capital
asset
management

CAMavor 1 Pension Fund
Financial statements
and Independent Auditor's Report
For the year ended 31 December 2022

April 2023

Yerevan

Contents

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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 2022, the statement of profit or loss and other comprehensive income, statement of changes in net assets, the 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 2022, 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' *International Code of Ethics for Professional Accountants (including International Independence Standards) (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 a 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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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 relating 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.

28 April 2023
"BDO Armenia" CJSC

Vahagn Sahakyan, FCCA
Managing Partner

Sergey Yakovlev, FCCA
Engagement partner

CAMavor 1 Pension Fund

Statement of profit or loss and other comprehensive income
for the year ended 31 December 2022

	Note	2022 AMD'000	2021 AMD'000
Interest income	5	1,086	1,117
Net (loss)/ gain from financial assets at fair value through profit or loss		(1,840)	(1,005)
Total operating (loss)/income		**(754)**	**112**
Investment management fees	6	(279)	(290)
Custodian fees		(23)	(24)
Commission expense		(20)	(19)
Other		(7)	(8)
Total operating expenses		**(329)**	**(341)**
Operating loss		**(1,083)**	**(229)**
Total comprehensive loss		**(1,083)**	**(229)**
Decrease in net assets attributable to unitholders		**(1,083)**	**(229)**

The financial statements from pages 5 to 23 were approved by the Management on 28 April 2023 and signed by

Gedeon Kheboyan
Acting Chief Executive Officer

Gayane Vardanyan
Chief Accountant
«AN Audit» CJSC authorised representative

CAMavor 1 Pension Fund

Statement of financial position
As at 31 December 2022

	Note	2022 AMD'000	2021 AMD'000
Assets			
Cash and cash equivalents		711	477
Financial assets at fair value through profit or loss	7	14,654	15,511
Total assets		**15,365**	**15,988**
Liabilities			
Payables		28	32
Total liabilities		**28**	**32**
Net assets attributable to unitholders	8	**15,337**	**15,956**
Total liabilities and net assets attributable to Unitholders		**15,365**	**15,988**

CAMavor 1 Pension Fund

Statement of cash flows
for the year ended 31 December 2022

	2022 AMD'000	2021 AMD'000
Cash flows from operating activities		
Interest received	1,117	1,134
Purchase of financial assets at fair value through profit or loss	(8,728)	(7,654)
Proceeds from sale of financial assets at fair value through profit or loss	7,717	6,847
Operating expenses paid	(381)	(430)
Net cash from operating activities	**(275)**	**(103)**
Cash flows from financing activities		
Proceeds from issue of units	762	807
Payments on redemptions of units	(253)	(539)
Net cash from financing activities	**509**	**268**
Net increase /(decrease) in cash and cash equivalents	**234**	**165**
Cash and cash equivalents at beginning of the year	**477**	**312**
Cash and cash equivalents at the end of the year	**711**	**477**

CAMavor 1 Pension Fund

Statement of changes in net assets attributable to unitholders for the year ended 31 December 2022

	Note	Net assets attributable to unitholders AMD'000
Balance as at 1 January 2022		**15,956**
Issuance and redemptions by unitholders:		
Issuance of units	8	762
Redemption of units	8	(298)
Net increase from unit transactions		**464**
Increase in net assets attributable to unitholders for the year		(1,083)
Balance as at 31 December 2022	8	**15,337**

	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		(229)
Balance as at December 31, 2021	8	**15,956**

Index to notes forming part of the financial statements
For the year ended 31 December 2022

Contents

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. Fund investments may also include bank deposits up to 20% of fund assets, investment fund units up to 25% of fund assets, derivative instruments only for hedging purposes. Fund investments may also include foreign securities up to 50% of fund assets and foreign currency-denominated securities up to 50% of 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, which have characteristics that of developing markets.

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 legal, tax, and regulatory frameworks continue to develop, although are subject to different interpretations and frequent changes, which, together with other legal and financial obstacles, creates extra difficulties for companies operating in Armenia.

The geographical spread of the new type of coronavirus (COVID-19), the war in the Republic of Artsakh, and the political developments surrounding the regulation of the conflict have had a significant impact on Armenia's economy. However, during the reporting period, Armenia's economy, especially the financial sector, had a significant impact on the ongoing Russian-Ukrainian war, which has led to an unprecedented influx of human capital and financial resources, which in turn contributed greatly to the two-dimensional growth of Armenia's economy. Such a practical environment has a significant impact on the functioning and financial situation of the Fund.

The fund manager undertakes necessary activities to ensure the stability of the Fund's activities. Nevertheless, because of the unpredictability of events, the administrator of the Fund has no opportunity to give a reliable assessment of the impact such circumstances will have on the financial situation of the Fund for years to come.

Financial statements reflect the Fund Manager's assessment of the impact of the business environment on the functioning and the financial situation of the Fund. The future business environment may differ from the management assessment.

In view of the foregoing factors, the Fund Manager has adopted a moderate-active strategy to avoid excessive risks.

Investments structure

Bonds description	Currency	Coupon yield annual	Repayments schedule	Maturity date	31 December 2022 Nominal value AMD'000	31 December 2022 Fair value AMD'000	31 December 2021 Nominal value AMD'000	31 December 2021 Fair value AMD'000
Government bond	AMD	7%	semi-annual	29-04-25	3,000	2,744	3,000	2,809
Government bond	AMD	10%	semi-annual	29-10-27	1,500	1,419	1,500	1,532
Government bond	AMD	10%	semi-annual	29-10-23	1,200	1,204	1,200	1,232
Government bond	AMD	13%	semi-annual	17-02-32	1,000	1,136	1,000	1,234
Armeconom bank ojsc	AMD	9.75%	quarterly	03-09-23	1,190	1,221	-	-
Evoca bank cjsc	USD	5%	semi-annual	28-09-24	1,574	1,580	-	-
Converse bank cjsc	USD	5.25%	semi-annual	20-04-24	1,181	1,208	-	-
Armswiss bank cjsc	USD	6.75%	semi-annual	15-06-24	354	377	-	-
Ameria bank cjsc	USD	4.75%	quarterly	04-05-23	748	757	-	-
Unibank cjsc	USD	5.30%	quarterly	05-02-24	984	995	-	-
IDbank cjsc	USD	5.00%	quarterly	22-07-23	984	1,010	-	-
Ararat bank ojsc	USD	5.50%	quarterly	29-01-24	984	1,003	-	-
Armeconom bank ojsc	AMD	10.25%	quarterly	03-05-22	-	-	1,000	1,023
Unibank cjsc	USD	5.25%	quarterly	15-11-22	-	-	960	983
Armswiss bank cjsc	USD	6.75%	semi-annual	15-06-24	-	-	432	473
Ameria bank cjsc	USD	5.25%	semi-annual	13-02-22	-	-	960	972
Ardshin bank cjsc	USD	5.00%	quarterly	13-10-22	-	-	1,440	1,475
Converse bank cjsc	USD	5.50%	semi-annual	15-04-22	-	-	1,440	1,469
Ararat bank 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
						14,654		**15,511**

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) Standards and amendments mandatorily effective from 1st of January 2022

1) Annual Improvements to IFRS 2018-2020 Cycle

In May 2020, the IASB issued minor amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IAS 41 Agriculture and the Illustrative Examples accompanying IFRS 16 Leases.

2) IAS 37 Provisions, Contingent Liabilities and Contingent Assets (Amendment – Onerous Contracts – Cost of Fulfilling a Contract)

In May 2020, the IASB issued amendments to IAS 37, added paragraph 68A to specify which costs an entity includes in determining the cost of fulfilling a contract for the purposes of assessing whether the contract is onerous. These amendments are expected to result in more contracts being accounted for as onerous contracts because they increase the scope of costs that are included in the onerous contract assessment.

3) IAS 16 Property, Plant and Equipment (Amendment – Proceeds before Intended Use)

In May 2020, the IASB issued amendments to IAS 16, which prohibit a company from deducting amounts received from selling items produced while the company is preparing the asset for its intended use from the cost of property, plant, and equipment. Instead, a company will recognize such sales proceeds and any related costs in profit or loss rather than offset it against the cost of the property.

New standards and amendments which have become effective after 01.01.2022 do not have a significant influence on the financial statements of the Company for the year.

b) Standards and amendments issued, but not yet effective

1) IFRS 17 Insurance Contracts

IFRS 17 introduces an internationally consistent approach to accounting for insurance contracts.

Prior to IFRS 17, significant diversity existed worldwide relating to the accounting for and disclosure of insurance contracts, with IFRS 4 permitting many previous (non-IFRS) accounting approaches to continue to be followed. IFRS 17 will result in significant changes for many insurers, requiring adjustments to existing systems and processes. The new standard takes the view that insurance contracts combine features of a financial instrument and a service contract, and that many generate cash flows that vary substantially over time. It therefore takes the approach of:

- Combining current measurement of future cash flows with recognizing profit over the period that services are provided under the contract
- Presenting insurance service results (including insurance revenue) separately from insurance finance income or expenses, and
- Requiring an entity to make an accounting policy choice for each portfolio whether to recognize all insurance finance income or expenses for the reporting period in profit or loss, or to recognize some in other comprehensive income.

After the issue of IFRS 17, amendments to the standard and deferral of effective dates have been made.

2) Disclosure of Accounting Policies (Amendment to IAS 1 and IFRS Practice Statement 2)

In February 2021, the IASB issued amendments to IAS 1, which change the disclosure requirements with respect to accounting policies from 'significant accounting policies' to 'material accounting policy information'. The amendments provide guidance on when accounting policy information is likely to be considered material. The amendments to IAS 1 are effective for annual reporting periods beginning on or after 1st of January 2023, with earlier application permitted. As IFRS Practice Statements are non-mandatory guidance, no mandatory effective date has been specified for the amendments to IFRS Practice Statement 2.

3) Definition of Accounting Estimates (Amendment to IAS 8)

In February 2021, the IASB issued amendments to IAS 8, which added the definition of Accounting Estimates in IAS 8. The amendments also clarified that the effects of a change in an input or measurement technique are changes in accounting estimates, unless resulting from correction of prior period errors.

4) Lease Liability in a Sale and Leaseback (Amendment to IFRS 16)

The IFRS Interpretations Committee issued an agenda decision in June 2020 – Sale and leaseback with Variable Payments. This matter was referred to the IASB for standard setting for some aspects. The IASB issued the final amendments in September 2022. The Amendments provide a requirement for the seller-lessee to determine 'lease payments' or 'revised lease payments' in a way that the seller-lessee would not recognize any amount of the gain or loss that relates to the right of use retained by the seller-lessee.

5) IAS 1 Presentation of Financial Statements (Amendment – Classification of Liabilities as Current or Non-Current)

The IASB issued amendments to IAS 1 - Classification of Liabilities as Current or Non-current in January 2020, which have been further amended partially by amendments to non-current liabilities with covenants, issued in October 2022. The amendments require that an entity's right to defer settlement of a liability for at least twelve months after the reporting period must have substance and must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement for at least twelve months after the reporting period. As a result of the COVID-19 pandemic, the Board deferred the effective date of the amendments by one year to annual reporting periods beginning on or after 1 January 2024.

6) IAS 1 Presentation of Financial Statements (Amendment – Non-current Liabilities with Covenants)

Subsequent to the release of amendments to IAS 1 Classification of Liabilities as Current or Non-Current, the IASB amended IAS 1 further in October 2022. If an entity’s right to defer is subject to the entity complying with a specified condition, such conditions affect whether that right exists at the end of the reporting period, if the entity is required to comply with the condition on or before the end of the reporting period and not if the entity is required to comply with the conditions after the reporting period. The amendments also provide clarification on the meaning of ‘settlement’ for the purpose of classifying a liability as current or non-current.

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).

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

	Fair value measurement		Amortized cost	
Financial asset	**2022 AMD'000**	**2021 AMD'000**	**2022 AMD'000**	**2021 AMD'000**
Cash and cash equivalents	-	-	711	477
Financial assets at fair value through profit or loss	14,654	15,511	-	-
Total	**14,654**	**15,511**	**711**	**477**

Financial liabilities	**2022 AMD'000**	**2021 AMD'000**	**2022 AMD'000**	**2021 AMD'000**
Accounts payables	-	-	28	30
Total	-	-	**28**	**30**

(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:

	Level 2	
December 31	**2022** **AMD'000**	**2021** **AMD'000**
Financial assets at fair value through profit or loss	**14,654**	**15,511**

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 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 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 recognized financial assets and unrecognized 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 unrecognized contractual commitments. The impact of possible netting of assets and liabilities to reduce potential credit exposure is not significant.

As of 31 December 2022 and 2021 credit risk exposure of financial assets are presented in the table below:

	2022 **AMD'000**	**2021** **AMD'000**
Cash and cash equivalents	711	477
Financial assets at fair value through profit or loss	14,654	15,511
Total	**15,365**	**15,988**

Cash at bank

The Fund believes that the risk of cash at bank can be deemed as insignificant, since the financial institutions selected for investment of the Company's funds are reliable and authoritative.

Liquidity risk

Liquidity risk arises from the Fund's financial expenses and principal repayments of debt instruments. Liquidity risk is associated with the Fund's difficulty in repaying its financial obligations on time.

Factors affecting the cash position and cash flows include investment activity in securities, subscription and redemption rates of units. A combination of these factors can cause significant fluctuations in the cash position over a period of time.

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

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

Up to 3 months	**31 December 2022 AMD'000**	**31 December 2021 AMD'000**
Trade payables	**28**	**30**

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 chnage as a result of fluctuations in the 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 rates 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.

Financial assets measured at fair value through profit and loss	**31 December 2022 AMD'000**	**31 December 2021 AMD'000**
USD	6,929	7,682
Net currency position	**6,929**	**7,682**

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 693 thousand drams (630 thousand drams in 2021), while a 10% depriciation has the same impact on the annual profit (after tax) and net asset reduction.

5. Interest income

	2022 AMD'000	**2021 AMD'000**
Government treasury bonds	610	627
Corporate bonds	476	490
	1,086	**1,117**

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 AMD 279 thousand (2021: AMD 290 thousand), of which 23 thousand drams was subject to payment as of 31 December 2022 (31 December 2021: 24 thousand AMD).

7. Financial assets at fair value through profit or loss

	2022 AMD'000	2021 AMD'000
Government treasury bonds	6,503	6,807
Corporate bonds	8,151	8,704
	14,654	**15,511**

8. Net assets attributable to unitholders

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

	2022		2021	
	Number of units	Units in AMD'000	Number of units	Units in AMD'000
Balance at the beginning of the year	**8,576**	**15,956**	**8,486**	**16,014**
Issue of units during the year	385	762	396	807
Redemption of units during the year	(122)	(298)	(306)	(636)
Increase in net assets attributable to unitholders	-	(1,083)	-	(229)
Balance at December 31	**8,840**	**15,337**	**8,576**	**15,956**
Net assets value per unit in AMD		**1,735**		**1,860**

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. 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 as interest income or expense respectively. 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 transaction date (sale or purchase of securities). Interest income is accounted for on an accrual basis. Dividend income is recognized on the date of the previous dividend. Value of securities is calculated based on a weighted average cost. As for short-term and 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 are 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 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 derecognizes 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.

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.

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.

Item	Fair value, AMD'000	Valuation technique	Fair value hierarchy level	Significant unobservable inputs
Financial assets at fair value through profit or loss:	**14,654**	Quoted prices	Level 2	Not applicable
Payables	28	The carrying amount of short term (less than 12 months) payable approximates its fair values.	Level 3	None