



capital  
asset  
management

**CAMavor 2 Pension Fund**  
Financial statements  
and Independent Auditor's Report  
For the year ended 31 December 2023

March 2024  
Yerevan

## CAMavor 2 Pension 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.

## CAMavor 2 Pension Fund

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## INDEPENDENT AUDITOR'S REPORT

To the unit holders of CAMavor 2 Pension Fund

### Opinion

We have audited the accompanying financial statements of CAMavor 2 Pension 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 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.

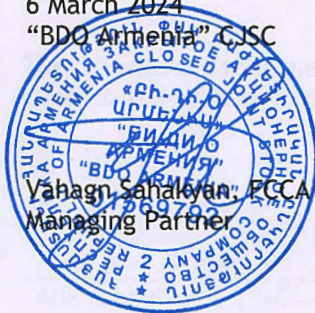
As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:



- 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.

6 March 2024  
"BDO Armenia" CJSC



Davit Yedigaryan, FCCA  
Engagement Partner

**CAMavor 2 Pension Fund**  
**Statement of profit or loss and other comprehensive income**  
**for the year ended 31 December 2023**

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|  | Note | 2023<br>AMD'000 | 2022<br>AMD'000 |
|--|------|-----------------|-----------------|
| Interest income  | 5    | 9,750           | 10,635          |
| Net gain/(loss) from financial assets at fair value through profit or loss |      | 2,778           | (17,947)        |
| <b>Total operating gain/(loss)</b>   |      | <b>12,528</b>   | <b>(7,312)</b>  |
| Investment management fees   | 6    | (2,699)         | (2,860)         |
| Custodian fees   |      | (202)           | (215)           |
| Commission expense   |      | (12)            | (26)            |
| <b>Total operating expenses</b>  |      | <b>(2,913)</b>  | <b>(3,101)</b>  |
| <b>Profit/(loss) for the year</b>  |      | <b>9,615</b>    | <b>(10,413)</b> |
| Other comprehensive income   |      | -               | -               |
| <b>Comprehensive financial result</b>                                      |      | <b>9,615</b>    | <b>(10,413)</b> |
| <b>Increase/(decrease) in net assets attributable to unit holders</b>      |      | <b>9,615</b>    | <b>(10,413)</b> |

*The financial statements from pages 6 to 21 were approved by the Management on 6 March 2024 and signed by:*

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Alik Arakelyan  
Chief Executive Officer

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Karine Avetisyan  
Chief Accountant  
«AN Audit» CJSC authorized representative

CAMavor 2 Pension Fund  
Statement of financial position  
As at 31 December 2023

|  | Note | 2023<br>AMD'000       | 2022<br>AMD'000       |
|--|------|-----------------------|-----------------------|
| <b>Assets</b>  |      |                       |                       |
| Cash and cash equivalents  |      | 10,524                | 5,912                 |
| Financial assets at fair value<br>through profit or loss                 | 7    | <u>109,505</u>        | <u>136,112</u>        |
| <b>Total assets</b>  |      | <b><u>120,029</u></b> | <b><u>142,024</u></b> |
| <b>Liabilities</b>   |      |                       |                       |
| Payables   |      | <u>1,265</u>          | <u>561</u>            |
| <b>Total liabilities</b>   |      | <b><u>1,265</u></b>   | <b><u>561</u></b>     |
| <b>Net assets attributable to unit holders</b>                           | 8    | <b>118,764</b>        | <b>141,463</b>        |
| <b>Total net assets and liabilities attributable to<br/>unit holders</b> |      | <b><u>120,029</u></b> | <b><u>142,024</u></b> |

CAMavor 2 Pension Fund  
Statement of cash flows  
for the year ended 31 December 2023

|   | 2023<br>AMD'000 | 2022<br>AMD'000 |
|---|-----------------|-----------------|
| <i>Cash flows from operating activities</i>                                 |                 |                 |
| Interest received   | 9,482           | 10,766          |
| Purchase of financial assets at fair value through profit or loss           | -               | (72,835)        |
| Proceeds from sale of financial assets at fair value through profit or loss | 29,819          | 66,301          |
| Operating expenses paid   | (11,885)        | (8,615)         |
| <b>Net cash flows from operating activities</b>                             | <b>27,416</b>   | <b>(4,383)</b>  |
| <i>Cash flows from financing activities</i>                                 |                 |                 |
| Proceeds from issue of units  | 13,862          | 23,985          |
| Payments on redemptions of units  | (36,656)        | (17,991)        |
| <b>Net cash flows from financing activities</b>                             | <b>(22,794)</b> | <b>5,994</b>    |
| <b>Net increase in cash and cash equivalents</b>                            | <b>4,622</b>    | <b>1,611</b>    |
| <b>Cash at the beginning of the year</b>                                    | <b>5,912</b>    | <b>4,318</b>    |
| Effect of change in exchange rate on cash and cash equivalents              | (10)            | (17)            |
| <b>Cash at the end of the year</b>  | <b>10,524</b>   | <b>5,912</b>    |



**CAMavor 2 Pension Fund**  
**Statement of changes in net assets attributable to unit holders**  
**for the year ended 31 December 2023**

|   | Note     | Net assets<br>attributable to<br>unit holders<br>AMD'000 |
|---|----------|--|
| <b>Balance at 1 January 2023</b>  |          | <b>AMD'000</b>   |
| <b>Issuance and redemptions of units</b>                                    |          |  |
| Issuance of units   | 8        | 13,740   |
| Redemption of units   | 8        | (46,054)   |
| <b>Net increase from unit transactions</b>                                  |          | <b>(32,314)</b>  |
| Increase/(decrease) in net assets attributable to unit holders for the year |          | 9,615  |
| <b>Balance at 31 December 2023</b>  | <b>8</b> | <b>118,764</b>   |

|   | Note     | Net assets<br>attributable to<br>unit holders<br>AMD'000 |
|---|----------|--|
| <b>Balance at 1 January 2022</b>  |          | <b>150,869</b>   |
| <b>Issuance and redemptions of units</b>                                    |          |  |
| Issuance of units   | 8        | 23,985   |
| Redemption of units   | 8        | (22,978)   |
| <b>Net increase from unit transactions</b>                                  |          | <b>1,007</b>   |
| Increase/(decrease) in net assets attributable to unit holders for the year |          | (10,413)   |
| <b>Balance at 31 December 2022</b>  | <b>8</b> | <b>141,463</b>   |

CAMavor 2 Pension Fund  
Index to notes forming part of the financial statements  
For the year ended 31 December 2023

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**CAMavor 2 Pension Fund**  
**Notes forming part of the financial statements**  
**for the year ended December 31, 2023 (continued)**

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## **1. About the Fund**

CAMavor 2 Pension Fund (the CAMavor 2 or the Fund) is an open-ended contractual investment fund. 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 of the 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 25% 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.

The Fund's units are redeemable at the holder's discretion, subject to a minimum holding period of two years. 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.

CAMavor 2 Pension Fund  
Notes forming part of the financial statements  
for the year ended December 31, 2023 (continued)

*Investment's structure*

| Bond's description  | Currency | Coupon<br>yield<br>annual | Repayments<br>schedule | Maturity<br>date | 31 December 2023            |                          | 31 December 2022            |                          |
|---------------------|----------|---------------------------|------------------------|------------------|-----------------------------|--------------------------|-----------------------------|--------------------------|
|                     |          |                           |                        |                  | Nominal<br>value<br>AMD'000 | Fair<br>value<br>AMD'000 | Nominal<br>value<br>AMD'000 | Fair<br>value<br>AMD'000 |
| Government bond     | AMD      | 11.00 %                   | semi-annual            | 29-10-25         | 12,000                      | 12,283                   | 12,000                      | 11,961                   |
| Government bond     | AMD      | 10.00 %                   | semi-annual            | 29-10-27         | 12,000                      | 11,922                   | 12,000                      | 11,352                   |
| Government bond     | AMD      | 13.00 %                   | semi-annual            | 17-02-32         | 9,000                       | 10,646                   | 9,000                       | 10,222                   |
| Government bond     | AMD      | 10.00 %                   | semi-annual            | 29-10-23         | -                           | -                        | 3,000                       | 3,011                    |
| Government bond     | AMD      | 9.00 %                    | semi-annual            | 29-10-29         | 15,000                      | 14,098                   | 15,000                      | 13,608                   |
| Government bond     | AMD      | 7.00 %                    | semi-annual            | 29-04-25         | 14,000                      | 13,549                   | 14,000                      | 12,805                   |
| ARMSWISSBANK CJSC   | USD      | 6.75 %                    | semi-annual            | 15-06-24         | 8,096                       | 8,287                    | 7,871                       | 8,371                    |
| ARMECONOM BANK OJSC | AMD      | 9.75 %                    | quarterly              | 03-09-23         | -                           | -                        | 9,190                       | 9,430                    |
| EVOCA BANK CJSC     | USD      | 5.00 %                    | quarterly              | 28-09-24         | 12,144                      | 12,157                   | 11,807                      | 11,847                   |
| IDBANK CJSC         | USD      | 5.00 %                    | quarterly              | 22-07-23         | -                           | -                        | 10,823                      | 11,109                   |
| UNIBANK CJSC        | USD      | 5.30 %                    | quarterly              | 05-02-24         | 10,120                      | 10,202                   | 9,839                       | 9,953                    |
| CONVERSE BANK CJSC  | USD      | 5.25 %                    | semi-annual            | 20-04-24         | 6,072                       | 6,144                    | 5,904                       | 6,041                    |
| AMERIABANK CJSC     | USD      | 4.75 %                    | quarterly              | 04-05-23         | -                           | -                        | 7,871                       | 6,374                    |
| ARARATBANK OJSC     | USD      | 5.50 %                    | quarterly              | 29-01-24         | 10,120                      | 10,217                   | 6,297                       | 10,028                   |
|                     |          |                           |                        |                  |                             | <b>109,505</b>           |                             | <b>136,112</b>           |



## 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).*

**CAMavor 2 Pension Fund**  
**Notes forming part of the financial statements**  
**for the year ended December 31, 2023 (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 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,
- Funds receivable under reverse repurchase agreements,
- Cash and cash equivalents,
- Liabilities under repurchase agreements,
- Other liabilities.

*(b) Financial instruments by category*

| Financial assets                                      | Fair value measurement |                 | Amortized cost  |                 |
|---|------------------------|-----------------|-----------------|-----------------|
|   | 2023<br>AMD'000        | 2022<br>AMD'000 | 2023<br>AMD'000 | 2022<br>AMD'000 |
| Cash and cash equivalents                             | -                      | -               | 10,524          | 5,912           |
| Financial assets at fair value through profit or loss | 109,505                | 136,112         | -               | -               |
| <b>Total</b>  | <b>109,505</b>         | <b>136,112</b>  | <b>10,524</b>   | <b>5,912</b>    |
| Financial liabilities                                 | 2023<br>AMD'000        | 2022<br>AMD'000 | 2023<br>AMD'000 | 2022<br>AMD'000 |
| Payables  | -                      | -               | 1,265           | 561             |
| <b>Total</b>  | <b>-</b>               | <b>-</b>        | <b>1,265</b>    | <b>561</b>      |

CAMavor 2 Pension Fund  
Notes forming part of the financial statements  
for the year ended December 31, 2023 (continued)

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

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

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

*(d) Financial instruments measured at fair value*

Financial Instruments fair value hierarchy is presented below:

|   | Level 2         |                 |
|---|-----------------|-----------------|
|   | 2023<br>AMD'000 | 2022<br>AMD'000 |
| Financial assets at fair value through profit or loss | 109,505         | 136,112         |

Annex 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.

Credit risk exposure of financial assets as of the reporting date is presented in the table below:

|   | 2023<br>AMD'000 | 2022<br>AMD'000 |
|---|-----------------|-----------------|
| Cash and cash equivalents                             | 10,524          | 5,912           |
| Financial assets at fair value through profit or loss | 109,505         | 136,112         |
| <b>Total</b>  | <b>120,029</b>  | <b>142,024</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.

*Liquidity risk*

Liquidity risk arises from the Fund's finance charges and principal repayments on its debt

**CAMavor 2 Pension Fund**  
**Notes forming part of the financial statements**  
**for the year ended December 31, 2023 (continued)**

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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.

| Up to 3 months | <b>2023</b>         | <b>2022</b>       |
|----------------|---------------------|-------------------|
|                | <u>AMD'000</u>      | <u>AMD'000</u>    |
| Payables       | <u><b>1,265</b></u> | <u><b>561</b></u> |

***Fair value and cash flow 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***

Currency risk arises from recognized financial assets and liabilities that are not underlined in the Fund'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>2023</b>          | <b>2022</b>          |
|---|----------------------|----------------------|
|   | <u>AMD'000</u>       | <u>AMD'000</u>       |
| Financial assets measured at fair value through profit and loss |                      |                      |
| USD   | <u>47,007</u>        | <u>63,722</u>        |
| Net currency position   | <u><b>47,007</b></u> | <u><b>63,722</b></u> |

As of the reporting date, the effect of a 10% strengthening of US dollar against AMD on financial instruments denominated in US dollars (if other data remained unchanged) would result in an increase in profit for the year (after tax) and net assets by 3,855 thousand drams (2022: 5,225 thousand drams), while a 10% weakening would result in an increase in profit for the year (after tax) and net assets in the same amount.



CAMavor 2 Pension Fund  
Notes forming part of the financial statements  
for the year ended December 31, 2023 (continued)

5. Interest income

|                               | 2023<br>AMD'000 | 2022<br>AMD'000 |
|-------------------------------|-----------------|-----------------|
| Amounts held in bank accounts | 47              | -               |
| Government treasury bonds     | 6,252           | 6,320           |
| Corporate bonds               | 3,451           | 4,315           |
|                               | <b>9,750</b>    | <b>10,635</b>   |

6. Investment management fees

The Manager is entitled to receive a management fee of up to 2% per annum of the net asset value of the Fund, calculated and accrued on each dealing day and payable monthly in arrears. Management fee charged for the year was AMD 2,699 thousand (2022: AMD 2,860 thousand) of which AMD 294 thousand was outstanding at December 31, 2023 (December 31, 2022: AMD 231 thousand).

7. Financial assets at fair value through profit or loss

|                           | 2023<br>AMD'000 | 2022<br>AMD'000 |
|---------------------------|-----------------|-----------------|
| Government bonds          | 62,498          | 62,959          |
| Non-government securities | 47,007          | 73,153          |
|                           | <b>109,505</b>  | <b>136,112</b>  |

8. Net assets attributable to unit holders

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

|   | 2023               |                            | 2022               |                            |
|---|--------------------|----------------------------|--------------------|----------------------------|
|   | Number<br>of units | Units<br>amount<br>AMD'000 | Number<br>of units | Units<br>amount<br>AMD'000 |
| Balance at January 1  | 77,441             | 141,463                    | 76,721             | 150,869                    |
| Issuance of units   | 7,401              | 13,740                     | 12,480             | 23,985                     |
| Redemption of units   | (24,226)           | (46,054)                   | (11,760)           | (22,978)                   |
| Increase/decrease in net assets<br>attributable to unit holders for the<br>year | -                  | 9,615                      | -                  | (10,413)                   |
| Balance at December 31  | <b>60,616</b>      | <b>118,764</b>             | <b>77,441</b>      | <b>141,463</b>             |
| Net assets value per unit   |                    | <b>1,959</b>               |                    | <b>1,827</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.

CAMavor 2 Pension Fund  
Notes forming part of the financial statements  
for the year ended December 31, 2023 (continued)

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## 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.

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.

### *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, considering 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.

**CAMavor 2 Pension Fund**  
**Notes forming part of the financial statements**  
**for the year ended December 31, 2023 (continued)**

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***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 at fair value through profit or loss***

A 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.

***Financial assets measured at amortized cost***

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 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

**CAMavor 2 Pension Fund**  
**Notes forming part of the financial statements**  
**for the year ended December 31, 2023 (continued)**

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- 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 part of financial assets or financial liabilities or the group of assets and liabilities, 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.

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 part attributable to the credit risk, which is presented in other comprehensive income.

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

Financial liabilities measured at amortized cost are measured using the effective interest method, with interest expense recognized on an efficiency 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 a 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.

***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 Fund in Armenia, the Fund is not subject to tax on income, profits or capital gains or other taxes payable. The unit holders of the Fund are individually liable for their share of the Funds' income.



CAMavor 2 Pension Fund  
Notes forming part of the financial statements  
for the year ended December 31, 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.

| <u>Item</u>  | <u>Fair value,<br/>AMD'000</u> | <u>Valuation technique</u>  | <u>Fair value hierarchy level</u> | <u>Significant<br/>unobservable inputs</u> |
|--|--------------------------------|---|-----------------------------------|--|
| Financial assets at fair value through profit or loss: | 109,505                        | Quoted price or value of contractual cash flows discounted at market interest rates | Level 2                           | Not applicable                             |
| Payables   | 1,265                          | The carrying amount of short term payable approximates its fair value.              | Level 3                           | None                                       |