, LV-1010,
Latvia
as well as branches and customer
service units of the JSC "Citadele
banka".

Fund Manager (Investment management company), the Company

IMJSC “Citadele Asset Management”
Republikas square 2a, Riga, LV -1010, Latvia

Custodian

JSC “Citadele banka”
Republikas square 2a, Riga, LV-1010, Latvia

Sworn Auditor

SIA “PricewaterhouseCoopers”
Riga, K.Valdemara street 19, LV-1010, Latvia

Distributor of the Fund’s certificates

In Latvia: JSC “Citadele banka”
Republikas square 2a, Riga, LV-1010, Latvia
as well as branches and customer service units of the JSC “Citadele banka”.

Supervisory Authority

Financial and Capital Market Commission
Kungu street 1, Riga, LV-1050, Latvia

Investment Objective

According to the RL Law "On Investment Management Companies" "Citadele Eastern European Fixed Income Funds" is an open-end investment fund with 2 sub-funds: "Citadele Eastern European Bond Fund" and "Citadele Eastern European Balanced Fund". The open-end investment fund "Citadele Eastern European Fixed Income Funds" aims to achieve long term capital growth through investments mainly in debt and equity securities issued or guaranteed by the states, municipalities, central banks and credit institutions, as well as issued by corporations, of the Eastern European region. Sub-fund's investment portfolios are diversified across investments in capital and debt securities, as well as across currencies and countries, thus ensuring highest investment security and protection against fluctuations in the asset value of the Fund's Sub-fund characteristic to securities of only one class, currency or country.

Investment Policy

The policy of "Citadele Eastern European Balanced Fund" sets out the following investment portfolio allocation:

- Up to 100% of the Sub-fund's assets can be invested in debt securities issued or guaranteed by government, municipalities and credit institutions as well as debt securities issued by corporations;
- Up to 50% of the Sub-fund's assets can be invested in money market instruments issued or guaranteed by government, municipalities and credit institutions as well as money market instruments issued by corporations;
- Up to 30% of the Sub-fund's assets can be invested in term deposits with credit institutions;
- Up to 50% of the Sub-fund's assets can be invested in equity securities issued by corporations;
- Up to 10% of the Sub-fund's assets can be invested in investment certificates of open-end funds or similar collective investment undertakings or similar securities (hereinafter, the investment certificates of investment funds).
- Up to 60% of the Sub-fund's assets may be invested in securities and money market instruments issued or guaranteed by issuers, who are registered or whose main activities take place in one country, that includes securities and money market instruments issued or guaranteed also by the state or a municipality of such country;
- Up to 25% of the Sub-fund's assets can be invested in securities and money market instruments not issued or guaranteed by governments, municipalities of the Eastern European countries, or corporations registered in the Eastern European countries.

The base currency of Sub-fund "Citadele Eastern European Balanced Fund" is EUR.

The policy of "Citadele Eastern European Bond Fund" sets out the following investment portfolio allocation:

- Up to 100% of the Sub-fund's assets can be invested in debt securities issued or guaranteed by government, municipalities and credit institutions as well as debt securities issued by corporations;
- Up to 50% of the Sub-fund's assets can be invested in money market instruments issued or guaranteed by government, municipalities and credit institutions as well as money market instruments issued by corporations;
- Up to 50% of the Sub-fund's assets can be invested in term deposits with credit institutions;
- Up to 10% of the Sub-fund's assets can be invested in investment certificates of open-end funds or similar collective investment undertakings or similar securities (hereinafter, the investment certificates of investment funds).
- Up to 60% of the Sub-fund's assets may be invested in securities and money market instruments issued or guaranteed by issuers, who are registered or whose main activities take place in one country, that includes securities and money market instruments issued or guaranteed also by the state or a municipality of such country;
- Up to 25% of the Sub-fund's assets can be invested in securities and money market instruments not issued or guaranteed by governments, municipalities of the Eastern European countries, or corporations registered in the Eastern European countries.

The base currency of Sub-fund "Citadele Eastern European Bond Fund" is USD.

Investor Profile

The Fund was set up for professional and experienced investors, as well as for those investors who are not familiar with capital market opportunities, who want to participate in the rapid economic development of the Eastern European countries. Such strategy comprises risk of issuer's default, political risk, economic risk and currency risk that can adversely affect the value of the Sub-fund's shares or investment certificates.

Name of the Sub-fund	Investor profile	Recommended investment horizon
"Citadele Eastern European Balanced Fund"	Investors who prefer medium term capital growth with moderate volatility in Sub-fund's share value and balanced investment strategy.	A minimum of 3 years
"Citadele Eastern European Bond Fund"	Investors who prefer medium term capital growth with moderate volatility in Sub-fund's share value and balanced investment strategy.	A minimum of 3 years

Investment-Related Risks

The operations of the Investment Fund's Sub-fund involve risks that arise from various factors. Each type of risk can adversely affect the operational results of the Sub-funds and, thus, the value of each of the Sub-fund's shares. The following risks must be distinguished in this respect:

Basic risk – Investors should be aware that the price of securities as well as income from securities is subject to fluctuations that directly affect the value of investment certificates owned by the Investor.

Liquidity risk – refers to the ability at any point in time to dispose of (sell or liquidate) any of the Sub-fund assets. If financial instruments or other assets can be sold or liquidated so that the average bid (in comparison to transaction volume in the particular market) does not create significant movements in price, this market can be regarded as liquid.

Investments in the Eastern European markets are subject to increased risk that markets for various assets are illiquid in the short-term. Consequently, a situation may occur that financial instruments or other assets cannot be sold or must be sold for a reduced value.

Issuer's default risk – related to the securities issuer's inability to fulfil its obligations against the securities holder. While planning the Sub-fund's investment policy the Company takes into account investment safety of each particular country, security and bank term deposit, i.e., analyses credit ratings of each country, bank or enterprise. Occurrence of this risk can create partial or full default on liabilities with respect to a particular financial instrument and affect the Sub-fund's net asset value and, thus, the value of each share of the Sub-fund.

Legal or regulatory risk – risk of possible changes in national and foreign laws and regulations (including tax policy) resulting in additional expenses to the Sub-fund.

Information risk – inaccessibility or lack of securities market information on issuer's true condition.

As there may not always be a common standard for disclosure in the Eastern European markets, there is an increased risk that despite prudent management the Fund Manager may fail to notice insufficiency of information and, consequently, may take an adverse investment decision.

Financial risk – financial risk of investment funds is primarily related to situations when, due to external factors (beyond the Company's control), Investors simultaneously request redemption of their investment certificates which results in decreased efficiency of the Sub-fund's operations.

Fund management quality risk – risk of losses or foregone income resulting from Fund manager's action or inaction.

Derivatives risk – Investors should be aware that investments in derivatives are subject to high risk. Liabilities or claims from such transactions may decrease or cease to exist. The risk of loss in certain situations may not be estimated and may exceed the value of collateral. If loans are used to cover liabilities arising from derivatives or if liabilities or claims from such transactions are denominated in foreign currency, the risk of loss may increase.

Derivatives transactions may result in insolvency and encumber the Sub-fund's properties, without the possibility to estimate losses in advance.

Main Foreign Investment Risks:

- Political risk – risk that investment countries get involved in military conflicts and warfare, as well as risk of major changes in political environment of investment countries, for example,

military coup d'état, overturns. Such factors usually have a major impact on financial markets of the respective country and, thus, on the Fund's performance;

- Economic risk – risk of changes in economic situation of investment regions, such as economic recession, excessive inflation, banking crisis, etc.;
- Accounting risk and risk of multiple tax collection – use of different accounting principles for securities accounting and registration systems in different countries may cause additional burdens on investments, such as higher tax rates being set for non-resident investments abroad; thus, the Fund's property may be burdened more than if investments were made on the local market;
- Currency risk – this risk pertains to possible losses which the holder of the fund's investment certificates may incur due to adverse currency fluctuations. The Sub-fund's assets can be also in other financial instruments in other currencies which differ from Sub-fund's base currency, consequently, there is a risk of change in the value of foreign currency relative to Sub-fund's base currency.

Particular risks related to investments in the Eastern European countries

The Fund's specialisation in investments in the Eastern European countries creates broad opportunities, which, however, entail increased risk. Asset prices in markets and stock exchanges are rather volatile. Moreover, investment performance may be affected by fluctuations of local currencies against the Sub-fund's base currency. Even with accurate securities market information which reflects the issuer's true condition investments are subject to a certain credit risk. Political changes, currency exchange restrictions, stock exchange regulations, taxes, restrictions of foreign investor activities, income repatriation, asset placement etc. can influence the Sub-fund's investment performance.

Derivatives

To provide protection against the risk of fluctuations in market value of the Sub-fund's assets that may arise due to changes in asset prices or exchange rates, the Fund Manager has the right to invest in derivatives on the Sub-fund's account. Furthermore, the Fund Manager has the right to enter in derivatives transactions on the Sub-fund's account with the purpose to profit.

The Fund Manager can enter into repurchase ("repo") agreements on the Sub-fund's account.

Taxes and Duties

The Company hereby gives a general survey of tax legislation of the Republic of Latvia and bears no responsibility for procedures of tax application to each specific Investor. The Investor shall be aware that tax application depends on his country of residence. The Investor should contact a tax advisor to clarify questions concerning procedures of tax application.

Application of Corporate Income and Individual Income Tax

According to the RL normative acts, investment funds are not subject to corporate income tax, thus, no corporate income tax shall be levied on funds accumulated by Investors in the Fund and on property owned by the Fund.

The Investors shall independently pay their individual income tax or corporate income tax on the relevant part of income in accordance with procedures stated by the RL Law "On Individual Income Tax" and the RL Law "On Corporate Income Tax".

At the moment of approval of the simplified Prospectus according to the RL Law "On Individual Income Tax" provides for no individual income tax to be levied on income from the sale of investment certificates.

At the moment of approval of the simplified Prospectus according to the RL Law "On Corporate Income Tax" provides for no corporate income tax to be levied on income from the sale of investment certificates.

At the moment of approval of the simplified Prospectus, according to the RL Law "On Corporate Income Tax" and the RL Law "On Individual Income Tax", no corporate income tax or individual income tax is levied on non-resident income from the sale of investment certificates.

Commissions

The Company shall receive a fee for the Sub-fund's management. The fee is paid from the Sub-fund's property once a month no later than 3 business days after the end of each calendar month.

In addition, the Sub-funds shall pay fees to the Custodian and the Sworn Auditor.

Fees in relation to the Sub-funds of "Citadele Eastern European Fixed Income Funds" are as follows:

"Citadele Eastern European Balanced Fund"

Beneficiary	Amount of the Fee
Company	1.50% per year of the Sub-fund's asset value
Custodian	0.175% per year of the Sub-fund's asset value
Sworn Auditor	Shall not exceed 0.10% per year of the Sub-fund's average asset value per year
Third parties (for holding of financial instruments, fee to the LCD, charge for including in and quoting of investment certificates on the lists of the stock exchanges, etc.)	In accordance with source documents or actual costs
<p>Sub-fund's total annual management costs shall not exceed 3.0% per year of the Sub-fund's average asset value per year.</p> <p>The amount is determined pursuant to the European Commission April 27, 2004 Recommendation No. 2004/384/EC on the content of the simplified prospectus set out in Section C of Appendix 1 of the European Council Directive 85/611/EC, taking into account amendments to the Directive 2001/107/EC and 2001/108/EC, is in line with the definition of Total Expense Ratio (TER), and does not include payments referred to in Paragraph 2.3 of the Prospectus.</p>	

"Citadele Eastern European Bond Fund"

Beneficiary	Amount of the Fee
Company	1.50% per year of the Sub-fund's asset value
Custodian	0.175% per year of the Sub-fund's asset value
Sworn Auditor	Shall not exceed 0.10% per year of the Sub-fund's average asset value per year
Third parties (for holding of financial instruments, fee to the LCD, charge for including in and quoting of investment certificates on the lists of the stock exchanges, etc.)	In accordance with source documents or actual costs
<p>Sub-fund's total annual management costs shall not exceed 3.0% per year of the Sub-fund's average asset value per year.</p> <p>The amount is determined pursuant to the European Commission April 27, 2004 Recommendation No. 2004/384/EC on the content of the simplified prospectus set out in Section C of Appendix 1 of the European Council Directive 85/611/EC, taking into account amendments to the Directive 2001/107/EC and 2001/108/EC, is in line with the definition of Total Expense Ratio (TER), and does not include payments referred to in Paragraph 2.3 of the Prospectus.</p>	

More information about these and other potential costs on the Fund's account is given in the full Prospectus.

Distribution of Investment Certificates

Applications for purchase of the Sub-fund's investment certificates may be submitted at the Company's office at Republikas square 2a, Riga, LV 1010, tel. (+371) 67010810, fax (+371) 67778622 or by contacting the Distributors.

Distributor of the Fund's investment certificates is:

- JSC "Citadele banka" Republikas square 2a, Riga, LV 1010
tel. (+371) 67010000, fax (+371) 67010001

as well as

- branches and customer service units of the JSC "Citadele banka". Addresses of branches and customer service units are available at the Company's office, by calling the JSC "Citadele banka", or on the bank's website: www.citadele.lv.

The minimum investment in the Sub-fund is 1 (one) investment certificate.

The price of investment certificates is set in the Fund's base currency.

All expenses incurred by the Investor with regard to purchase of investment certificates of Sub-funds (bank charges for operations with settlement and financial instrument accounts, etc.) shall be borne by the Investor.

The Sub-fund's net asset value as well as the Sub-fund's share value is determined on each business day after 17.30. This information is available in the places of distribution of the Sub-fund's investment certificates from 10.00 on the next business day.

Information about the sales price of investment certificates is available at the Company's office, or by calling the Company during its business hours. Such information is also available from the Distributors, at the stated address of Distributor's of investment certificates of the Sub-funds, or by calling the Distributor of investment certificates of the Sub-funds.

Calculations of the sales price of investment certificates are based on the Sub-fund's share value, which was determined on the day when the application for purchase of investment certificates of the open-end investment fund was received but which is published on the next business day. The Sub-fund's net asset value is the value of the Sub-fund's assets less the value of the Sub-fund's liabilities.

The Sub-fund's share value is the Sub-fund's net asset value divided by the number of investment certificates in circulation.

Redemption and Repurchase

The Company shall redeem Sub-fund's investment certificates upon request from the Investor.

The Sub-fund's investment certificates are redeemed at the price determined for the day when the Company or the Distributor has received and accepted the application for redemption of the open-end investment fund Sub-fund's investment certificates. No commission is applied to the redemption of investment certificates.

If data of material importance for the valuation of investment certificates stated in the Prospectus and documents enclosed thereto is incorrect or incomplete due to the Company's fault, the Investor shall be entitled to demand that the Company repurchases his investment certificates and reimburses him for all losses incurred thereof.

Exchange of the investment certificates

Upon Investor's request the Company exchanges the investment certificates of the Sub-fund against investment certificates of another Sub-fund of the open-ended investment fund "Citadele Eastern European Fixed Income Funds". After receipt of Application for exchange of investment certificates of the Sub-fund of the open-ended fund the Company shall redeem investment certificates of the relevant Sub-fund and shall issue investment certificates of another Sub-fund as indicated by the Investor. In case of exchange of the investment certificates no direct cash payments to the Investor are made.

Commission for exchange of investment certificates of the Sub-funds shall not exceed 1.0% of the share value of the Sub-fund to be exchanged.

Sales Commission and Redemption Fee

Sales commission is determined in accordance with the RL law, and it is paid to the Company to compensate expenses related to the issue of investment certificates.

The sales commission for the Sub-funds of "Citadele Eastern European Fixed Income Funds" shall be determined in the following amount from the Sub-fund's share value:

"Citadele Eastern European Balanced Fund"	up to 3.0%
"Citadele Eastern European Bond Fund"	up to 3.0%

No commission is charged for the redemption of Sub-fund's investment certificates.

The commission for exchange of investment certificates of the Sub-funds is determined up to 1.0% of the Sub-fund's share value.

Disclosure of Information about the Sub-fund's Share Value

The Company discloses information on the Sub-fund's share value for the previous day on each business day at 10.00. The information can be obtained by calling the numbers stated in the Prospectus, as well as directly at the Company's office or from Distributors, as well as on the website of the JSC "Citadele banka": www.citadele.lv.

Conditions for Suspension of Redemption and Repurchase of Investment Certificates

In case of extraordinary situation in financial markets (temporary shutdown of stock exchanges, banks, brokerages or any other reason preventing transactions in securities) or due to other events of uncontrollable nature, the Company may temporarily suspend trading in the Sub-fund's investment certificates. The Company shall immediately inform every Investor directly or shall publish announcement in one of the daily periodicals.

The redemption and repurchase of investment certificates may be suspended in cases when the Commission exercises its right to limit the Company's rights to manage the Sub-fund's bank accounts, and in the event of liquidation of the Sub-fund.

Redemption and repurchase of investment certificates is prohibited after start of the Sub-fund's liquidation.

Upon liquidation of the Sub-fund, claims of the Sub-fund's creditors and Investors shall be satisfied in accordance with procedures prescribed by the law.

Distribution of the Sub-fund's Income

Income received from the Sub-fund's property is reinvested in the Sub-fund.

The Investor participates in distribution of income derived from transactions with the Sub-fund's property in proportion to the number of investment certificates owned.

The income of the Investor is reflected in the increase or decrease of value of the Sub-fund's investment certificates. The Sub-fund's share value is determined on each business day in accordance with the RL legal acts and provisions of the Prospectus and the Fund Rules.

The Investor can realise the income from the Sub-fund's shares only by requesting the Company to redeem the security or by selling the investment certificate.

Historical performance of the Fund**Sub-fund "Citadele Eastern European Bond fund"**

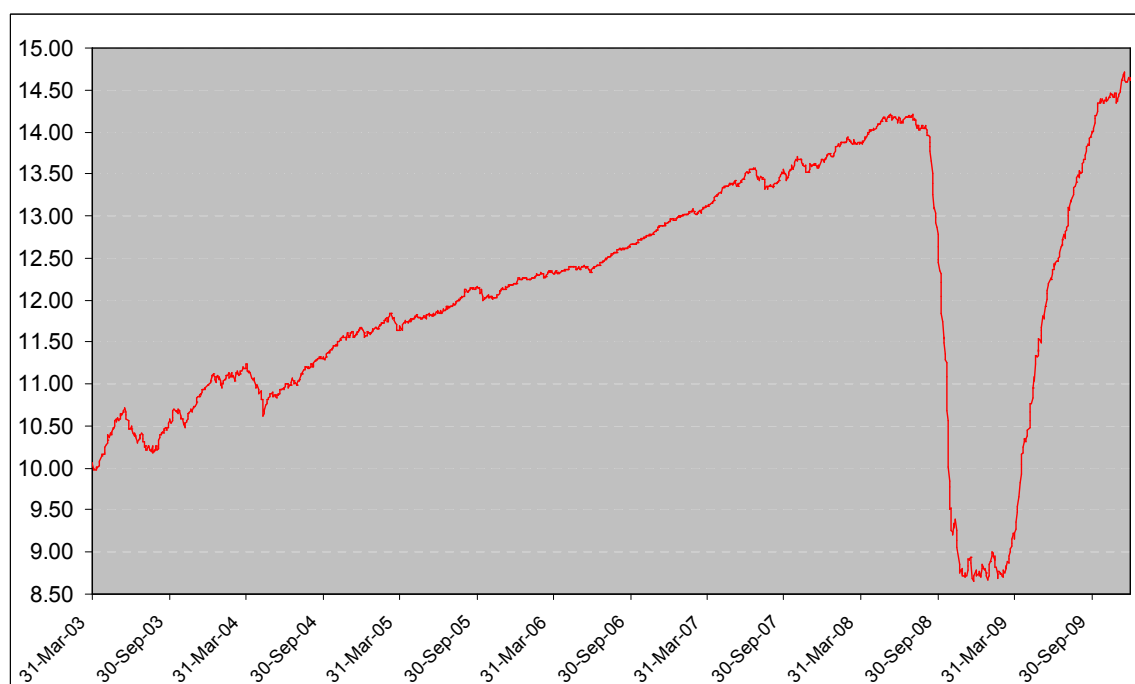
In 2009 net assets of the sub-fund decreased and to December 30, 2009 sub-fund's net assets was USD 16,832,159.83. But in year 2009 sub-funds share value increased by 67.89 % and on December 30, 2009 it was USD 14.64.

Financial Indicators

	USD	30.12.2009
Net assets		16,832,159.83
Number of Investment Certificates		1,149,366.8948
Value of an Investment Certificate		14.64

Dynamics of the sub-fund's Share Value

Period	Year 2009	Since re-registration
Increase/ decrease in the share value	67.89%	15.37 %



Historical performance of the Fund does not determine the Fund's future performance. The historical dynamics does not guarantee similar dynamics in the future. The Fund's net asset value can increase and decrease, and the Investor shall be aware that by investing in the Fund's certificates he might receive back less than he invested.

Sub-fund "Citadele Eastern European Balanced fund"

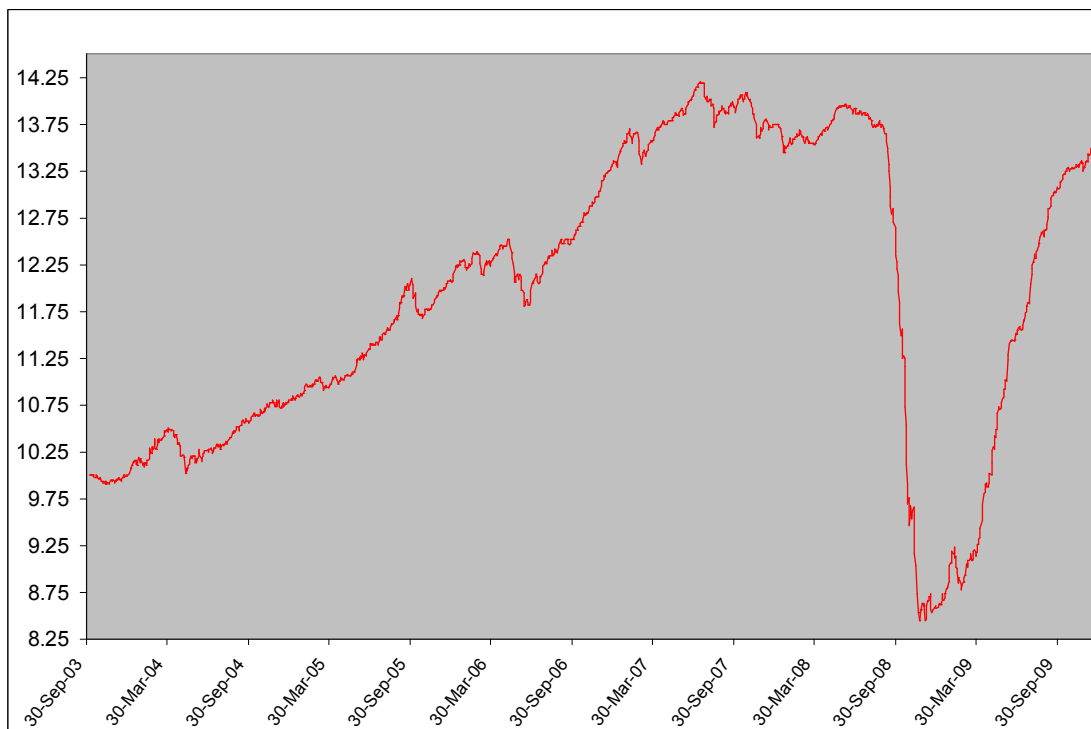
In 2009 net assets of the sub-fund increased and to December 30, 2009 sub-fund's net assets was EUR 12,594,943.53. In year 2009 sub-funds share value increased by 55.83 % and on December 30, 2009 it was EUR 13.37.

Financial Indicators

	EUR	30.12.2009
Net assets		12,594,943.53
Number of Investment Certificates		942,108.8510
Value of an Investment Certificate		13.37

Dynamics of the sub-fund's Share Value

Period	Year 2009	Since re-registration
Increase/ decrease in the share value	55.83%	13.82%



Historical performance of the Fund does not determine the Fund's future performance. The historical dynamics does not guarantee similar dynamics in the future. The Fund's net asset value can increase and decrease, and the Investor shall be aware that by investing in the Fund's certificates he might receive back less than he invested.

General Information

The Full Prospectus, the Simplified Prospectus, the Fund Rules, the annual and semi-annual financial reports of the Fund, information about investment certificate sales and redemption price, information about the place and time for submitting applications for purchase and redemption of the Fund's Sub-fund investment certificates, information about the Fund's Sub-fund net asset value and the Fund's Sub-fund share value, as well as other information on the Fund, the Company, and the Custodian is available free of charge at the office of the IMJSC "Citadele Asset Management" at the following address: Republikas square 2a, Riga, LV 1010, Latvia, on business days from 08:30 to 17:30, or from the Distributors of the Sub-funds, as well as from the recording and information agencies of the countries in which the Fund's Sub-fund investment certificates are distributed.