



capital  
asset  
management

**CAMavor 1 Pension Fund**  
Financial statements  
and Independent Auditor's Report  
For the year ended 31 December 2021

March 2022

Yerevan

## CAMavor 1 Pension FUND

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## INDEPENDENT AUDITOR'S REPORT

*To the unitholders of CAMavor 1 Pension Fund*

### Opinion

We have audited the accompanying financial statements of CAMavor 1 Pension Fund ("the Fund") which comprise the statement of financial position as at 31 December 2021, and the statement of profit or loss and other comprehensive income, statement of changes in net assets and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at 31 December 2021, and its financial performance and its cash flows for the year ended in accordance with International Financial Reporting Standards (IFRSs).

### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants (IESBA Code)* and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Responsibilities of the management and those charged with governance for the Financial Statements

Management of the Fund is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operation, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

### Auditor's Responsibility for Auditing Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is high level of assurance, but is not a guaranty that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements arise from fraud and error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

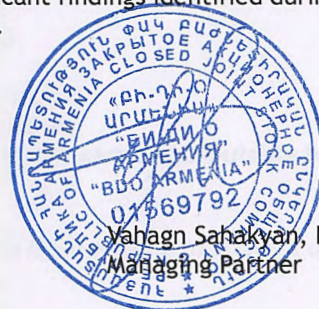
As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Among other issues, we inform those charged with governance about the scope and timing of the audit, as well as significant findings identified during the audit, including any significant deficiencies in the internal control.

31 March 2022  
"BDO Armenia" CJSC



Yahagn Sahakyan, FCCA  
Managing Partner

Gnel Khachatryan, FCCA  
Engagement partner



CAMavor 1 Pension Fund

Statement of profit or loss and other comprehensive income  
for the year ended 31 December, 2021

	Note	2021 AMD'000	2020 AMD'000
Interest income	5	1,117	1,165
Net (loss)/ gain from financial assets at fair value through profit or loss		(1,005)	68
<b>Total operating income</b>		<b>112</b>	<b>1,233</b>
Investment management fees	6	(290)	(278)
Custodian fees		(24)	(23)
Commission expense		(19)	(16)
Other		(8)	-
<b>Total operating expenses</b>		<b>(341)</b>	<b>(317)</b>
<b>Operating (loss)/profit</b>		<b>(229)</b>	<b>916</b>
Other comprehensive income		-	-
<b>Total comprehensive result</b>		<b>(229)</b>	<b>916</b>
<b>(Decrease)/ increase in net assets attributable to unitholders</b>		<b>(229)</b>	<b>916</b>

*The financial statements from pages 5 to 20 were approved by the Management of on 31 March 2022 and signed by:*

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Alik Araqelyan  
Chief Executive Officer

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Gayane Vardanyan  
Chief Accountant  
«AN Audit» CJSC authorised representative

CAMavor 1 Pension Fund

Statement of financial position  
As at 31 December 2021

	Note	2021 AMD'000	2020 AMD'000
<b>Assets</b>			
Cash and cash equivalents		477	312
Financial assets at fair value through profit or loss	7	15,511	15,729
<b>Total assets</b>		<b>15,988</b>	<b>16,041</b>
<b>Liabilities</b>			
Payables		32	27
<b>Total liabilities</b>		<b>32</b>	<b>27</b>
<b>Net assets attributable to unitholders</b>	8	<b>15,956</b>	<b>16,014</b>
<b>Total liabilities and net assets attributable to Unitholders</b>		<b>15,988</b>	<b>16,041</b>

CAMavor 1 Pension Fund  
Statement of cash flows  
for the year ended 31 December 2021

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	2021 AMD'000	2020 AMD'000
<i>Cash flows from operating activities</i>		
Interest received	1,134	1,177
Purchase of financial assets at fair value through profit or loss	(7,654)	(7,254)
Proceeds from sale of financial assets at fair value through profit or loss	6,847	5,616
Operating expenses paid	(430)	(412)
<b>Net cash from operating activities</b>	<b>(103)</b>	<b>(873)</b>
<i>Cash flows from financing activities</i>		
Proceeds from issue of units	807	888
Payments on redemptions of units	(539)	(487)
<b>Net cash from financing activities</b>	<b>268</b>	<b>401</b>
<b>Net increase /(decrease) in cash and cash equivalents</b>	<b>165</b>	<b>(472)</b>
Cash and cash equivalents at beginning of the year	<b>312</b>	<b>784</b>
Cash and cash equivalents at the end of the year	<b>477</b>	<b>312</b>

CAMavor 1 Pension Fund

Statement of changes in net assets attributable to unitholders  
for the year ended 31 December 2021

	Note	Net assets attributable to unitholders AMD'000
Balance as at January 1, 2021		16,014
Issuance and redemptions by unitholders:		
Subscription of units	8	807
Redemption of units	8	(636)
Net increase from unit transactions		171
Increase in net assets attributable to unitholders for the year		916
Balance as at December 31, 2021	8	15,956

	Note	Net assets attributable to unitholders AMD'000
Balance as at January 1, 2020		14,788
Issuance and redemptions by unitholders:		
Subscription of units	8	888
Redemption of units	8	(578)
Net increase from unit transactions		310
Increase in net assets attributable to unitholders for the year		916
Balance as at December 31, 2020	8	16,014



CAMavor 1 Pension Fund

Index to notes forming part of the financial statements  
For the year ended 31 December 2021

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## CAMavor 1 Pension Fund

### Notes forming part of the financial statements for the year ended December 31, 2021

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#### 1. About the Fund

CAMavor 1 Pension Fund (the CAMavor 1 or the Fund) is an open-ended contractual investment fund. The Fund represents a voluntary pension fund incorporated in the Republic of Armenia (RA). The Fund was incorporated on 30 April 2013 for an unlimited duration as an open-ended investment company under the laws of RA and under the decision 123-A by Central Bank of Armenia (CBA). The Fund's investment activities are managed by "Capital Asset Management" CJSC (the Manager) as an investment fund manager with granted license number 1. The Fund's registered office is 7 Argishti, 1st floor office 101, Yerevan, Republic of Armenia. The only shareholder of the Manager is Tigran Karapetyan.

The custodian of the Fund is VTB Bank (Armenia) CJSC.

The investment objective of the Fund is to achieve consistent medium-term returns while safeguarding capital by investing in a diversified portfolio of equity securities, interest bearing securities and related derivatives in several currencies.

Fund assets may be invested in fixed-income securities including bonds issued by governments, corporations and municipalities as well as in equity securities up to 30% of fund assets. Fund investments may also include bank deposits up to 20% of the Fund assets, investment fund units up to 25% of fund assets, derivative instruments only for hedging purposes. Fund investments may include foreign securities up to 50% of the Fund assets and foreign currency-denominated securities up to 50% of the Fund assets.

#### Armenian business environment

The Company's operations are located in Armenia. Consequently, the Company is exposed to the effects of changes of economic and financial markets of Armenia. Armenia continues economic reforms and development of its legal, tax and regulatory frameworks as required by a market economy. The future stability of the Armenian economy is largely dependent upon these reforms and developments and the effectiveness of economic, financial and monetary measures undertaken by the government. The financial statements reflect the Company's assessment of the impact of the Company's operations on the financial condition of the business environment. The future business environment may differ from management's assessment

The widespread geographical spread of the new type of coronavirus (COVID-19) had a material impact on the Armenian economy. The severity of the epidemic continues to impact as well as the effectiveness of the measures taken to address the problem remains uncertain at this time.

The political situation in the Republic of Armenia still remains unstable, considering the war unleashed by Azerbaijan against the Artsakh Republic on September 27, 2020. The preconditions for political and economic crises led to a decrease in the general mood of investors and brought to an increase of uncertainty and vulnerabilities in financial markets.

Such operating environment has a significant impact on the Company financial situation. The Company takes the necessary measures to ensure the stability of the Company's operations, however, due to the unpredictability of developments, the Management does not able to make a reliable assessment of how such circumstances will affect the financial condition of the Company in the coming years.

CAMavor 1 Pension Fund

Notes forming part of the financial statements  
for the year ended December 31, 2021 (continued)

*Investments structure*

Bonds description	Currency	Coupon yield annual	Repayments schedule	Maturity date	31 December 2021		31 December 2020	
					Nominal value AMD'000	Fair value AMD'000	Nominal value AMD'000	Fair value AMD'000
Government bond	AMD	7%	semi-annual	29-04-25	3,000	2,809	3,000	2,928
Government bond	AMD	10%	semi-annual	29-10-27	1,500	1,532	1,500	1,632
Government bond	AMD	10%	semi-annual	29-10-23	1,200	1,232	1,200	1,291
Government bond	AMD	13%	semi-annual	17-02-32	1,000	1,234	1,000	1,336
Government bond	AMD	12%	semi-annual	17-02-21	-	-	1,000	1,052
Armeconombank ojsc	AMD	10.25%	quarterly	03-05-22	1,000	1,023	-	-
Conversebank cjsc	AMD	9.50%	semi-annual	26-04-21	-	-	1,532	1,536
Unibank cjsc	USD	5.25%	quarterly	15-11-22	960	983	-	-
Armswissbank cjsc	USD	6.75%	semi-annual	15-06-24	432	473	470	490
Ameriabank cjsc	USD	5.25%	semi-annual	13-02-22	960	972	1,045	1,047
Ardshinbank cjsc	USD	5.00%	quarterly	13-10-22	1,440	1,475	-	-
Conversebank cjsc	USD	5.50%	semi-annual	15-04-22	1,440	1,469	-	-
Araratbank ojsc	USD	5.75%	quarterly	02-01-22	1,080	1,096	-	-
IDbank cjsc	USD	5.00%	quarterly	07-02-22	1,200	1,213	-	-
Ardshinbank cjsc	USD	5.50%	quarterly	03-09-21	-	-	1,150	1,156
Inecobank cjsc	USD	5.25%	semi-annual	11-06-21	-	-	1,254	1,259
IDbank cjsc	USD	5.25%	quarterly	20-08-21	-	-	1,045	1,056
Unibank cjsc	USD	5.50%	quarterly	13-05-21	-	-	941	946
						<b>15,511</b>		<b>15,729</b>

Notes forming part of the financial statements  
for the year ended December 31, 2021 (continued)

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## 2. Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards, International Accounting Standards and Interpretations (collectively IFRSs).

The principal accounting policies adopted in the preparation of the financial statements are set out in note 9. The policies have been consistently applied to all the years presented, unless otherwise stated.

The financial statements are presented in Armenian Drams (AMD), which is also the Company's functional currency. Amounts are rounded to the nearest thousand, unless otherwise stated.

The preparation of financial statements in compliance with adopted IFRS requires the use of certain critical accounting estimates and judgments. The areas where significant judgments and estimates have been made in preparing the financial statements and their effect are disclosed in note 3.

### *Basis of measurement*

The financial statements have been prepared on historical cost basis, except for financial assets at fair value through profit or loss that are measured at fair value.

### *Changes in accounting policies*

#### *a) New standards, interpretations and amendments effective from 1 January 2021*

There are no new standards, interpretations and amendments, entered into force from 1 January 2021 and which had significant effect on the Company's financial statements.

#### *b) New standards, interpretations and amendments not yet effective*

There were no new standards, interpretations and amendments that are issued but not yet effective that will have or may have an impact on the Company's future financial statements.

## 3. Critical Accounting Estimates and Judgements

The Company makes certain estimates and assumptions regarding the future. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual outcome may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

### *Fair value measurement*

The fair value measurement of the Company's financial and non-financial assets and liabilities utilizes market observable inputs and data as far as possible. Inputs used in determining fair value measurements are categorized into different levels based on how observable the inputs used in the valuation technique utilized are (the 'fair value hierarchy'):

- *Level 1:* Quoted prices in active markets for identical items (unadjusted)
- *Level 2:* Observable direct or indirect inputs other than Level 1 inputs
- *Level 3:* Unobservable inputs (i.e. not derived from market data).

CAMavor 1 Pension Fund

Notes forming part of the financial statements  
for the year ended December 31, 2021 (continued)

The classification of an item into the above levels is based on the lowest level of the inputs used that has a significant effect on the fair value measurement of the item. Transfers of items between levels are recognized in the period they occur. The Company measures fund units at fair value (Note 7).

**4. Financial instruments - Risk Management**

The Company is exposed through its operations to the following financial risks:

- Credit risk,
- Fair value or cash flow interest rate risk,
- Liquidity risk,
- Foreign exchange risk.

In common with all other businesses, the Company is exposed to risks that arise from its use of financial instruments.

This note describes the Company's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

The Fund maintains various positions in derivative and non-derivative financial instruments in accordance with its investment management strategy. The fund's investment portfolio consists entirely of debt public-private securities. The restrictions of the fund's investment portfolio are also regulated by the Board of the Central Bank of the Republic of Armenia December 06, 2011. by decision No. 337-N.

There have been no substantive changes in the Company's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods.

*(a) Principal financial instruments*

The principal financial instruments used the Company, from which financial instrument risks arise, are as follows:

- Financial assets at fair value through profit or loss
- Cash and cash equivalents
- Trade payables.

*(b) Financial instruments by category*

Financial asset	Fair value measurement		Amortized cost	
	2021 AMD'000	2020 AMD'000	2021 AMD'000	2020 AMD'000
Cash and cash equivalents	-	-	477	312
Financial assets at fair value through profit or loss	15,511	15,729	-	-
<b>Total</b>	<b>15,511</b>	<b>15,729</b>	<b>477</b>	<b>312</b>

Financial liabilities	2021	2020	2021	2020
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CAMavor 1 Pension Fund

Notes forming part of the financial statements  
for the year ended December 31, 2021 (continued)

	AMD'000	AMD'000	AMD'000	AMD'000
Accounts payables	-	-	30	24
<b>Total</b>	<u>-</u>	<u>-</u>	<u>30</u>	<u>24</u>

*(c) Financial instruments not measured at fair value*

Financial instruments not measured at fair value include cash and cash equivalents, trade receivables and trade payables.

Due to their short-term nature, the carrying value of cash and cash equivalents, trade receivables and trade payables approximates their fair value.

*(d) Financial instruments measured at fair value*

Financial Instruments fair value hierarchy is presented below:

December 31	Level 2	
	2021 AMD'000	2020 AMD'000
Financial assets at fair value through profit or loss	<u>15,511</u>	<u>15,729</u>

Appendix A details the fair value hierarchy and significant unobservable inputs relating to valuation techniques that are included in Level 3 of the fair value hierarchy.

*Credit risk*

Credit risk is the risk of financial loss to the Fund if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Fund bears credit risk primarily on investing activities and bank balances. The Fund seeks to control its credit risks by applying monitored investment strategy as well as reasonable judgement in selection of servicing banking partners. The Company may enter into secured financing transactions such as sale and repurchase agreements or purchase and resale agreements. For secured transactions involving repurchase and resale agreements the Company is permitted to sell or repledge the securities held as collateral and use these securities to enter into securities lending arrangements or to deliver to counterparties to cover any short positions.

The Fund has policies and procedures for the management of credit exposures (for recognised financial assets and unrecognised contractual commitments).

The maximum exposure to credit risk is generally reflected in the carrying amounts of financial assets in the statement of financial position and in unrecognised contractual commitments. The impact of possible netting of assets and liabilities to reduce potential credit exposure is not significant.

As at December 31, 2021 and 2020 credit risk exposure of financial assets are presented in the table below:

	2021 AMD'000	2020 AMD'000
Cash and cash equivalents	477	312
Financial assets at fair value through profit or loss	15,511	15,729
<b>Total</b>	<u>15,988</u>	<u>16,041</u>

*Cash at bank*

The Fund believes that the risk of cash at bank can be deemed as insignificant, since the financial

**CAMavor 1 Pension Fund**

**Notes forming part of the financial statements  
for the year ended December 31, 2021 (continued)**

institutions selected for investment of the Company's funds are reliable and authoritative.

***Liquidity risk***

Liquidity risk arises from the Fund's management of own funds. It is the risk that the Fund will encounter difficulty in meeting its financial obligations as they fall due.

The factors which impacts on the position of the cash and cash flows are including investment activities with securities, temps of subscriptions and maturity of shares. The combination of other factors can cause essential fluctuations on cash position of a certain period of time.

The Company's policy is to ensure that it will always have sufficient cash available to meet its liabilities when they become due. To achieve this aim, it seeks to maintain cash balances (or agreed facilities) to meet expected requirements in reasonable timeframe.

The following table sets out the contractual maturities (representing undiscounted contractual cash-flows) of financial liabilities:

<b>Up to 3 months</b>	<b>31 December 2021</b>	<b>31 December 2020</b>
	<u>AMD'000</u>	<u>AMD'000</u>
<b>Trade payables</b>	<u>30</u>	<u>24</u>

***Fair value or cash flow interest rate risk***

The Fund is exposed to the risk that the fair value or income / future cash flows of its financial instruments portfolio will fluctuate as a result of fluctuations in market interest rates. In respect of the Fund's interest-bearing financial instruments, the Company's policy is to transact in financial instruments that mature such that they best correspond to the maturity of financial liabilities. Nevertheless, the impact of interest rate risk can be high due to fluctuations in the prevailing levels of market interest rates.

***Foreign Exchange risk***

Currency risk arises from recognized financial assets and liabilities that are not underlined in the Company's functional currency. The Fund has a policy to manage the impact of foreign exchange risk on the Fund in accordance with the terms of currency diversification set out in the Fund's rules. As of the reporting date, the impact of foreign exchange risk on the Fund is due to USD underlined corporate securities in the investment portfolio.

The table below shows the impact of exchange rate fluctuations as of the reporting date.

<b>Financial assets measured at fair value through profit and loss</b>	<b>31 December 2021</b>	<b>31 December 2020</b>
	<u>AMD'000</u>	<u>AMD'000</u>
USD	7,682	5,954
<b>Net currency position</b>	<u>7,682</u>	<u>5,954</u>

As of the reporting date, the effect of a 10% devaluation of the US dollar against the AMD on financial instruments denominated in US dollars (if other data remained unchanged) would result in an increase in net profit for the year (after tax) by 630 thousand drams (595 thousand drams in 2020) and 10% impact of depreciation on annual profit (after tax) decrease in net assets by the same amount.

**5. Interest income**

<b>2021</b>	<b>2020</b>
<u>AMD'000</u>	<u>AMD'000</u>

CAMavor 1 Pension Fund

Notes forming part of the financial statements  
for the year ended December 31, 2021 (continued)

Government treasury bonds	627	738
Corporate bonds	490	427
	1,117	1,165

**6. Fund management fees**

The manager is entitled to receive an annual management fee of 1.8% of the net asset value of the Fund, calculated and accrued for each operating day, which is payable in the form of monthly partial repayments. The manager's bonus calculated for the reporting period was 294 thousand drams (278 thousand AMD in 2020), of which 24 thousand drams was subject to payment as of December 31, 2021 (as of December 31, 2020, 18 thousand AMD).

**7. Financial assets at fair value through profit or loss**

	2021 AMD'000	2020 AMD'000
Government treasury bonds	6,807	8,239
Corporate bonds	8,704	7,490
	15,511	15,729

**8. Net assets attributable to unitholders**

The movements in the number of units and net assets attributable to unitholders was as follows

	2021		2020	
	Number of units	Units in AMD'000	Number of units	Units in AMD'000
Balance at the beginning of the year	8,486	16,014	8,320	14,788
Issue of units during the year	396	807	482	888
Redemption of units during the year	(306)	(636)	(316)	(578)
Increase in net assets attributable to unitholders	-	(229)	-	916
Balance at December 31	8,576	15,956	8,486	16,014
Net assets value per unit in AMD	-	1,860.46	-	1,886.94

Units in the Fund are offered at their net asset value per Unit ("NAV") on each business day, information available at 15.00 of the preceding day ("NAV Determination Time"). A business day shall mean a day on which the Armenian Stock Exchange is open. Units will be redeemed at the NAV as of the relevant NAV Determination Time. Investment income earned by the Fund is accumulated and reinvested in the Fund and included in the determination of unit values.

**9. Event after the reporting period**

On February 24, 2022, Russia launched a large-scale military operations against Ukraine. In order to resist Russia, the EU and the United States, and other countries around the world, have imposed



## CAMavor 1 Pension Fund

### Notes forming part of the financial statements for the year ended December 31, 2021 (continued)

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economic and political sanctions, as a result of which the Russian economy is facing significant issues. At present, the course of the military operations, the impact of sanctions, and the extent of the consequences are unpredictable.

Taking into consideration of Russia's political and economic influence on the Armenian economy and investment field, as well as the fact that Armenia is a member of the EEU, the current situation may indirectly affect the stability of Armenia's financial and economic systems. Given the unpredictability of these circumstances and their impact,

At the moment, the Fund manager finds it difficult to assess the impact of the latter on the results of the Fund's financial condition and liquidity.

#### 10. Accounting policy

##### *Foreign currency transactions*

Transactions in foreign currency are converted into the functional currency at the closing exchange rate as of the day of the transaction, and at the average exchange rate announced by the CBA in case of closing price absence.

Non-monetary assets and liabilities in foreign currencies that are measured at fair value are recalculated at the current exchange rate at the date the fair value of the functional currency is determined.

Exchange differences arising from the foreign currency items account are recognized in profit or loss as net gains/losses on foreign exchange differences, except for financial instruments measured at fair value through profit or loss that are recognized at fair value, the element of net profit or loss arising from the revaluation of financial instruments measured through profit or loss.

##### *Interest income and expense*

Interest income and expense, including interest income from non-derivative financial assets measured at fair value through profit or loss, are recognized in profit or loss, respectively, as interest income or expense. The Fund estimates future cash flows when calculating an effective interest rate, taking into account all contractual terms of the financial instruments but not future debt losses. Interest received or receivable, interest paid or payable, is recognized in profit or loss, respectively, as interest income or interest expense.

##### *Stock transactions and investment income*

Stock transactions are accounted for at the date of the transaction (sale or purchase of securities). Interest income is accounted on an accrual basis Dividends are accounted on the date of the previous dividends. Value of securities is calculated based on weighted average cost. As for short-term **LL** fixed-yield investments, discounts and issue income are amortized and are accounted for in investment income. The value of the securities sold is calculated on the basis of amortized cost.

##### *Expenses*

All expenses, proper charges and disbursements of the Manager in the performance of its duties under the CAMavor 1 Pension Fund Rules may be charged to the Fund. The management fees charged to the Fund is 1.8%.

Management fees charged from the Fund are set out in Note 6.

##### *Financial instruments*

The Fund recognizes the financial assets and liabilities in the statement of financial position when it becomes a party to the financial instrument contract. Regular way purchases and sales of financial assets and liabilities are accounted for at the end of the reporting period. Regular way purchases or sales of financial instruments are the purchase or sale of financial assets that require delivery of the assets within the time frame established generally by regulation or convention in the marketplace concerned.

Financial assets or liabilities are initially measured at fair value. In the case of financial assets or liabilities that are not classified in the group of financial instruments measured at fair value through

## CAMavor 1 Pension Fund

### Notes forming part of the financial statements for the year ended December 31, 2021 (continued)

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profit or loss, the transaction costs are added (or removed) to the fair value, which are directly attributable to the purchase or issue of a financial asset or liability. Transaction costs that are directly attributable to acquisition of financial assets or financial liabilities "measured at fair value through profit or loss" are recognized immediately in profit or loss.

#### *Financial assets*

Financial assets are classified in the following categories:

- (a) financial assets measured at fair value through profit or loss (FVTPL);
- (b) financial assets measured at fair value through other comprehensive income (FVOCI);
- (c) financial assets measured at amortized cost.

The classification depends on the nature of the cash flows resulting from the financial assets and the business model, under which the asset is held and designated at the time of initial recognition.

#### **Financial assets measured at fair value through profit or loss**

Financial asset is classified as "measured at fair value through profit or loss" if it is classified neither as measured at amortized cost (as described below) nor as measured at FVOCI (as described below). Additionally, at initial recognition, the Fund may irrevocably designate any financial asset (which meets the criteria for being measured at amortized cost or at FVOCI) as measured at FVTPL, if this eliminates or essentially reduces the accounting mismatch that could otherwise have arisen.

A financial asset is classified as measured "at amortized cost" if it complies with the following two conditions and has not been designated as measured at FVTPL:

- It is held under a business model, which aims at holding assets to collect contractual cash flows; and
- Its contractual terms give rise to cash flows on the specified dates, which are solely interest payments on principal and outstanding principal.

Financial assets, which are debt instruments and are not classified as measured at FVPOL, are subject to impairment test using the expected credit loss model. According to this model, a credit loss provision should be recognized in the amount of expected credit losses (ECL) during 12 months after the reporting date. However, if the instrument's credit risk has significantly increased since its initial recognition, the provision should be recognized for the whole life of the instrument in the amount of ECL.

#### *Derecognition of financial assets*

The Fund derecognises financial assets when the contractual rights with respect to cash flows resulting from the financial asset become void, or when these rights are transferred to a third party. If the Fund substantially neither transfers nor retains all the risks and returns related to ownership of the financial asset, but retains control over the transferred asset, the Fund continues to recognize the financial asset, as well as its associated liability to the extent that its involvement in the financial asset is kept. If the Fund substantially retains all the risks and returns related to ownership of the financial asset, the Fund shall continue to recognize the financial asset, as well as the borrowing pledged as collateral for the received return.

#### *Financial liabilities*

Financial liabilities are classified as measured "at fair value through profit or loss" (FVTPL) or other financial liabilities.

#### *Amortized financial liabilities*

*Financial liabilities measured at amortized cost are measured using the effective interest method, which recognizes interest expense on an effective basis.*

## CAMavor 1 Pension Fund

### Notes forming part of the financial statements for the year ended December 31, 2021 (continued)

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#### *Derecognition of financial liabilities*

The Fund derecognizes a financial liability only when the Fund's obligations are repaid, canceled, or become void. When a financial liability to the same lender is replaced by another financial liability (the terms of which substantially vary from the previous one), or there has been a material change in the terms of the present liability, such replacement or change is recognized as derecognition of the original liability and recognition of a new liability. The difference between the carrying amount of the derecognized financial liability and compensation paid and payable is recognized in the statement of comprehensive income.

#### *Securities purchased and redeemed under the REPO agreement*

The Fund enters into financial assets sale and purchase back agreements ("repos") and financial assets purchase and sale back agreements ("reverse repos"). Repos and reverse repos are utilized by the Fund as an element of its treasury management. A repo is an agreement to transfer a financial asset to another party in exchange for cash or other consideration and a concurrent obligation to reacquire the financial assets at a future date for an amount equal to the cash or other consideration exchanged plus interest. These agreements are accounted for as financing transactions. Financial assets sold under repo are retained in the financial statements and consideration received under these agreements is recorded as collateralized deposit received within depositary instruments with banks. The Fund enters into securities repurchase agreements under which it receives or transfers collateral in accordance with normal market practice. The transfer of securities to counterparties is only reflected on the statement of financial position if the risks and rewards of ownership are also transferred.

#### *Tax*

Under present law governing the Fund in Armenia, the Fund is not subject to tax on income, profits or capital gains or other taxes payable. The unitholders of the Fund are individually liable for their share of the Funds' income.

CAMavor 1 Pension Fund

Notes forming part of the financial statements  
for the year ended December 31, 2021 (continued)

Annex A. Fair Value measurement disclosures

The following table sets out the valuation techniques used in the determination of fair values including the key unobservable inputs used and the relationship between unobservable inputs to fair value.

<u>Item</u>	<u>Fair value, AMD'000</u>	<u>Valuation technique</u>	<u>Fair value hierarchy level</u>	<u>Significant unobservable inputs</u>
Financial assets at fair value through profit or loss:	15,511	Quoted prices	Level 2	Not applicable
Payables	30	The carrying amount of short term (less than 12 months) payable approximates its fair values.	Level 3	None