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1. About the Company

Capital Asset Management CJSC (the Company) is the first registered investment and pension fund manager in the Republic of Armenia. The Company was founded on 18 October 2012 and registered in the Central Bank of Armenia (CBA) as an investment fund manager with granted license number 1.

The activity of the Company is regulated by CBA. The Company manages and administers assets held in unit funds. The financial statements of these entities are not included in the present financial statements.
All assets and liabilities of the Company are located in Armenia.

The only shareholder of the "Capital Asset Management" CJSC is Tigran Karapetyan.

The Company manages the following voluntary pension and investment funds:

- CAM Government Securities Investment Fund
- CAMavor 1 PENSION FUND
- CAMavor 2 PENSION FUND
- CAM Bridge Fund I
- CAM Bridge Fund II
- Ararat Technology CAM-PI Fund 1

The legal address of the Company is 7 Argishti str., 1st floor, office 101, Yerevan, Republic of Armenia.

The Company's registered office is 7 Argishti str., 1st floor, office 101, Yerevan, Republic of Armenia.

The average number of employees for the year ended 31 December 2023 was 6 (2022: 6).

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.

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 Company's operations and financial position. The Company takes the necessary measures to ensure the stability of the Company'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 Company'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 Company. The future business environment may differ from the management assessment.

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 25. 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 a historical cost basis, except for financial instruments measured at fair value through other comprehensive income.

Changes in accounting policies

The Company 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 Company. These changes are not expected to have a material impact on the Company in the current or future reporting periods.

3. Critical accounting estimates and judgements

The Company makes certain estimates and assumptions regarding the future business environment. 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. 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

A number of assets and liabilities included in the Company's financial statements require measurement at, and/or disclosure of, fair value.

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 a number of assets at fair value (Note 8).

4. Financial instruments - Risk Management

Through its operations, the Company is exposed to the following financial risks:

- Credit risk,
- 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 the financial statements.

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 by the Company, from which financial instrument risks arise, are as follows:

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

(b) Financial instruments by category

Financial assets	At fair value		At amortized cost	
	2023 AMD'000	2022 AMD'000	2023թ. AMD'000	2022 AMD'000
Cash and cash equivalents	-	-	764	7,652
Financial assets at fair value through profit or loss	234,118	204,470	-	-
Trade receivables	-	-	2,594	3,687
Total	**234,118**	**204,470**	**3,358**	**11,339**
Financial liabilities				
Trade payables	-	-	445	676
Total	**-**	**-**	**445**	**676**

(c) Financial instruments not measured at fair value

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

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

(d) Financial instruments measured at fair value

Financial Instruments fair value hierarchy is presented below:

	Level 2	
December 31	2023 AMD'000	2022 AMD'000
Financial assets at fair value through profit or loss	234,118	204,470
	234,118	**204,470**

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.

During the reporting period there were no changes in the levels. The valuation techniques and significant observable inputs used in determining the fair value of financial assets at fair value through profit or loss, as well as the primary observable inputs and fair value relationships are presented below.

Financial instrument	**Valuation method**
Financial assets measured at fair value through profit or loss	The fair value of units is measured as the value of the funds' net assets at the reporting date.

There were no changes in the valuation technique used to measure the fair value during the reporting period.

Common goals, policies, and processes

Company's management has an overall responsibility for risk management, goals, and policies. The management receives monthly reports from the Company's chief accountant, thereby verifying the effectiveness of the processes in achieving the stated goals and policies.

The management aims to define policies that minimize risk without affecting the Company's competitiveness and flexibility. Details of this policy are described below.

Credit risk

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

The Company 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.

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

	2023	**2022**
	AMD'000	**AMD'000**
Cash and cash equivalents	764	7,652
Financial assets at fair value through profit or loss	234,118	204,470
Trade receivables	2,594	3,687
	237,476	**215,809**

Cash at bank

The Company 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.

A significant amount of cash is held with the following institutions:

	2023	**2022**
	AMD'000	**AMD'000**
Bank 1	18	7,609
Bank 2	746	43
	764	**7,652**

Liquidity risk

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

The factors which impact the position of 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 within a certain period of time.

In line with the Company's policy, the entity must ensure that it will always have sufficient cash available to meet its liabilities when they become due. To achieve this aim, it seeks to maintain cash balances (or agreed facilities) in meeting expected requirements, within 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 2023** AMD'000	**31 December 2022** AMD'000
Trade payables	445	676

Fair value or cash flow interest rate risk

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

Foreign exchange risk

Currency risk arises from recognized financial assets and liabilities that are not underlined in the Company's functional currency. The Company has a policy to manage the impact of foreign exchange risk on the Company 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 Company is due to USD underlying corporate securities in the investment portfolio.

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

	31.12.2023	**31.12.2022**
Financial assets measured at fair value through profit and loss	**AMD'000**	**AMD'000**
USD	72,007	67,089
Euro	22	-
Net currency position	**72,029**	**67,089**

As of the reporting date, the effect of a 10% strengthening 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 profit for the year (after tax) and net assets by 5,905 thousand drams (5,501 thousand drams in 2022), while 10% weakening would result in decrease of the profit for the year (after tax) and net assets in the same amount.

Capital risk management

The Company manages its capital to ensure that it will be able to continue as a going concern, and at the same time it maximizes the return to stakeholders through the optimization of debt and equity balances. The CBA sets and monitors capital requirements for the Company. Under the current capital requirements set by the CBA, voluntary and pension fund managers have to maintain a minimum share capital of 200 Million AMD.

5. Fund management fees

	2023 AMD'000	2022 AMD'000
Management fees from investment funds	29,927	23,318
Management fees from pension funds	2,988	3,139
	32,915	**26,457**

The revenue from the fund management services is recognized daily and calculated based on the net active values of funds.

The Company typically collects revenue from management services within the following month.

6. General operating expenses

	2023 AMD'000	2022 AMD'000
Employee benefit expenses	23,038	24,967
Audit and other consulting services	11,280	3,630
Short-term lease expense	6,600	4,440
Servicing and maintenance	3,600	3,625
Communication expenses	826	823
Depreciation and amortization	130	421
Other operating expenses	1,231	1,325
	46,705	**39,231**

7. Income tax

	2023 AMD'000	2022 AMD'000
Deferred tax expense	354	203
Total income tax expense	**354**	**203**

The reasons for the difference between the actual tax expenses of the year and the income tax rate determined by the Tax Code of the Republic of Armenia are as follows.

	2023 AMD'000	2022 AMD'000
Gain/(loss) before tax	**18,672**	**(30,121)**
Income tax at the defined rate of 18.0% (2022 – 18.0%)	3,361	(5,422)
Effect of non-deductible expense/(non-taxable income), net	(3,007)	5,625
Total tax expense	**354**	**203**

8. Financial assets at fair value through profit or loss

	2023 AMD'000	2022 AMD'000
Units held in funds under management	234,118	204,470
	234,118	**204,470**

9. Deferred tax assets

Deferred tax is calculated in full on temporary differences under the liability method using a tax rate of 18% (2022: 18%).
The movements in deferred tax assets and liabilities (prior to the offsetting of balances within the same jurisdiction as permitted by IAS 12) during the reporting period are shown below:

	Balance as at 31.12.2022 AMD'000	**2023 recognized in profit or loss AMD'000**	**Balance as at 31.12.2023 AMD'000**
Provisions	1,331	554	1,885
Property and equipment	22	(8)	14
Tax loss carry-forward	2,700	(900)	1,800
	4,053	**(354)**	**3,699**

	Balance as at 31.12.2021 AMD'000	**2022 recognized in profit or loss AMD'000**	**Balance as at 31.12.2022 AMD'000**
Provisions	1,556	(225)	1,331
Property and equipment	-	22	22
Tax loss carry-forward	2,700	-	2,700
	4,256	**(203)**	**4,053**

10. Other assets

	2023 AMD'000	2022 AMD'000
Receivables from funds	2,594	3,687
Other	431	423
	3,025	**4,110**

The carrying value of trade and other receivables measured at amortised cost approximates their fair value.

The Company uses the simplified approach of IFRS 9 to estimate expected credit losses on trade receivables using an estimate of lifetime expected credit losses. To measure credit solvency losses on a collective basis, receivables are grouped based on similar risk levels and maturities.

The Company's trade receivables are current and have a maturity of up to 30 days.

As of December 31, 2023 and December 31, 2022, the effect of non-collection of receivables is not material.

11. Other liabilities

	2023 AMD'000	2022 AMD'000
Trade payables	445	676
Financial liabilities at amortised cost	**445**	**676**
Accruals on vacation leave	6,631	7,392
Accruals on audit	3,840	-
Other	537	514
	11,453	**8,582**

12. Share capital and reserves

Issued shares
The declared, issued and outstanding share capital consists of 21,000 ordinary shares (21,000 in 2022). As of 31 December 2023, the nominal value of the share was 9,900 drams (9,900 drams in 2022).

Holders of ordinary shares have the right to receive declared dividends and to vote at General Meetings, on a one share, one vote basis.

Dividends
Dividends payables are limited by the amount of the maximum retained earnings of the Company as defined by the legislation of the Republic of Armenia.

No dividends were declared in 2023 and 2022.

During 2022, the shareholder provided the Company a borrowing in the amount of AMD 9,600 thousand, which was subsequently used to cover the losses made by the Company, all of which is reflected in the statements relating to equity.

13. Related party transactions

In accordance with IAS 24 Related Party Disclosures, parties are considered related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. The ultimate controlling party to the Company is Tigran Karapetyan (100% shareholder).

Key Management Personnel Compensation

Key management personnel are those have authority and responsibility for planning, directing and controlling the activities of the Company, including the Company's Director. The costs related to remuneration of key management personnel are presented below:

	2023 AMD'000	2022 AMD'000
Salary, other compensation	10,393	10,223

14. Contingent liabilities

As of 31 December 2023, the Company had no liabilities related to capital investments (same for 31 December 2022). As of 31 December 2023, the Company has provided no guarantees regarding repayment of liabilities of any party (same for 31 December 2022). As of 31 December 2023, there were no legal actions against the Company (same for 31 December 2022).

15. Accounting policy

Income from principal activity

Revenue from Management services is recognised based on the values of net assets within the investment funds. Management fees are recognised based on the applicable service contracts, usually on a time-proportion basis. Asset management fees related to investment funds are recorded proportionately over the period during which service is provided.

Asset management and administration fees relate to fees earned on fiduciary activities where the Company holds or invests assets on behalf of its clients and provides other asset-based financial services. These fees are based on daily balances of client assets invested into these funds. The fair values of client assets included in the funds are based on quoted market prices and other observable market data.

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, using the average exchange rate announced by the CBA in case of a closing price being absent.
Monetary assets and liabilities in foreign currency are converted into the functional currency using 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 exchange rate of the date that the fair value of the functional currency is determined.
The gains/losses which arise upon revaluations of foreign exchange items are recognized in profit or loss as net gains/losses on foreign exchange differences, except for financial instrument, measured at fair value through profit or loss, which are recognized at fair value, and presented as an element of 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 interest expense, respectively.

Accrual basis of accounting

The company undertakes its accounting procedures following the accrual basis of accounting. The accrual basis of accounting leads the firm to account for expenses as liabilities at fair value, independent of whether existence of the appropriate account. Auditorial or other advisory services are accounted for in the time period for which the value of the given services can be reliably measured, i.e. when a contract is signed.

Transactions with securities and investment income

Transactions with securities are accounted for at the date when the security is bought or sold. The interest income is accounted for on an accrual basis. Income from shares is accounted for at the previous date of the share. The value of the securities is the weighted average of its cost.

Financial instruments

The Company 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

classify as neither measured at amortized cost (as described below), nor measured at FVOCI (as described below). Additionally, at initial measurement, the Company 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 an 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 Company derecognizes financial assets when the contractual rights to the cash flows arising from the financial asset expire, or when the rights to the cash flows arising from the financial asset are transferred to a third party. If the Company does not transfer and does not retain substantially all the risks and rewards relating to the ownership of the financial asset, but retains control over the transferred asset, the Company continues to recognize the financial asset and the related liability to the extent to which its involvement in the asset continues. If the Company retains substantially all the risks and rewards of ownership of the financial asset, the Company shall continue to recognize the financial asset as well as the secured loan against the asset.

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 amortized cost

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

Derecognition of financial liabilities

The Company derecognizes financial liabilities only when the Company's obligations are extinguished, canceled, or expired.

When a financial obligation to the same lender is replaced by another financial obligation, the terms of which are significantly different from the previous one, or if there is a significant change in the terms of the existing obligation, such exchange or change is recognized as a derecognition of the original obligation and recognition of the new obligation. The difference between the carrying amount of the derecognized financial liability and the consideration paid and payable is recognized in the financial result.

Property and equipment

Property and equipment are measured at cost less accumulated depreciation and impairment losses. Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant, and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

The estimated useful lives for the current and comparative periods are as follows:

Computer equipment - 1-5 years
Household and office equipment, other fixed assets - 5-10 years.

Externally acquired intangible assets

Externally acquired intangible assets are initially recognized at cost and subsequently amortized on a straight-line basis over their useful economic lives.

Software - 10 years.

Dividends

Dividends are recognized when they become legally payable.

Deferred taxation

Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the temporary difference can be utilized.
The amount of the deferred asset or liability is determined using tax rates that are expected to apply when the deferred tax liabilities/(assets) are settled/(recovered).

Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of past events and it would appear that the Company will be required to meet the liability, and the amount of the liability can be assessed accurately.

Securities purchased and redeemed under the REPO agreement

The company has financial contracts for the sale and repurchase of financial assets (REPO), as well as the purchase and resale of financial assets (reversed REPO). The company uses these contracts 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 cash or other consideration used in the exchange, plus interest. These contracts are accounted for as financial instruments. 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 within deposit instruments with banks. The Company enters into 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.

Securities received under REPO contracts are accounted for off-balance sheet as collateral for loans provided. Amounts paid for securities received under REPO contracts are accounted for as loans provided. Interest earned on them is recognized in profit or loss on an accrual basis and presented in other operating income. Securities issued under REPO contracts are accounted for in the balance sheet according to their nature. Amounts received against securities issued under REPO contracts are accounted for as loans received. Interest paid on them is recognized in profit or loss on an accrual basis as interest expense.

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
Units	234,118	The fair value of units is measured as the value of the funds' net assets at the reporting date.	Level 2	Not applicable
Receivables	2,594	The carrying amount of short term (less than 12 months) payable approximates its fair value.	Level 3	None
Payables	445	The carrying amount of short term (less than 12 months) receivable approximates its fair value.	Level 3	None