



capital  
asset  
management

**CAM Government Securities  
Investment Fund**  
Financial statements  
and Independent Auditor's Report  
For the year ended 31 December 2023

March 2024  
Yerevan

## CAM Government Securities Investment Fund

### Disclaimer

The attached report was originally prepared in Armenian and then translated into English for the convenience of readers. In the event of any differences between the English and Armenian versions, the Armenian will prevail.

## CAM Government Securities Investment Fund

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## INDEPENDENT AUDITOR'S REPORT

To the unit holders of CAM Government Securities Investment Fund

### Opinion

We have audited the accompanying financial statements of CAM Government Securities Investment Fund ("the Fund") which comprise the statement of financial position as at 31 December 2023, the statement of profit or loss and other comprehensive income, the statement of changes in net assets attributable to unit holders and 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 2023, 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 the Audit of the 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.

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

6 March 2024  
"BDO Armenia" CJSC

Vahagn Sahakyan, FCCA  
Managing Partner



Davit Yedigaryan, FCCA  
Engagement Partner

CAM Government Securities Investment Fund

Statement of profit or loss and other comprehensive income  
for the year ended 31 December 2023

	Note	2023 AMD'000	2022 AMD'000
Interest income	5	56,458	61,666
Interest expense	6	(7,036)	(15,573)
Net gain /(loss) from financial assets at fair value through profit or loss	7	34,793	(47,824)
Investment management fees	8	(4,919)	(4,979)
Custodian fees		(805)	(793)
Commission expense		(34)	(344)
Net gain/(loss) from revaluation of foreign exchange		1,872	(15,819)
<b>(Loss)/profit before tax</b>		<b>80,329</b>	<b>(23,666)</b>
<b>Income tax compensation</b>		<b>(54)</b>	<b>(53)</b>
<b>(Loss)/profit after tax</b>		<b>80,275</b>	<b>(23,719)</b>
Other comprehensive income		-	-
<b>Total comprehensive (loss)/income</b>		<b>80,275</b>	<b>(23,719)</b>
<b>(Decrease)/increase in net assets attributable to unit holders</b>		<b>80,275</b>	<b>(23,719)</b>

*The financial statements from pages 6 to 23 were approved by the Management on 6 March 2024 and signed by:*

\_\_\_\_\_  
Alik Arakelyan  
Chief Executive Officer

\_\_\_\_\_  
Karine Avetisyan  
Chief Accountant  
«AN Audit» CJSC authorized representative

CAM Government Securities Investment Fund

Statement of financial position  
As at 31 December 2023

	Note	2023 AMD'000	2022 AMD'000
<b>Assets</b>			
Cash and cash equivalents		17,941	3,940
Financial assets at fair value through profit or loss	9	570,380	659,173
<b>Total assets</b>		<b>588,321</b>	<b>663,113</b>
<b>Liabilities</b>			
Repurchase agreements		-	166,640
Income tax liability		54	15
Other liabilities		645	556
<b>Total liabilities</b>		<b>699</b>	<b>167,211</b>
Net assets attributable to unit holders	10	587,622	495,902
<b>Total net assets and liabilities attributable to Unit holders</b>		<b>588,321</b>	<b>663,113</b>

CAM Government Securities Investment Fund

Statement of cash flows  
for the year ended 31 December 2023

	2023 AMD'000	2022 AMD'000
<i>Cash flows from operating activities</i>		
Interest received	54,787	58,481
Interest paid	(7,617)	(15,079)
Purchase of financial assets at fair value through profit or loss	(4,458)	(314,449)
Proceeds from sale of financial assets at fair value through profit or loss	131,588	216,579
Operating expenses paid	(5,687)	(6,575)
Corporate income tax paid	(15)	(31)
Net cash from/used for reverse repurchase agreements	(166,060)	45,793
<b>Net cash flows from operating activities</b>	<b>2,538</b>	<b>(15,281)</b>
<i>Cash flows from financing activities</i>		
Proceeds from issue of units	15,096	76,241
Payments on redemptions of units	(3,633)	(165,497)
<b>Net cash flows from financing activities</b>	<b>11,463</b>	<b>(89,256)</b>
Net increase/(decrease) in cash and cash equivalents	14,001	(104,537)
Cash and cash equivalents at the beginning of the year	3,940	110,779
Effect of changes in exchange rates on cash and cash equivalents	-	(2,302)
<b>Cash and cash equivalents at the end of the year</b>	<b>17,941</b>	<b>3,940</b>

CAM Government Securities Investment Fund

Statement of changes in net assets attributable to unit holders  
for the year ended 31 December 2023

	Note	Net assets attributable to unit holders AMD'000
		AMD'000
<b>Balance as at 1 January 2023</b>		<b>495,902</b>
<b>Issuance and redemptions of units</b>		
Issuance of units	10	15,096
Redemption of units	10	(3,651)
<b>Net increase from unit transactions</b>		<b>11,445</b>
Increase in net assets attributable to unit holders for the year		80,275
<b>Balance as at 31 December 2023</b>	10	<b>587,622</b>
	Note	Net assets attributable to unit holders AMD'000
		AMD'000
<b>Balance as at 1 January 2022</b>		<b>609,168</b>
<b>Issuance and redemptions of units</b>		
Issuance of units	10	76,241
Redemption of units	10	(165,788)
<b>Net decrease from unit transactions</b>		<b>(89,547)</b>
Decrease in net assets attributable to unit holders for the year		(23,719)
<b>Balance as at 31 December 2022</b>	10	<b>495,902</b>

CAM Government Securities Investment Fund

Index to notes forming part of the financial statements  
For the year ended 31 December 2023

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## 1. About the Fund

CAM Government Securities Investment Fund (the CAM GSF or the Fund) is an open-ended contractual investment fund. The Fund represents an investment fund which has a short and long-term growth objective. The Fund was incorporated on the 30 April 2013 for an unlimited duration as an open-ended investment company under the laws of RA and under the decision 123-A of Central Bank of Armenia (CBA). The Fund's investment activities are managed by "Capital Asset Management" cjsc (the Manager) which was founded on 18 October 2012, and registered with CBA 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 "Capital Asset Management" CJSC is Tigran Karapetyan.

The Fund's main objective is to provide current income and stable growth of capital in Government Bonds and Central Bank Securities, as well as Standard & Poor's BBB Group (BBB), Moody's Baa Group (Baa3) or Fitch's BBB Group (BBB), by investing in Securities backed by guarantees or guarantees issued by foreign governments, central banks or other government entities rated BBB or higher, provided that the transactions are executed with regulated counterparties and the instrument provides sufficient liquidity and fair value determination.

The Fund's units are redeemable at the holder's option. The units cannot be traded on the stock exchange.

### Armenian business environment

The Fund's operations are located in Armenia. Consequently, the Fund is exposed to the effects of changes of economic and financial markets of Armenia.

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 war in the Republic of Artsakh and the ongoing political developments surrounding disputed territories have had a significant impact on the economy of Armenia. The current stage can be described as a period of stable recovery.

Such an operating environment has a significant impact on the Fund's operations and financial position. The Fund takes the necessary measures to ensure the stability of the Fund's activity, however, due to the unpredictability of the development of events, the Management does not have the opportunity to make a reliable assessment of what effect such circumstances will have on the Fund's financial position in the following years.

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

*Investments structure*

Bonds description	Currency	Coupon yield annual	Repayments schedule	Maturity date	31 December 2023		31 December 2022	
					Nominal value AMD'000	Fair value AMD'000	Nominal value AMD'000	Fair value AMD'000
Government bond	AMD	13.00%	semi-annual	17/02/2032	200,000	236,583	200,000	227,145
Government bond	AMD	9.00%	semi-annual	29/10/2029	8,000	7,519	10,000	9,072
Government bond	AMD	8.00%	semi-annual	29/04/2023	-	-	100,000	100,294
Government bond	AMD	13.00%	semi-annual	29/10/2036	20,000	23,797	20,000	21,458
Government bond	AMD	8.00%	semi-annual	29/10/2031	165,000	147,416	192,000	152,566
Government bond	USD	3.95%	semi-annual	26/09/2029	80,958	68,222	78,714	66,509
Government bond	AMD	7.00%	semi-annual	29/04/2026	30,000	28,108	30,000	26,374
Government bond	AMD	9.40%	semi-annual	29/04/2027	60,000	58,735	60,000	55,755
						<b>570,380</b>		<b>659,173</b>

## CAM Government Securities Investment Fund

### Notes forming part of the financial statements for the year ended 31 December 2023 (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 11. 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 Fund'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 instruments measured at fair value through other comprehensive income.

#### *Changes in accounting policies*

The Fund has applied the following standards and amendments for the first time for its annual reporting period starting from January 1, 2023:

- *Definition of accounting estimates (IAS 8 amendment)*
- *Accounting policy disclosures (Amendment to IAS 1 and IFRS Practice Statement 2)*
- *Definition of accounting estimates (Changes in the accounting policies of IAS 8, changes in accounting estimates and errors).*

Certain published amendments to IFRS Accounting Standards, that are not mandatory for accounting periods ending December 31, 2023, have not been early adopted by the Fund. These changes are not expected to have a material impact on the Fund in the current or future reporting periods.

#### 3. Critical accounting estimates and judgements

The Fund 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 Fund'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).

## CAM Government Securities Investment Fund

### Notes forming part of the financial statements for the year ended 31 December 2023 (continued)

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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 Fund measures certain assets at fair value (Note 9).

#### 4. Financial instruments - Risk Management

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

- Credit risk,
- Interest rate risk,
- Liquidity risk,
- Foreign exchange risk.

The Fund is exposed to risks that arise from its use of financial instruments. This note describes the Fund'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 may maintain positions in a variety of derivative and non-derivative financial instruments in accordance with its investment management strategy. The Fund's investment portfolio consists entirely of debt government securities. The restrictions on the investment portfolio of the Fund are also regulated by the decision 337-N of the Board of CBA dated 6 December 2011.

There have been no substantive changes in the Fund'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 by the Fund, from which financial instrument risks arise, are as follows:

- Financial assets at fair value through profit or loss;
- Receivables on reverse repurchase agreements;
- Cash and cash equivalents;
- Payables on repurchase agreements;
- Other payables.

CAM Government Securities Investment Fund

Notes forming part of the financial statements  
for the year ended 31 December 2023 (continued)

*(b) Financial instruments by category*

	Fair value		Amortized cost	
	2023 AMD'000	2022 AMD'000	2023 AMD'000	2022 AMD'000
Financial assets				
Cash and cash equivalents	-	-	17,941	3,940
Financial assets at fair value through profit or loss	570,380	659,173	-	-
<b>Total</b>	<b>570,380</b>	<b>659,173</b>	<b>17,941</b>	<b>3,940</b>
Financial liabilities				
Payables on repurchase agreements	-	166,640	-	-
Accounts payable	-	-	645	556
<b>Total</b>	<b>-</b>	<b>166,640</b>	<b>645</b>	<b>556</b>

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

Financial instruments not measured at fair value include cash and cash equivalents and other liabilities, whose carrying amount equals fair value due to their short-term nature.

*(d) Financial instruments measured at fair value*

Financial Instruments fair value hierarchy is presented below:

December 31	Level 2	
	2023 AMD'000	2022 AMD'000
Financial assets at fair value through profit or loss	570,380	659,173
Repurchase agreement liabilities	-	166,640

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 sound selecting of servicing banking partners. The Fund 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 Fund 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.

**CAM Government Securities Investment Fund**

**Notes forming part of the financial statements  
for the year ended 31 December 2023 (continued)**

The Fund has developed policies and procedures to manage credit risk (both for recognized financial assets and unrecognized contractual liabilities).

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.

The amount of exposure of financial assets to credit risk as of the reporting date is presented below:

	<b>2023</b>	<b>2022</b>
	<b>AMD'000</b>	<b>AMD'000</b>
Cash and cash equivalents	17,941	3,940
Financial assets at fair value through profit or loss	570,380	659,173
<b>Total</b>	<b>588,321</b>	<b>663,113</b>

***Cash at bank***

The Fund believes that the loss risk of cash at bank can be deemed as insignificant, since the financial institutions selected for investment of the funds are reliable and authoritative. Cash and cash equivalents are kept in one financial institution.

***Liquidity risk***

Liquidity risk arises from the Fund's finance charges and principal repayments on its debt instruments. It is the risk that the Fund will encounter difficulty in meeting its financial obligations as they fall due.

The factors which influence the position of the cash and cash flows include investment activities with securities, temps of subscriptions, and maturity of shares. The combination of other factors can cause essential fluctuations in the cash position of a certain period.

The Fund's policy is to ensure that it will always have sufficient cash available to meet its liabilities when they become due.

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

	31 December 2023	31 December 2022
	<b>AMD'000</b>	<b>AMD'000</b>
<b>Up to 3 months</b>		
Repurchase agreements	-	166,640
Payables	645	556
	<b>645</b>	<b>167,196</b>

***Interest rate risk***

The Fund is exposed to the risk of fluctuations in the fair value or income/future cash flows of a portfolio of financial instruments as a result of fluctuations in market interest rates. The Fund's policy for interest-bearing financial instruments is to transact with financial instruments with maturities that best correspond to the maturities of financial liabilities. However, exposure to interest rate risk can be high as a result of fluctuations in interest rates prevailing in the market.

***Foreign exchange risk***

**CAM Government Securities Investment Fund**

**Notes forming part of the financial statements  
for the year ended 31 December 2023 (continued)**

Foreign exchange risk arises from recognized financial assets and liabilities that are not denominated in the Fund's functional currency. As of the reporting date, the Fund's exposure to foreign currency risk is due to its USD-denominated funds.

The table below shows the effect of changes in foreign exchange rates as of the reporting date.

	<b>31.12.2023</b>	<b>31.12.2022</b>
<b>Financial assets measured at fair value through profit and loss</b>	<b>AMD'000</b>	<b>AMD'000</b>
USD	68,222	66,509
<b>Net currency position</b>	<b>68,222</b>	<b>66,509</b>

As of the reporting date, the impact of a 10% strengthening of the US dollar against the AMD on financial instruments denominated in US dollars (if other data remain unchanged) would lead to an increase in the profit for the year (after tax) and net assets by 5,594 thousand AMD (5,454 thousand AMD in 2022), while a 10 % weakening would lead to a decrease in the profit for the year (after tax) and net assets by the same amounts.

**5. Interest income**

	<b>2023</b>	<b>2022</b>
	<b>AMD'000</b>	<b>AMD'000</b>
Government treasury bonds	56,366	61,642
Interest income on bank accounts	92	24
	<b>56,458</b>	<b>61,666</b>

**6. Interest expense**

	<b>2023</b>	<b>2022</b>
	<b>AMD'000</b>	<b>AMD'000</b>
Repurchase agreements	7,036	15,573
	<b>7,036</b>	<b>15,573</b>

**7. Net gain/(loss) from financial assets at fair value through profit or loss**

	<b>2023</b>	<b>2022</b>
	<b>AMD'000</b>	<b>AMD'000</b>
Government treasury bonds	34,793	(47,824)
	<b>34,793</b>	<b>(47,824)</b>

**CAM Government Securities Investment Fund**

**Notes forming part of the financial statements  
for the year ended 31 December 2023 (continued)**

**8. Investment management fees**

The Manager is entitled to receive an annual bonus of 0.4% for Class A, 1.0% for Class B and 1.85% for Class C of the net asset value of the Fund calculated and accrued for each operating day, payable in monthly installments. The manager's bonus calculated for the reporting year was AMD 4,919 thousand (2022: AMD 4,979 thousand), of which AMD 430 thousand was payable as of December 31, 2023 (2022: AMD 373 thousand).

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

	<b>2023</b>	<b>2022</b>
	<b>AMD'000</b>	<b>AMD'000</b>
Government treasury bonds	570,380	659,173
	<b>570,380</b>	<b>659,173</b>

**10. Net assets attributable to unit holders**

The Fund has issued units of Class A, Class B, and Class C. Net asset values per class of units are determined on a daily basis (after deduction of general expenses from total fund assets) in proportionate to net asset values of the prior day and application of management fees at rates attributable to each class of units. Redeemable shares can be put back to the fund at any time for cash equal to a proportionate share of the Fund's net asset value attributable to the unit. The redeemable shares are classified as financial liabilities and are measured at the redemption amounts.

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

<u>Number of units</u>	<b>2023</b>			
	A	Class B	C	Total
Balance at January 1	46,400	103,538	18,653	168,591
Issue of units	31	1,501	3,319	4,851
Redemption of units	(750)	(348)	-	(1,098)
Balance at December 31	<b>45,681</b>	<b>104,691</b>	<b>21,972</b>	<b>172,344</b>

  

<u>Number of units</u>	<b>2022</b>			
	A	Class B	C	Total
Balance at January 1	51,260	110,122	38,796	200,178
Issue of units	25,570	-	-	25,570
Redemption of units	(30,430)	(6,584)	(20,143)	(57,157)
Balance at December 31	<b>46,400</b>	<b>103,538</b>	<b>18,653</b>	<b>168,591</b>

CAM Government Securities Investment Fund

Notes forming part of the financial statements  
for the year ended 31 December 2023 (continued)

<i>in AMD'000</i>	2023			
	A	Class B	C	Total
Balance at January 1	143,465	302,140	50,297	495,902
Issue of units	96	5,000	10,000	15,096
Redemption of units	(2,551)	(1,100)	-	(3,651)
Increase in net assets attributable to unit holders	23,889	48,508	7,878	80,275
<b>Balance at December 31</b>	<b>164,899</b>	<b>354,548</b>	<b>68,175</b>	<b>587,622</b>

  

<i>in AMD'000</i>	2022			
	A	Class B	C	Total
Balance at January 1	164,224	334,973	109,971	609,168
Issue of units	76,241	-	-	76,241
Redemption of units	(92,277)	(18,701)	(54,810)	(165,788)
Increase in net assets attributable to unit holders	(4,723)	(14,132)	(4,864)	(23,719)
<b>Balance at December 31</b>	<b>143,465</b>	<b>302,140</b>	<b>50,297</b>	<b>495,902</b>

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.

As of the closing of the last operating day of 2023 the NAVs per unit at which redemptions and subscriptions were available for transactions were as follows:

Class	2023 AMD	2022 AMD
A	3,609.86	3,091.97
B	3,386.61	2,918.16
C	3,102.72	2,696.30

## 11. 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.

Monetary assets and liabilities in foreign currency are converted into the functional currency at the exchange rate as of the last day of the reporting period. Non-monetary assets and liabilities in foreign currencies that are measured at fair value are recalculated at the current exchange rate, on the date the fair value of the functional currency is determined.

Exchange differences resulting from the recalculation (revaluation) of foreign currency items are recognized in profit or loss as a net gain (loss) from foreign exchange differences, except for financial instruments measured at fair value through profit or loss, which are recognized as element of the net gain or loss arising from the remeasurement of financial instruments measured at fair value through profit or loss.

## CAM Government Securities Investment Fund

### Notes forming part of the financial statements for the year ended 31 December 2023 (continued)

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#### *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. The value of securities is calculated based on a weighted average cost.

Short-term and fixed return investments, discounts and commission charges are amortised and classified as investment income. Cost of sold securities is measured by amortised value.

#### *Expenses*

All expenses, proper charges, and disbursements of the Manager in the performance of its duties under the CAM Government Securities Investment Fund Rules may be charged to the Fund. The management fee charged from the Fund is set out in Note 8.

#### *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 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 fair value through other comprehensive income" (FVOCI) if:

- It is held under a business model, which aims at collecting contractual cash flows and selling financial assets; and
- At initial recognition, it forms a part of the portfolio of certain financial instruments managed jointly by the Fund and has a realistic possibility of short-term profit making; or
- Its contractual terms give rise to cash flows on specified dates, which are solely interest payments on principal and outstanding principal.

## CAM Government Securities Investment Fund

### Notes forming part of the financial statements for the year ended 31 December 2023 (continued)

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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 as measured "at amortized cost".

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

Financial liabilities are classified as measured at fair value through profit or loss when the financial liability is held for sale or classified as measured at fair value through profit or loss.

A financial liability is classified as held for sale if:

- it has been acquired primarily for a short-term repurchase; or
- at initial recognition, it forms a part of the portfolio of certain financial instruments managed jointly by the Fund and has a realistic possibility of short-term profit making; or
- it is a derivative instrument that is not intended or used as a hedging tool.

A financial liability not held for trading purposes may be classified as measured at FVTPL at the time of recognition, if:

- such classification excludes or significantly reduces the measurement or recognition mismatch that would otherwise have occurred; or
- a financial liability forms a part of financial assets, financial liabilities, or the group of assets and liabilities, all of which is managed and whose performance is evaluated on a fair value basis in accordance with the Fund's documented risk management or investment strategy, and the grouping information is provided internally on these grounds; or
- It is a part of the contract, that contains one or more of the embedded derivatives, and the entire contract (assets or liabilities) is classified as measured at FVTPL.

## CAM Government Securities Investment Fund

### Notes forming part of the financial statements for the year ended 31 December 2023 (continued)

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Financial liabilities measured at FVTPL are presented at fair value, and the gain or loss arising from their remeasurement is recognized in profit or loss except for the change in the fair value from the part attributable to the credit risk, which is presented in other comprehensive income.

#### *Financial liabilities measured at amortized cost*

Other financial liabilities are subsequently measured at amortized cost using the effective interest method, recognizing the interest expense on the basis of efficiency.

#### *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.

#### *Redeemable units and net assets attributable to holders of redeemable units*

The Fund offers the following three classes of units: Class A, Class B and Class C, which are equal in material respects and have the same terms, except for the manager's bonus rate, issuance and redemption fees and investment policy. Redeemable units may be returned to the Fund for monetization at any time, provided they are held for at least two years and are equal to the Fund's pro rata amount of the net asset value attributable to the unit.

Redeemable units are issued and redeemed based on the Fund's net asset value per unit, calculated by dividing the Fund's net assets in accordance with the Fund's rules. Proceeds received and payments made for units issued and redeemed are recorded as movement in the statement of changes in net assets attributable to unit holders.

#### *Repurchase and reverse repurchase transactions with securities*

The Fund has contracts for the sale and repurchase of financial assets, as well as contracts for the purchase and resale of financial assets. The Fund uses repurchase and reverse repurchase agreements as an element of its treasury management. A repo agreement is a transfer of a financial asset to another party for a fee or other consideration and a corresponding obligation to repurchase that financial asset at a future date for the amount of cash or other consideration used in the exchange, plus interest. These contracts are accounted for as financial transactions. Financial assets that are sold under repurchase agreements continue to be presented in the financial statements, and the consideration received for these agreements is recorded as a security deposit in deposit instruments with banks.

The Fund enters repurchase agreements under which it receives or transfers collateral in accordance with market practice. A transfer of securities to counterparties is only reflected in the statement of financial position if the risks and rewards of ownership are also transferred.

#### *Taxation*

Under the present law governing the Investment Funds in Armenia, the Fund is not subject to tax on income, profits or capital gains or other taxes payable. The Fund is taxed at 0.01% based on total net assets annually.

CAM Government Securities Investment Fund  
Notes forming part of the financial statements  
for the year ended 31 December 2023 (continued)

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**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	570,380	Quoted price or value of contractual cash flows discounted at market interest rates	Level 2	Not applicable
Payables	645	The carrying amount of short term (less than 12 months) payable approximates its fair value.	Level 3	None