«LIMITLESS ASSET MANAGEMENT» CJSC's «LIMITLESS PRIME» PUBLIC, CONTRACTUAL, OPEN INVESTMENT HEDGE FUND

Financial Statements

For the year ended December 31, 2024
Together with independent auditor's report

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Independent auditor's report

To the Unitholders of Limitless Prime Fund:

Opinion

We have audited the financial statements of Limitless Prime Fund (hereinafter, the "Fund", which comprise the statement of financial position as at 31 December 2024, and the statement of profit or loss and comprehensive income, statement of changes in net assets and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at 31 December 2024 and its financial performance and its cash flows for the year then 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' (IESBA) International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in the Republic of Armenia, 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 management for the financial statements

Management 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 a 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 operations, or has no realistic alternative but to do so.

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Auditor's responsibilities 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 guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the 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.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Ernst & Young CJSC
Yerevan, Armenia

General Director
Partner (Assurance) Eric Hayrapetyan

Responsible Auditor Armine Voskanyan
April 30, 2025

Statement of financial position

As at 31 December 2024

In thousand drams	*Notes*	*31 December 2024*	*31 December 2023*
Assets			
Cash and cash equivalents	4	3,412,900	1,402,565
Financial assets at fair value through profit or loss	5	1,520,006	1,379,420
Amounts due from financial institutions		8,059	8,508
Borrowings provided	6	40,103	–
Total assets		**4,981,068**	**2,790,493**
Liabilities			
Financial liabilities at fair value through profit or loss	5	401,880	592,605
Management fee payable		28,701	124,015
Current tax liabilities		282	58
Other liabilities	7	24,081	1,280
Total liabilities (excluding net assets attributable to unitholders)		**454,944**	**717,958**
Net assets attributable to unitholders	8	**4,526,124**	**2,072,535**
Total liabilities and net assets attributable to unitholders		**4,981,068**	**2,790,493**

These financial statements were approved on 30th April 2025

The accompanying notes from 1 to 17 form an integral part of these financial statements.

Statement of profit or loss and other comprehensive income

For the year ended 31 December 2024

In thousand drams	***Notes***	***Year ended December 31 2024***	***11 July 2023 – 31 December 2023***
Net trading income from financial instruments measured at fair value through profit or loss	9	640,317	406,011
Dividend income		23,434	28,778
Interest income		92,253	7,126
Net loss from foreign currency dealing		(4,275)	(2,759)
Net gain from foreign currency revaluation		20,743	23,194
Management fees	11	(257,786)	(137,092)
Commission expenses	10	(30,566)	(10,717)
Profit before taxation		**484,120**	**314,541**
Income tax expense		(317)	(58)
Profit and total comprehensive income for the reporting period		**483,803**	**314,483**
Increase in net assets attributable to unitholders		**483,803**	**314,483**

Tigran Antinyan
«Limitless Asset Management» CJSC's director

Armen Azizyan
Representative of StepUp LLC

The accompanying notes from 1 to 17 form an integral part of these financial statements.

Statement of changes in net assets

For the year ended 31 December 2024

In thousand drams	***Net assets attributable to unitholders***
Balance as at July 11 2023	**–**
Issuance and redemptions of units:	
Issue of units	1,758,052
Net increase from unit transactions	**1,758,052**
Increase in net assets attributable to unitholders for the period	**314,483**
Balance as at December 31, 2023	**2,072,535**
Issuance and redemptions of units:	
Issue of units	2,130,437
Redemptions of units	(160,651)
Net increase from unit transactions	**1,969,786**
Increase in net assets attributable to unitholders for the year	**483,803**
Balance as at December 31, 2024	**4,526,124**

The accompanying notes from 1 to 17 form an integral part of these financial statements.

Statement of cash flows

For the year ended 31 December 2024

In thousand drams	***Year ended December 31 2024***	***11 July 2023 − 31 December 2023***
Cash flows from operating activities		
Interest received	88,355	1,522
Dividends received	27,307	25,925
Commissions paid	(3,238)	(4,513)
Management fees paid	(353,100)	(13,077)
Payments for received services	(27,332)	(4,924)
Currency conversion fees paid	(4,275)	(2,759)
Net cash flows from financial assets at fair value through profit and loss	306,167	(380,805)
Profit tax paid	(93)	−
Net cash used in operating activities	**33,791**	**(378,631)**
Cash flows from financing activities		
Outflows from borrowings provided	(37,921)	−
Outflows from redemptions of units	(138,651)	−
Proceeds from issue of units	2,130,437	1,758,052
Net cash from financing activities	**1,953,865**	**1,758,052**
Net increase in cash and cash equivalents	**1,987,656**	**1,379,421**
Cash and cash equivalents at the beginning of the reporting period	**1,402,565**	**−**
Foreign exchange effect on cash and cash equivalents	22,679	23,144
Cash and cash equivalents at the end of the reporting period	**3,412,900**	**1,402,565**

The accompanying notes from 1 to 17 form an integral part of these financial statements.

(in thousand drams)

1. Reporting entity

a) Organisation and operations

«Limitless Asset Management» CJSC's «Limitless Prime» Public, Contractual, Open Investment Hedge Fund (the «Limitless Prime» Fund or the Fund) is an open public hedge contractual investment fund. The Fund was incorporated in accordance with the legislation of the Republic of Armenia. The Fund was registered by the decision of the Central Bank of the Republic of Armenia (CB of the RA) No. 106−A of 11 July 2023.

The Fund's investment objective is to obtain additional income per unit of risk. The Fund's assets are mainly invested in liquid securities listed or traded in internationally regulated markets (the New York Stock Exchange and Nasdaq are considered as the main markets) such as shares, bonds, exchange−traded funds, and derivatives.

The Fund's investment activities are managed by «Limitless Asset Management» CJSC (the Manager), which is registered by the Central Bank of the Republic of Armenia (license number 0007 dated 27.12.2022) under the legislation of the Republic of Armenia.

The registered address of the Fund Manager is: RA, c. Yerevan, Keru 1/3, 5th floor.

b) Armenian business environment

The Fund's operations are primarily located in Armenia. Consequently, the Fund is exposed to the economic and financial markets of Armenia which display characteristics of an emerging market. The legal, tax, regulatory frameworks and overall business practices and environment continue developing and improving. However still varying interpretations and frequent changes of legislation together with other legal impediments contribute to the challenges faced by entities operating in Armenia. Additionally, the breakout of armed conflict in Nagorno−Karabakh in September 2020 followed by cease−fire arrangement over disputed Nagorno−Karabakh territories, later escalation of the conflict in the Republic of Armenia territory has increased uncertainty in the business environment.

As a result of the war in Ukraine many leading countries and economic unions have announced severe economic sanctions on Russia and Belarus, including Russian banks, other entities and individuals. Since the start of the war, there has been a significant volatility of the Russian ruble against foreign currencies, as well as significant loss of value on the securities markets in Russia and of Russian companies listed in overseas markets. As a result of the above, there have been an influx of non−residents and relocation of many businesses (especially from Russia) to Armenia, which have played a vital role in stimulating economic growth of the country in general, and activation of the investment and asset management activities in particular. As the war is still waging, it is impossible to reliably assess the final impact this may have on the Fund's business as there is uncertainty over the magnitude of the impact on the economy in general.

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

2. Basis of preparation

2.1 Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). The Fund has prepared the financial statements on the basis that it will continue to operate as a going concern.

2.2 Functional and presentation currency

The national currency of the Republic of Armenia is the Armenian Dram ("AMD"), which is the Fund's functional currency and the currency in which these financial statements are presented. These financial statements are presented in thousands of Armenian Dram ("AMD"), and all values are rounded to the nearest thousands, except when otherwise indicated.

2.3 Basis of measurement

The Fund prepares its financial statements using the historical cost basis, except for certain financial instruments which are measured at fair value. Where alternative measurement bases are applied, relevant disclosures are provided in the accompanying notes.

(in thousand drams)

3. Accounting policies

3.1 Fair value measurement

The Fund measures investment securities at fair value at each balance sheet date.

For assets and liabilities that are recognized in the financial statements at fair value on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re−assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

3.2 Foreign currency transactions

In preparing the financial statements, transactions in currencies other than the functional currency are recorded at the rates of exchange defined by the Central Bank of Armenia prevailing on the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are retranslated at the rates defined by the Central Bank of Armenia prevailing on the reporting date:

	31 December 2024	***31 December 2023***
AMD / 1 US dollar	396.56	404.79

Exchange differences arising on the settlement and retranslation of monetary items, are included in profit or loss for the period under the line "Net gain from foreign currency revaluation".

3.3 Financial instruments

Recognition and derecognition

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through OCI, and fair value through PL.

The Fund's financial assets at amortised cost includes cash and cash equivalents.

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI to are measured at FVTPL. Specifically:

- Investments in equity instruments are classified as at FVTPL, unless the Fund designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition;
- Debt instruments that do not meet the amortised cost criteria or the FVTOCI criteria are classified as at FVTPL. In addition, debt instruments that meet either the amortised cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency (so called 'accounting mismatch') that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

The equity securities, the corporate debt securities and investments in fund units are classified as at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss to the extent they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset and is included in the 'Net gain from changes in fair value of financial instruments measured at fair value through profit or loss' line item.

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period.

(in thousand drams)

3. Accounting policies (continued)

3.3 Financial instruments (continued)

Specifically:

- For financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in 'Net gain from foreign currency revaluation' line item;
- For financial assets measured at FVTPL that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the ''Net gain from foreign currency revaluation' line item.

3.4 Transactions with securities and related investment income

Interest income is recorded on an accrual basis. Dividend income is recorded on the ex−dividend date.

In the statement of profit or loss net gain from financial instruments at fair value through profit or loss includes all realized and unrealised fair value changes and foreign exchange differences, and where applicable includes interest and dividend income, which is recognized when the Fund's right to receive the payment is established.

3.5 Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents represent current accounts with banks.

3.6 Net assets

Amounts received for issued units are accounted for in the statement of changes in net assets attributable to unitholders.

The increase in net assets attributable to unitholders includes the current year's profit.

3.7 Profit tax

Profit tax for the current year is calculated at 0.01% yearly of the Fund's net assets.

3.8 New and amended standards and interpretations

The following amendments to existing IFRS accounting standards become effective for annual periods beginning on 1 January 2024:

- *Classification of Liabilities as Current or Non−current and Non−current Liabilities with Covenants* − Amendments to IAS 1;
- *Lease Liability in a Sale and Leaseback* – Amendments to IFRS 16;
- *Disclosures: Supplier Finance Arrangements* − Amendments to IAS 7 and IFRS 7.

None of these amendments have had a material impact on the Fund's financial statements for the year ended 31 December 2024.

New and amended standards and interpretations that are issued but not yet effective are being assessed by the Bank to determine the impact on the consolidated financial statements. As explained above, this would include standards and amendments that would already be effective based on the new standard or amendment, but the local endorsement is still in progress or has resulted in a later effective date.

- IFRS 18 Presentation and Disclosure in Financial Statements.

In April 2024, the IASB issued IFRS 18 Presentation and Disclosure in Financial Statements, which replaces IAS 1 Presentation of Financial Statements. IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Furthermore, entities are required to classify all income and expenses within the statement of profit or loss into one of five categories: operating, investing, financing, income taxes and discontinued operations, whereof the first three are new.

It also requires disclosure of newly defined management−defined performance measures, which are subtotals of income and expenses, and includes new requirements for aggregation and disaggregation of financial information based on the identified 'roles' of the primary financial statements and the notes.

(in thousand drams)

3. Accounting policies (continued)

3.1 New and amended standards and interpretations

Narrow−scope amendments have been made to IAS 7 Statement of Cash Flows, which include changing the starting point for determining cash flows from operations under the indirect method, from 'profit or loss' to 'operating profit or loss' and removing the optionality around classification of cash flows from dividends and interest. In addition, there are consequential amendments to several other standards.

IFRS 18, and the amendments to the other standards, are effective for reporting periods beginning on or after 1 January 2027, but earlier application is permitted and must be disclosed. IFRS 18 will apply retrospectively. The Fund is currently working to identify all impacts the amendments will have on the primary financial statements and notes to the financial statements.

- Amendments to IFRS 9 and IFRS 7 − Amendments to the Classification and Measurement of Financial Instruments. The Fund is currently assessing the impact the amendment will have on the primary financial statements and notes to the financial statements.
- Amendments to IAS 21 − Lack of exchangeability − which specifies how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The amendments are not expected to have a material impact on the Fund's financial statements.
- IFRS 19 Subsidiaries without Public Accountability: Disclosures, which allows eligible entities to elect to apply its reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other IFRS accounting standards. The Fund is currently assessing the impact the amendment will have on the primary financial statements and notes to the financial statements.

Significant accounting judgements, estimates and assumptions

The preparation of the Fund's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Judgements

In the process of applying the Fund's accounting policies, management has made judgements, which have the most significant effect on the amounts recognized in the financial statements.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Fund based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Fund. Such changes are reflected in the assumptions when they occur.

Fair value measurements

Judgments that have the most significant effect on the amounts recognized in the financial statements and estimates that can cause a significant adjustment to the carrying amount of assets and liabilities within the next financial year relate to accounting for financial instruments, particularly fair value measurements. The best evidence of fair value are the price quotations in an active market. In the absence of quoted prices in an active market, the management uses other evaluation techniques, such as the comparative approach with similar instruments both in the internal and external markets, and the actual prices of sales transactions occurred close to the reporting date. See *Notes 5, 9.*

(in thousand drams)

4. Cash and cash equivalents

In thousand drams	**31 *December 2024***	**31 *December 2023***
Current accounts with other financial institutions	2,884,512	1,392,589
Current accounts with Banks	528,388	9,976
Total	**3,412,900**	**1,402,565**

As at 31 December 2024 the Fund has one financial institution whose balances exceeded 10% of the Net Asset Value (as at December 31, 2023: 1).

The gross value of these balances as at 31 December 2024 is AMD 2,884,512 thousand (as of December 31, 2023: AMD 1,392,589 thousand).

As at 31, Decembe 2024 and 2023 all cash equivalents are allocated to stage 1 for ECL measurement purposes.

5. Financial assets and liabilities at fair value through profit or loss

Financial assets

In thousand drams	***31 December 2024***	***31 December 2023***
Securities	1,158,081	524,785
Options	361,925	854,635
Total	**1,520,006**	**1,379,420**

As at 31 December 2024 the Fund has one ordinary share whose amount exceeded 10% of net assets (as at 31 December, 2023: one common share and one option).

The gross value of these balances as at 31 December 2024 is AMD 828,068 thousand (as at 31 December, 2023: AMD 821,820 thousand).

Financial liabilities

In thousand drams	***31 December 2024***	***31 December 2023***
Options	401,880	592,605
Total	**401,880**	**592,605**

Financial Assets and liabilities measured at fair value through profit or loss include securities and derivatives held for trading during the Fund's normal activity.

As at 31 December, 2024, the Fund has no options outstanding in excess of 10% of net assets. As at 31 December 2023 the Fund has one option whose amount exceeded 10% of net assets. The gross value of these balances as at 31 December 2023 is AMD 355,152 thousand.

6. Borrowings provided

In thousand drams	**31 *December 2024***	**31 *December 2023***
Borrowings provided	39,656	–
Accrued interests	447	–
Total	**40,103**	–

The loan was denominated in USD, bearing an annual interest rate of 5.5% with a maturity of one year.

(in thousand drams)

7. Other liabilities

In thousand drams	31 *December 2024*	31 *December 2023*
Payables for unit redemption	22,000	–
Other	2,081	1,280
Total	**24,081**	**1,280**

8. Net assets attributable to unitholders

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

	Number of units	
Balance as at 11, July 2023	–	–
Issue of units during the period	4,379	1,758,052
Increase in net assets attributable to unitholders	–	314,483
Balance at 31 December 2023	**4,379**	**2,072,535**
Net assets value per unit (in dram)		**473,339**

	Number of units	
Balance at 31 December 2023	**4,379**	**2,072,535**
Issue of units during the year	3,838	2,130,437
Redemption of units during the year	(277)	(160,651)
Increase in net assets attributable to unitholders	–	483,803
Balance at 31 December 2024	**7,940**	**4,526,124**
Net assets value per unit (in dram)		**570,040**

Unit purchases, redemptions and distributions

Units in the Fund are offered at their net asset value per Unit ("NAV") on each business day. Units are redeemed at the NAV as of the relevant NAV Determination Time.

The value of the Fund's net assets is determined on the basis of the market value of the Fund's assets by deducting the Fund's liabilities (claims to the Fund) from it.

Net assets attributable to unitholders are carried at the amount that would be payable at the statement of financial position date if the unitholders exercised the right to redeem the units.

In relation to net assets attributable to unitholders as at December 31, 2024, unitholders have the right to request on any business day the redemption of units held. Redemption fee of 10% is charged on redeemed amount is case the redemption of units is requested within 12 months since the investment date.

(in thousand drams)

9. Net trading income from financial instruments measured at fair value through profit or loss

In thousand drams	***Year ended December 31 2024***	***11 July 2023 − 31 December 2023***
Net (loss) / gain from changes in fair value of securities	(247,636)	208,160
Net gain / (loss) from the sale of securities	(420,180)	178
Net gain from changes in fair value of derivatives	1,308,133	197,673
Total	**640,317**	**406,011**

10. Commission expense

In thousand drams	***Year ended December 31 2024***	***11 July 2023 − 31 December 2023***
Custody fee	21,282	6,247
Agent fee	1,254	2,795
Brokerage fee	1,992	1,269
Professional and consulting services	5,000	−
Non−reimbursable tax expenses	1,038	−
Other	−	406
Total	**30,566**	**10,717**

11. Management fee

In thousand drams	***Year ended December 31 2024***	***11 July 2023 − 31 December 2023***
Performance fee	187,450	125,548
Investment management fee	63,462	11,544
Fixed success fee	6,874	−
Total	**257,786**	**137,092**

12. Risk management

Introduction

Management of risk is fundamental to the business of the Fund and forms an essential element of the Fund's operations. The major (significant) risks faced by the Fund are those related to market risk, credit risk, liquidity risk, and operational, legal and reputational risks.

a) Risk management policies and procedures

The risk management policies aim to identify, analyses and manage the risks faced by the Fund, to set appropriate risk limits and controls, and to continuously monitor risk levels and adherence to limits. Risk management policies and procedures are reviewed regularly to reflect changes in market conditions, products and services offered and emerging best practice.

The shareholders have overall responsibility for the oversight of the risk management framework, overseeing the management of key risks and reviewing its risk management policies and procedures as well as approving significantly large exposures. The management of the Fund is responsible for monitoring and implementing risk mitigation measures, and ensuring that the Fund operates within established risk parameters.

(in thousand drams)

12. Risk management (continued)

Introduction (continued)

The Executive Director is responsible for the overall risk management and compliance functions, ensuring the implementation of common principles and methods for identifying, measuring, managing and reporting both financial and non−financial risks. He reports directly to the shareholders.

Both external and internal risk factors are identified and managed throughout the Fund. Particular attention is given to identifying the full range of risk factors and determining the level of assurance over current risk mitigation procedures.

b) 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 has policies and procedures in place to manage credit exposures (both for recognised financial assets and unrecognised contractual commitments).

The maximum exposure to credit risk is generally reflected in the carrying amounts of financial assets in the statement

of financial position. The impact of the possible netting of assets and liabilities to reduce potential credit exposure is not significant.

Credit quality per class of financial assets

The credit quality of financial assets below is managed by the Fund based on external credit ratings. Not rated exposures are classified in Standard Grade, unless they are impaired.

As at 31 December 2024 all the financial assets at fair value through profit or loss except of other financial assets are classified at high grade.

The table below shows the mapping of the Fund's grading system and external ratings of the counterparties as at 31 December 2024 and 31 December 2023.

31 December 2024:

International external rating agency (Moody's) rating	***Internal rating description***	***PD***
Aaa to A3	High grade	0−0.06%
Baa1 to B3	Standard	0.09−4.43%
Caa1 to C	Sub−standard grade	6.82−35.82%
D and below	Impaired	100%

31 December 2023:

International external rating agency (Moody's) rating	***Internal rating description***	***PD***
Aaa to A3	High grade	0−0.06%
Baa1 to B3	Standard	0.1−4.52%
Caa1 to C	Sub−standard grade	6.93−33.62.0%
D and below	Impaired	100%

As at December 31, 2024 credit risk exposure of financial assets is presented in the table below:

	December 31, 2024	***Country***	***Credit rating at December 31, 2024***
Cash and cash equivalents	528,387	Armenia	Aa2 to Ba3
Cash and cash equivalents	2,884,513	United States	Aa2
Financial assets at fair value through profit or loss	1,528,065	United States	Aa2
	4,940,965		

(in thousand drams)

12. Risk management (continued)

Introduction (continued)

As at December 31, 2023 credit risk exposure of financial assets is presented in the table below:

	December 31, 2023	*Country*	*Credit rating at December 31, 2023*
Cash and cash equivalents	9,976	Armenia	Aa2 to Ba3
Cash and cash equivalents	1,392,589	United States	Aa2
Financial assets at fair value through profit or loss	1,387,928	United States	Aa2
	2,790,493		

c) Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk exists when the maturities of assets and liabilities do not match. The matching and/or controlled mismatching of the maturities and interest rates of assets and liabilities is fundamental to liquidity management. It is unusual for financial institutions ever to be completely matched, since business transacted is often of an uncertain term and of different types. An unmatched position potentially enhances profitability, but can also increase the risk of losses.

The Fund maintains liquidity management with the objective of ensuring that funds will be available at all times to honors all cash flow obligations as they become due. The liquidity management policy requires:

- Projecting cash flows by major currencies and taking into account the level of liquid assets necessary in relation thereto;
- Managing the concentration and profile of debts;
- Maintaining debt financing plans;
- Maintaining a portfolio of highly marketable assets that can easily be liquidated as protection against any interruption to cash flow;
- Maintaining liquidity and funding contingency plans;

The Fund's financial liabilities as of 31 December 2024 with amount AMD 432,661 thousand are payable on demand or within less than one month.

Operational risk

Operational risk is the risk of loss arising from systems failure, human error, fraud or external events. When controls fail to perform, operational risks can cause damage to reputation, have legal or regulatory implications, or lead to financial loss. The Fund cannot expect to eliminate all operational risks, but a control framework and monitoring and responding to potential risks could be effective tools to manage the risks. Controls should include effective segregation of duties, access, authorization and reconciliation procedures, staff education and assessment processes, including the use of internal audit.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises currency risk, interest rate risk and other price risks. Market risk arises from open positions in interest rate and equity financial instruments, which are exposed to general and specific market movements and changes in the level of volatility of market prices and foreign currency rates. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk.

Foreign currency risk

Foreign currency risk arises in respect of those recognized monetary financial assets and liabilities that are not in the functional currency of the Fund.

(in thousand drams)

12. Risk management (continued)

Foreign currency risk

The table below summarizes the exposure to foreign currency exchange rate risk at the end of the reporting period:

	December 31, 2024			
	Armenian Drams	***US Dollars***	***EUR***	***Total***
Financial assets				
Cash and cash equivalents	10,160	3,397,692	5,048	3,412,900
Borrowings provided	−	40,103	−	40,103
Amounts due from financial institutions	−	8,095	−	8,095
Investments at fair value through profit or loss	−	1,520,006	−	1,520,006
Total financial assets	**10,160**	**4,965,860**	**5,048**	**4,981,068**
Financial liabilities				
Liabilities at fair value through profit or loss	−	401,880	−	401,880
Management fee payable	28,701	−	−	28,701
Other liabilities	24,363	−	−	24,363
Total financial liabilities	**53,064**	**401,880**	−	**454,944**
Net position	**(42,904)**	**4,563,980**	**5,048**	**4,526,124**

	December 31, 2023			
	Armenian Drams	***US Dollars***	***EUR***	***Total***
Financial assets				
Cash and cash equivalents	5,856	1,396,709	−	1,402,565
Investments at fair value through profit or loss	−	1,379,420	−	1,379,420
Amounts due from financial institutions	−	8,508	−	8,508
Total financial assets	**5,856**	**2,784,637**	−	**2,790,493**
Financial liabilities				
Liabilities at fair value through profit or loss	−	592,605	−	**592,605**
Management fee payable	124,015	−	−	**124,015**
Other liabilities	1,280	−	−	1,280
Total financial liabilities	**125,295**	**592,605**	−	**717,900**
Net position	**(119,439)**	**2,192,032**	**−**	**2,072,535**

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

The tables below indicate the currencies to which the Fund had significant exposure at 31 December 2024 on its monetary assets and liabilities. The analysis calculates the effect of a reasonably possible movement of the currency rate against the Armenian Dram, with all other variables held constant on the statement of profit or loss. A negative amount in the table reflects a potential net reduction in the statement of profit or loss statement, while a positive amount reflects a net potential increase.

AMD'000	***Change in currency rate in % 2024***	***Effect on profit before tax 2024***
Currency		
USD	10%	456,903
	−10%	(456,903)

(in thousand drams)

12. Risk management (continued)

Foreign currency risk

AMD'000	***Change in currency rate in % 2023***	***Effect on profit before tax 2023***
Currency		
USD	10%	219,203
	−10%	(219,203)

13. Transactions with the Manager and other related parties

The management fee consists of three parts:

(a) A fixed fee of 2 (two) percent per annum on the Fund's net asset value (before deducting the management fee);

(b) A premium of 40 (forty) percent of the amount above the 2.5 percent quarterly return (including all expenses except the two percent fixed management fee). Which is calculated semi annually;

(c) A fixed success fee is determined on the redemption date selected by the fund holder, based on the performance fee per unit calculated as of the preceding day. This fee is then proportionally allocated across all matured units.

Management fee charged for the year was 257,786 thousand AMD (during the prior period: 137,092 thousand AMD).

14. Fair values of financial instruments

The Fund provides an analysis of its assets and liabilities that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable. These Levels are described below:

- Level 1 − fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 − fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 − fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

(a) Financial instruments that are not measured at fair value

Cash and cash equivalents, term deposits, repurchase agreements and other payables are liquid or have a short−term maturity (less than three months) therefore it is assumed that the carrying amounts approximate to their fair value.

(b) Financial instruments that are measured at fair value

As of 31 December 2024

'000 AMD	***Level 1***	***Level 2***	***Level 3***	***Total fair values***
Financial assets at fair value through profit or loss	1,528,065	−	−	**1,528,065**

As of 31 December 2023

'000 AMD	***Level 1***	***Level 2***	***Level 3***	***Total fair values***
Financial assets at fair value through profit or loss	1,387,928	−	−	**1,387,928**

(in thousand drams)

14. Fair values of financial instruments (continued)

As of 31 December 2024

'000 AMD	***Level 1***	***Level 2***	***Level 3***	***Total fair values***
Financial liabilities at fair value through profit or loss	401,880	–	–	**401,880**

As of 31 December 2023

'000 AMD	***Level 1***	***Level 2***	***Level 3***	***Total fair values***
Financial liabilities at fair value through profit or loss	592,605	–	–	**592,605**

Corporate securities are classified as level 1 as they have been valued using market quoted prices.

15. Maturity analysis of assets and liabilities

The table below shows an analysis of assets and liabilities according to when they are expected to be recovered or settled. See Note 13 Risk management for the Fund's contractual undiscounted repayment obligations.

	2024		
	Within one year	***More than one year***	***Total***
Cash and cash equivalents	3,412,900	–	3,412,900
Investments at fair value through profit or loss	1,520,006	–	1,520,006
Amounts due from financial institutions	8,059	–	8,059
Borrowings provided	40,103	–	40,103
	4,981,068	–	**4,981,068**
Liabilities at fair value through profit or loss	401,880	–	401,880
Management fee payable	28,701	–	28,701
Profit tax payable	282	–	282
Other liabilities	24,081	–	24,081
	454,944	**–**	**454,944**
Net Position	**4,526,124**	**–**	**4,526,124**

	2023		
	Within one year	***More than one year***	***Total***
Cash and cash equivalents	1,402,565	–	1,402,565
Investments at fair value through profit or loss	1,379,420	–	1,379,420
Amounts due from financial institutions	8,508	–	8,508
	2,790,493	–	**2,790,493**
Liabilities at fair value through profit or loss	592,605	–	592,605
Management fee payable	124,015	–	124,015
Profit tax payable	58	–	58
Other liabilities	1,280	–	1,280
	717,958	**–**	**717,958**
Net Position	**2,072,535**	**–**	**2,072,535**

The Fund management considers the financial assets at fair value through profit or loss as liquid assets which the Fund is able to convert to cash hence the Fund has presented these assets as maturing within one year.

(in thousand drams)

16. Capital risk management

The Fund's capital is represented by the net assets attributable to unitholders. The Fund strives to invest the subscriptions in investments that meet the Fund's investment objectives while maintaining sufficient liquidity to meet unitholder redemptions.

17. Contingencies

(a) Insurance

The Armenian insurance industry is in its development stage and many forms of insurance protection common in other parts of the world are not yet generally available in Armenia. The Fund does not have full coverage for its business interruption, or third−party liability in respect of property or environmental damage arising from accidents on the Fund property or relating to the Fund operations. Until the Fund obtains adequate insurance coverage, there is a risk that the loss or destruction of certain assets or environmental damage could have a materially adverse effect on the Fund's operations and financial position.

(b) Litigation

The Fund does not have litigations that may have a material effect on the Fund's results of operations or financial position.

(c) Taxation

The taxation system in Armenia is relatively new and is characterized by frequent changes in legislation, official pronouncements and court decisions, which are sometimes unclear, contradictory and subject to varying interpretation. Taxes are subject to review and investigation by tax authorities, which have the authority to impose fines and penalties. In the event of a breach of tax legislation, no liabilities for additional taxes, fines or penalties may be imposed by tax authorities once three years have elapsed from the date of the breach.

These circumstances may create tax risks in Armenia that are more significant than in other countries. Management believes that it has provided adequately for tax liabilities based on its interpretations of applicable Armenian tax legislation, official pronouncements and court decisions. However, the interpretations of the relevant authorities could differ and the effect on these financial statements, if the authorities were successful in enforcing their interpretations, could be significant.