



OCIF “Cash Fund” Banja Luka

Financial Statements
for the Year ended 31 December 2020
and

Independent Auditor’s Report

CONTENTS

	Page
INDEPENDENT AUDITOR’S REPORT	1 - 3
FINANCIAL STATEMENTS	
Income Statement	4
Balance Sheet	5
Statement of Changes in Net Assets	6
Cash Flow Statement	7
Notes to the Financial Statements	8 - 35
Appendices to the Financial Statements	36 - 38

*This is an English translation of Independent Auditor's Report and
Financial Statements originally issued in the Serbian language*

INDEPENDENT AUDITOR'S REPORT

To the shareholders of OCIF "Cash Fund" Banja Luka

Opinion

We have audited the accompanying financial statements of OCIF "Cash Fund" Banja Luka (hereinafter the "Fund"), which comprise the balance sheet as of 31 December 2020, the income statement, cash flow statement and statement of changes in net assets for the year then ended, and a summary of significant accounting policies and other explanatory notes.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of 31 December 2020, its financial performance, cash flows and changes in equity for the year then ended, in accordance with the accounting regulations prevailing in the Republic of Srpska and in accordance with the accounting policies disclosed in Note 3 to the financial statements.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the Law on Accounting and Audit of the Republic of Srpska. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Separate Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants (IESBA Code)*, including those ethical standards relevant to our audit of financial statements in the Republic of Srpska, and we have fulfilled our other ethical responsibilities in accordance with these standards and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the separate financial statements of the current period. These matters were addressed in the context of our audit of the separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	Audit procedures applied
2. Fund investments - Financial assets available for sale - Notes 3.4,12 to the financial statements	
The indicated key audit matter has been chosen since the financial assets available for sale constitute the most significant portion of the Fund's net assets and include significant estimates by the Fund's management related to the measurement of the fair value of financial assets.	We estimated the design and tested the efficiency of the relevant controls related to daily monitoring of the compliance of the net value of Fund's assets with the depository. We confirmed the ownership of the investments based on a certificate issued by the Central Securities Registry, Banja Luka. The measurement of the investment in the securities that have an active market was checked by inspecting the latest trading prices. As regards other investments that do not have an active market, we checked the applied estimate methods and key assumptions of the Fund's management in order to determine whether the applied estimate methods and key assumptions are reasonable and in accordance with our expectations.
On the basis of the procedures applied, we have not identified significant findings in relation to any existing investment and an estimate by the Fund's management of the fair value of the financial assets available for sale.	

INDEPENDENT AUDITOR'S REPORT

To the shareholders of OCIF "Cash Fund" Banja Luka (Continued)

Responsibilities of Management and Those Charged with Governance for the Separate Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the accounting regulations prevailing in the Republic of Srpska, and for such internal controls as management determines are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the separate financial statements, the 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.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

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 separate financial statements.

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

- Identify and assess the risks of material misstatement of the separate 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 the management.

INDEPENDENT AUDITOR'S REPORT

To the shareholders of OCIF "Cash Fund" Banja Luka (Continued)

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

- 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 separate 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 separate financial statements, including the disclosures, and whether the separate 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Tibor Florjan.

Banja Luka, 12 March 2021



Velemir Janjic
Authorised representative of
BDO d.o.o. Banja Luka



Tibor Florjan
Certified Auditor
BDO d.o.o. Banja Luka

INCOME STATEMENT
For the Year Ended 31 December 2020
(In BAM)

	Note	Year ended 31 December 2020	Year ended 31 December 2019
REALISED INCOME			
Operating income			
Interest income	5	22,416	37,896
Amortisation of the premium (discount) arising from the securities with a fixed maturity	5	(2,904)	(225)
Other operating income		642	12,283
		20,154	49,954
Realised profit			
Realised gains from the sale of securities	3.5, 6	216,220	47,738
		216,220	47,738
REALISED EXPENSES			
Operating expenses			
Management fee to the Management company	3.2, 7	(106,348)	(105,881)
Cost of investment sale and purchase			-
Depository bank fee	8	(4,800)	(4,800)
Tax expenses	3.3, 9	(6,335)	(10,336)
		(117,483)	(121,017)
Realised loss			
Realised losses from the sale of securities	6	(25,954)	-
		(25,954)	-
REALISED PROFIT/(LOSS)		92,937	(23,325)
REALISED PROFIT/(LOSS) AFTER TAX		92,937	(23,325)
Increase/(decrease) in net assets from Fund's business operations		92,937	(23,325)
Basic earnings per share	15	0.0010	(0.0002)

The accompanying notes on the following pages are an integral part of these financial statements.

Signed on behalf of the Fund by the management of the Company for Managing Investment Funds "Kristal Invest" a.d. Banja Luka:

Nenad Tomovic, Goran Klincov
 Executive Directors of the Company for Managing Investment Funds "Kristal Invest" a.d. Banja Luka

Persa Dujakovic,
 Head of Accounting of the Company for Managing Investment Funds "Kristal Invest" a.d. Banja Luka

BALANCE SHEET
As of 31 December 2020
(In BAM)

	Note	31 December 2020	31 December 2019
TOTAL ASSETS			
Cash and cash equivalents	3.8, 10	2,271,957	73,214
Fund's investments			
Fund's investments in financial assets available for sale	3.1, 11	606,268	753,053
Deposits and placements		-	3,210,000
		2,878,225	4,036,267
Accounts receivable			
Interest receivables	3.4, 12	721	728
Other receivables		-	1,513
		721	2,241
Total assets		2,878,946	4,038,508
LIABILITIES			
Liabilities to the Management Company	13	15,387	105,881
Total liabilities		15,387	105,881
NET ASSETS		2,863,559	3,932,628
EQUITY			
Stakes	14	2,818,265	3,817,329
Revaluation reserves	14	1,854	164,796
Retained earnings		92,937	-
Uncovered losses from prior years		(49,497)	(49,497)
Total equity		2,863,559	3,932,628
Number of issued stakes	17	96,077,290	129,492,605
Net asset per stake		0.0298	0.0304

The accompanying notes on the following pages are an integral part of these financial statements.

STATEMENT OF CHANGES IN NET ASSETS
For the year ended 31 December 2020
(In BAM)

	Year ended 31 December 2020	Year ended 31 December 2019
Increase (decrease) in net assets from operating activities		
Realised gain (loss) from investments	92,937	(23,325)
Total unrealised gains (losses from investment)		
Revaluation reserves for financial investments available for sale	(162,942)	38,209
Decrease from the withdrawal of Fund's stakes/shares		
Total increase (decrease) in the Fund's net assets arising from operating activities	(70,005)	14,884
Increase (decrease) in the net assets arising from the transactions with Fund's stakes/shares		
Increase based on Fund's issued stakes/shares	-	-
Decrease from the withdrawal of Fund's stakes/shares	(999,064)	(1,993)
Total increase (decrease) in the net assets arising from the transactions with Fund's stakes/shares	(999,064)	(1,993)
Total increase (decrease) in the Fund's net assets	(1,069,069)	12,891
Net assets		
Beginning of the year	3,932,628	3,919,737
End of the year	2,863,559	3,932,628
Number of stakes/shares of the Fund for the year		
Number of stakes/shares at the beginning of the year	129,492,605	129,557,961
Issued stakes/shares during the period	-	-
Withdrawn stakes/shares during the period	(33,415,315)	(65,356)
Number of stakes/shares at the end of the year	96,077,290	129,492,605

The accompanying notes on the following pages are an integral part of these financial statements.

STATEMENT OF CASH FLOWS
For the Year Ended 31 December 2020
(In BAM)

	Year ended 31 December 2020	Year ended 31 December 2019
Cash flows from operating activities		
I - Cash receipts from operating activities	6,085,142	824,904
Proceeds from the sale of investments	159,449	63,901
Proceeds from dividends	-	-
Proceeds from interest	23,945	36,724
Other receipts from operating activities	5,901,748	724,279
II - Cash outflows from operating activities	(2,897,981)	(799,994)
Outflows from investments into securities	-	(351,127)
Outflows for other investments	(2,680,000)	(435,916)
Outflows for management fee	(196,920)	(9,205)
Outflows for the external auditor's fee	(1,755)	-
Outflows for depositary bank costs	(4,800)	-
Outflows from other operating expenses	(14,506)	-
Outflows from other expenses	-	(3,746)
Net cash from/(used in) operating activities	3,187,161	24,910
Cash flows from financing activities		
II - Cash outflows from financing activities	(988,418)	(1,993)
Outflows for debt repayment	-	(1,993)
Outflows for the repurchase of own shares	(988,418)	-
Net cash inflow/(outflow) from financing activities	(988,418)	(1,993)
Total cash inflows	6,085,142	824,904
Total cash outflows	(3,886,399)	(801,987)
Net cash inflow/(outflow)	2,198,742	22,917
Cash at the beginning of the accounting period	73,215	50,298
Cash at the end of the accounting period	2,271,957	73,215

The accompanying notes on the following pages are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS**For the Year ended 31 December 2020***All amounts are stated in BAM, unless otherwise stated*

1. CORPORATE INFORMATION

Pursuant to the Decision No. 01-UP-51-445-8/18 of 12 October 2018, a complete transformation of the CMIF in Transformation „Kristal Invest Fond“ a.d. Banja Luka was approved. According to the aforesaid Decision, the Company was approved a transfer of assets for the purpose of incorporating the Open-End Cash Investment Fund “Cash Fund” in accordance with the Decision on Complete Transformation of the CMIF in Transformation “Kristal Invest Fond” a.d. Banja Luka (revised text) No. 220-SKZMIF/18 of 29 June 2018.

On 23 November 2018 the Central Registry of Securities registered a portion of securities - a stake in the open-end investment fund, the first issuance - incorporation of the open-end investment fund “Cash Fund” Banja Luka. The stakes are registered with the Republic of Srpska Securities Commission under ref. no. JP-N-20. After the registration of the first issuance, fund's stakes are labelled KSHP-U-A and they have been traded at the Banja Luka Stock Market a.d. since 4 December 2018.

The establishment and operation of the Fund is governed by the Law on Investment Funds (Official Gazette of the Republic of Srpska number 92/06; 82/15). The main activity of the Fund is collecting cash by public offering of its unlimitedly transferable stakes and investment of these funds while respecting the principles of safety, profitability, liquidity and risk dispersion.

The Company for managing investment funds “Kristal Invest” a.d. Banja Luka acts in legal transactions with third parties on behalf of the Fund. Furthermore, the Company has the right to manage the Fund's assets, in accordance with the Law and the Agreement on the Investment Fund.

As of 31 December 2020, the Fund did not have any employees, because the Company performs all activities for the account and on behalf of the Fund.

Nova Banka a.d. Banja Luka (the “Depository”) performs the depository activities pursuant to the Depository Law, Rulebook and Contract.

The head office of the Fund is located at Milana Rakica 1, Banja Luka.

NOTES TO THE FINANCIAL STATEMENTS**For the Year ended 31 December 2020***All amounts are stated in BAM, unless otherwise stated*

2. BASIS FOR PREPARATION AND PRESENTATION OF FINANCIAL STATEMENTS

The financial statements have been prepared according to International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS, hereinafter referred to as "the Standards"), which were in effect as of 1 January 2018 and accounting regulations of the Republic of Srpska based on them.

Amendments to the applicable Standards and their interpretations, as well as newly adopted Standards and interpretations, published after 31 December 2018, have not been published and officially adopted in the Republic of Srpska. Therefore, they have not been applied in the preparation of the accompanying consolidated financial statements.

Namely, based on the provisions of the newly adopted Law on Accounting and Auditing of the Republic of Srpska ("Official Gazette of RS", no. 94/15), all legal entities domiciled in the Republic of Srpska are required to fully apply IAS, IFRS, as well as the International Financial Reporting Standard for Small and Medium-sized Entities ("IFRS for SMEs"), the International Public Sector Accounting Standards ("IPSAS"), the International Valuation Standards ("IVS"), the International Standards for Professional Practice of Internal Auditing, the Conceptual Framework for Financial Reporting, the Code of Ethics for Professional Accountants, and related instructions, explanations and guidelines issued by the International Accounting Standards Board (IASB) and all accompanying instructions, explanations and guidelines of the International Federation of Accountants ("IFAC").

In addition, in accordance with the Law on Accounting and Auditing of the Republic of Srpska ("Official Gazette of RS", no. 94/15), the Board of Directors of the Association of Accountants and Auditors of the Republic of Srpska ("the Association") passed the "Decision on Determining and Publishing a Translation of International Financial Reporting Standards (IFRS) from 2018« on 19 February 2020.

According to the aforesaid Decision, translations of standards and interpretations issued by the IASB by 31 December 2018 are determined and published. They are posted on the Association's webpage and shall be applied to the financial statements prepared and presented in the Republic of Srpska as of 31 December 2020.

The Fund's management analyses changes in existing standards and interpretations, as well as the newly adopted standards and interpretations issued after 31 December 2018 and after it establishes which standards and interpretations are relevant to the Fund, the management intends to apply them in preparing the financial statements after they have been officially translated and published in the Republic of Srpska.

The amounts in the accompanying financial statements are expressed in Convertible Marks (BAM), unless otherwise stated. Convertible Mark (BAM) represents the official reporting currency in the Republic of Srpska and Bosnia and Herzegovina.

The Fund's management decided not to adopt these new Standards and amendments to the existing Standards before they enter into force. The management anticipates that the adoption of these new Standards and amendments to existing Standards will not have a material impact on the Fund's financial statements in the period of initial application.

Principal accounting policies applied in the preparation of these financial statements are set out in Note 3.

NOTES TO THE FINANCIAL STATEMENTS

For the Year ended 31 December 2020

All amounts are stated in BAM, unless otherwise stated

2. BASIS OF PREPARATION AND PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.1. Basis of Measurement

The accompanying financial statements have been prepared under the historical cost convention.

2.2. Functional and Presentation Currency

The amounts in the accompanying financial statements are presented in convertible mark (BAM), which is the functional and reporting currency in the Republic of Srpska and Bosnia and Herzegovina.

2.3. Impact and Implementation of the New and Revised IASs/IFRSs

(a) New Standards, Interpretations and Amendments effective as of 1 January 2020 not yet Officially Translated and Adopted in the Republic of Srpska

IFRS 9 "Financial Instruments", which became effective in the Republic of Srpska for annual periods starting on or after 1 January 2020, is related to the classification, measurement and derecognition of financial assets or financial liabilities. It has replaced models of multiple classification and measurement in IAS 39 "Financial Instruments: Recognition and Measurement".

Debt instruments are measured at fair value through other comprehensive income. The goal of the business model of debt instruments is holding financial assets and collecting cash flows from SPPI and sale. Equity instruments are measured at fair value through profit or loss.

1. Amendments to IAS 32 "Financial Instruments: Presentation" - Offsetting Financial Assets and Financial Liabilities (effective for annual periods beginning on or after 1 January 2014);
2. Amendments to IFRS 10 "Consolidated Financial Statements", IFRS 12 and IAS 27 - "Investment Entities" (effective for annual periods beginning on or after 1 January 2014);
3. Amendments to IAS 36 "Impairment of Assets" - Recoverable Amount Disclosures for Non-Financial Assets (effective for annual periods beginning on or after 1 January 2014);
4. Amendments to IAS 39 "Financial Instruments: Recognition and Measurement" - Novation of Derivatives and Continuation of Hedge Accounting (effective for annual periods beginning on or after 1 January 2014);
5. IFRIC 21 "Levies" (effective for annual periods beginning on or after 1 January 2014);
6. Amendments to various standards (IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24 and IAS 38) resulting from the annual improvement of standards, "2010-2012 Cycle", published by the IASB in December 2013, primarily through removing inconsistencies and clarifying wording (effective for annual periods beginning on or after 1 July 2014);
7. Amendments to various standards (IFRS 1, IFRS 3, IFRS 13 and IAS 40) resulting from the annual improvement of standards, "2011-2013 Cycle", published by the IASB in December 2013, primarily through removing inconsistencies and clarifying wording (effective for annual periods beginning on or after 1 July 2014);
8. Amendments to IAS 19 "Employee Benefits" - Defined Benefit Plans (effective for annual periods beginning on or after 1 July 2014);

NOTES TO THE FINANCIAL STATEMENTS**For the Year ended 31 December 2020***All amounts are stated in BAM, unless otherwise stated*

2. BASIS OF PREPARATION AND PRESENTATION OF FINANCIAL STATEMENTS (Continued)**2.3. Impact and Implementation of the New and Revised IASs/IFRSs (Continued)****(a) New Standards, Interpretations and Amendments effective as of 1 January 2020 not yet Officially Translated and Adopted in the Republic of Srpska (Continued)**

9. Amendments to various standards (IFRS 5, IFRS 7, IAS 19 and IAS 34) resulting from the annual improvement of standards, "2012-2014 Cycle", published by the IASB in September 2014, primarily through removing inconsistencies and clarifying wording (effective for annual periods beginning on or after 1 January 2016);
10. Amendments to 11 "Joint Arrangement" - Accounting for Acquisitions of Interests in Joint Operations (effective for annual periods beginning on or after 1 January 2016);
11. Amendments to IAS 1 "Presentation of Financial Statements" - Disclosure Initiative (effective for annual periods beginning on or after 1 January 2016);
12. Amendments to IAS 16 "Property, Plant and Equipment" and IAS 38 "Intangible Assets" - Clarification of Acceptable Methods of Depreciation and Amortisation (effective for annual periods beginning on or after 1 January 2016);
13. Amendments to IAS 16 "Property, Plant and Equipment" and IAS 41 "Agriculture" - Agriculture: Bearer Plants (effective for annual periods beginning on or after 1 January 2016);
14. Amendments to IAS 27 "Separate Financial Statements" - Equity Method in Separate Financial Statements (effective for annual periods beginning on or after 1 January 2016);
15. Amendments to IAS 28 "Investments in Associates and Joint Ventures" and IFRS 10 "Consolidated Financial Statements" - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (effective for annual periods beginning on or after 1 January 2016);
16. Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28) (effective for annual periods beginning on or after 1 January 2016);
17. IFRS 14 "Regulatory Deferral Accounts" (effective for annual periods beginning on or after 1 January 2016);
18. Amendments to IAS 12 "Income Taxes" - Recognition of Deferred Tax Assets for Unused Losses (effective for annual periods beginning on or after 1 January 2017);
19. Amendment to IAS 7 "Cash Flow Statement" - Disclosure Initiative (effective for annual periods beginning on or after 1 January 2017);
20. Amendment to IAS 12 "Income Taxes" as a result of the annual improvements to IFRS project "Cycle 2014-2016", published by the International Accounting Standards Board in December 2016 (effective for annual periods starting from or after 1 January 2017);
21. The 2018 Conceptual Framework for Financial Reporting (issued in March 2018, no date of application is indicated, therefore, effective from the moment of publication);
22. Amendments to IAS 40 "Investment Property" in connection with the transfer of investment property (effective for annual periods beginning on or after 1 January 2018);
23. Amendments to IFRS 2 "Share-Based Payments" (effective for annual periods beginning on or after 1 January 2018);
24. Amendments to IFRS 9 "Financial Instruments", relating to the new general hedge accounting model (effective for annual periods beginning on or after 1 January 2018);

NOTES TO THE FINANCIAL STATEMENTS**For the Year ended 31 December 2020***All amounts are stated in BAM, unless otherwise stated*

2. BASIS OF PREPARATION AND PRESENTATION OF FINANCIAL STATEMENTS (Continued)**2.3. Impact and Implementation of the New and Revised IASs/IFRSs (Continued)****(a) New Standards, Interpretations and Amendments effective as of 1 January 2020 not yet Officially Translated and Adopted in the Republic of Srpska (Continued)**

- 25. IFRS 15 "Revenue from Contracts with Customers" (effective for annual periods beginning on or after 1 January 2018)
- 26. Amendments to IFRS 15 "Revenue from Contracts with Customers" (effective for annual periods beginning on or after 1 January 2018)
- 27. Amendments to IFRS 4 "Insurance Contracts" in connection with the implementation of IFRS 15 "Revenue from Contracts with Customers" (effective for annual periods beginning on or after 1 January 2018);
- 28. IFRIC 22 "Transactions in Foreign Currency and Consideration of Advance Payments" (effective for annual periods beginning on or after 1 January 2018) and
- 29. Amendments to various standards (IFRS 1 and IAS 28) resulting from the annual improvement of standards, "2014-2016 Cycle", published by the IASB in December 2016 (effective for annual periods beginning on or after 1 January 2018)

(b) New Standards, Amendments and Interpretations to Existing Standards Effective in the Current Period, but not yet Officially Translated and Adopted in the Republic of Srpska

Until the date of the preparation of the accompanying financial statements, the following IASs, IFRSs and interpretations, which are their integral parts, as well as their amendments, issued by the IASB and IFRIC, became effective on 1 January 2020 and earlier and are, as such, applicable to the financial statements for 2020. However, they have not been officially translated and published by the Ministry of Finance, and, therefore, have not been applied by the Fund:

- 1. IFRS 16 "Leases" (effective for annual periods beginning on or after 1 January 2019);
- 2. IFRIC 23 "Uncertainty over Income Tax Treatments" (effective for annual periods beginning on or after 1 January 2019);
- 3. Annual improvements to IFRS, "Cycle 2015-2017" - IFRS 3, IFRS 11, IAS 12 and IAS 23, published by the International Accounting Standards Board in December 2017 (effective for annual periods beginning on or after 1 January 2019);
- 4. Amendments to IFRS 9 "Financial instruments" - Prepayment Features with Negative Compensation (effective for annual periods beginning on or after 1 January 2019);
- 5. Amendments to IAS 28 "Investments in Associates and Joint Ventures" relating to long-term investments in associates and joint ventures (effective for annual periods beginning on or after 1 January 2019);
- 6. Amendments to IAS 19 "Employee Benefits" relating to plan amendment, curtailment or settlement (effective for annual periods beginning on or after 1 January 2019).
- 7. Amendments to IFRS 3 "Business Combinations" (effective for annual periods beginning on or after 1 January 2020);
- 8. Amendments to IAS 1 and IAS 8 - Definition of Material (effective for annual periods beginning on or after 1 January 2020);
- 9. Amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22 and SIC-32 due to harmonisation with the new Framework for Financial Reporting (effective for annual periods beginning on or after 1 January 2020);
- 10. Amendments to IFRS 9, IAS 39 and IFRS 7 - "Interest Rate Benchmark Reform" (effective for annual periods beginning on or after 1 January 2020);
- 11. Amendments to IFRS 16 - COVID 19-Related Rent Concessions (effective for annual periods beginning on or after 1 January 2020).

NOTES TO THE FINANCIAL STATEMENTS**For the Year ended 31 December 2020***All amounts are stated in BAM, unless otherwise stated*

2. BASIS OF PREPARATION AND PRESENTATION OF FINANCIAL STATEMENTS (Continued)**2.3. Impact and Implementation of the New and Revised IASs/IFRSs (Continued)****(c) New Standards, Amendments and Interpretations not yet effective**

Until the date of preparation of the accompanying financial statements, the following IAS, IFRS and interpretations, as well as their amendments, were issued by the IASB and IFRIC, but are not yet effective and have not been officially translated and published by the Ministry of Finance, and, therefore, have not been early adopted by the Fund. The Fund assesses their potential impact on the financial statements, if any.

1. IFRS 17 "Insurance Contracts" (effective for annual periods beginning on or after 1 January 2021),
2. IAS 37 "Provisions and Contingent Assets and Contingent Liabilities" (effective for annual periods beginning on or after 1 January 2022),
3. Amendments to IAS 16 "Property, Plant and Equipment" - Proceeds before Intended Use -(effective for annual periods beginning on or after 1 January 2022),
4. Annual Improvements to IFRSs, "2018-2020 Cycle" - IFRS 1, IFRS 9, IFRS 16 and IAS 4 (effective for annual periods beginning on or after 1 January 2022);
5. Amendments to IFRS 3 "Business combinations" - Reference to the Conceptual Framework (effective for annual periods beginning on or after 1 January 2022).

2.4. Comparative Figures

The comparative figures are comprised of data included in the financial statements for the year ended 31 December 2019, prepared in accordance with the accounting regulations prevailing in the Republic of Srpska.

2.5. Going Concern Assumption

The Fund's financial statements have been prepared under the going concern principle, which means that the Fund will continue its operations in the foreseeable future, covering the period of at least twelve months from the date of the financial statements.

2.6. Use of Estimates

The preparation of the financial statements in accordance with IFRS requires the application of the key accounting estimates. It also requires the management to use its judgement in the application of the accounting policies of the Fund. These estimates and related assumptions are based on information available as of the date of the preparation of the financial statements. Actual results could differ from these estimates.

These estimates and underlying assumptions are reviewed on an ongoing basis. If through examination it is determined that there have been changes in the estimated value, the determined effects are recognised in the financial statements in the period when the change has occurred. Areas that require a higher degree of judgment or complexity, or areas where assumptions and estimates are material to the financial statements are disclosed in Note 4.

NOTES TO THE FINANCIAL STATEMENTS**For the Year ended 31 December 2020***All amounts are stated in BAM, unless otherwise stated*

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**3.1. Realised Income**

Operating income includes dividend income from domestic and foreign issuers and interest income from securities and deposits, premium (discount) amortisation arising from fixed-maturity securities.

Interest Income

Interest income on financial assets is recognised when the inflow of future economic benefits to the Fund is probable and when the amount of income can be reliably measured. Interest income is deferred and recognized using the effective interest rate, which is the rate that exactly discounts (reduces) the estimated future cash flows during the expected life of the financial asset to the net recoverable value of these assets at initial recognition.

Premium (discount) amortisation arising from fixed-maturity securities

Premium (discount) amortisation arising from fixed-maturity securities is recognised under assets by means of applying the effective interest rate method, which represents a rate that accurately discounts the estimated future cash flows during the expected life of financial assets to a net recoverable value of these assets at initial recognition.

Realised gains and losses on investments

Realised gains and losses on investments are calculated as the difference between the realised selling price and cost, i.e. book value of securities, and they are recorded in the income statement as net realised gains/(losses) from investment transactions by applying the FIFO method.

Dividend income

Dividend income from issuers is recorded at the time the Fund's the right to dividends is established.

The Association of Investment Funds (in the Chamber of Commerce of the Republic of Srpska) addressed the Council for Accounting and Auditing of the Republic of Srpska for an opinion on the accounting treatment of dividends "collected" through the issuer's shares in the business records of investors (the fund).

The Council for Accounting and Auditing of the Republic of Srpska submitted to the Association its Opinion no. 06.15/020 - 2105/6/7 - 1/11 dated 8 February 2012 in which it stated that a dividend in the form of free shares should be recognised as income of the period in the investor's books of account. The attitude of the Council for Accounting and Auditing of the Republic of Srpska is that the fact that the dividends are not "collected" in cash, but in shares, is not crucial for the recognition of dividend income, because it is absolutely undeniable that the investor (the fund) has real inflow of economic benefits from the settlement of dividends receivable.

NOTES TO THE FINANCIAL STATEMENTS**For the Year ended 31 December 2020***All amounts are stated in BAM, unless otherwise stated*

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**3.2. Realised Expenses**

Operating expenses are recognized when incurred. Operating expenses of the Fund are: compensation to the Company arising from the Fund management fees, depository fees, fees to the Registry as well as other expenses.

Management fee

Expenses arising from the management fee to the Company for managing funds are recorded in the amount calculated by the Company and confirmed by the Depository bank. The amount of management fee is calculated in accordance with Article 66 of the Law on Investment Funds, in which it is stipulated that the annual amount of management fee cannot exceed 3.5% of the average net value of the fund's assets.

At the end of 2015 the Commission adopted the Rulebook on determining the value of assets of the investment funds and calculation of the net value per stake or per share of the investment fund ("Official Gazette of RS", number 108/15, hereinafter the "Rulebook"). Pursuant to Article 3 paragraph 4, it is defined that upon determination of the base for the calculation of the management fee all types of assets that satisfy the requirements of permissible investments and the criteria of limiting investments prescribed by the Law are taken into consideration as of the date of measurement.

Pursuant to the management contract, the management fee for the management company was calculated at a rate of 2.80% on the base set out in Article 94 of the Law as of 31 December 2020.

3.3. Other Income and Expenses

Other income and expenses are accounted for on an accrual basis.

Pursuant to Article 95 of the Law on Investment Funds, the costs which can only be paid from the assets of an open investment fund with public offering, which are simultaneously prescribed by the Fund's prospectus, are defined. These costs include the following costs: the fee and costs paid to the Depository bank, commissions and costs associated with the acquisition and sale of the assets, costs of keeping the stake registry, including the costs of issuing confirmations on transactions or a stake portion, if necessary, the costs of paying a profit share, costs of annual audit, preparation, printing and postage costs related to semi-annual and annual reports for shareholders, all prescribed fees paid to the Commission with regard to the issuance of approval to the fund, property and income taxes that the fund needs to pay, costs of publishing an amended prospectus and other stipulated notifications, and other fees that the fund pays in accordance with the Law on Investment Funds or other laws.

The total amount of all expenses which are charged to the open investment fund with public offering, is stated as an indicator of total costs. The indicator of total costs of the fund cannot exceed the weighted average net value of the fund. All costs incurred, that exceed the maximum permissible indicator of total costs are payable by the Management Company.

NOTES TO THE FINANCIAL STATEMENTS**For the Year ended 31 December 2020***All amounts are stated in BAM, unless otherwise stated*

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**3.4. Financial Assets**

Classification

The Management Company classifies financial assets and financial liabilities of the Fund under the following categories: financial assets at fair value through profit or loss (FVTPL), financial assets at fair value through other comprehensive income (FVTOCI) and other financial liabilities. The management of the Management Company makes decisions on the classification immediately after the initial recognition.

Financial assets are not re-classified upon the initial recognition unless the business model for financial asset management is changed. In that case, financial assets are re-classified from the first day of the first reporting period after the business model change occurs.

Financial assets at fair value through profit or loss

Financial assets that are not classified as financial assets at amortised cost or fair value through other comprehensive income, as described below, are measured at fair value through profit or loss, including all derivative financial assets. The financial asset category measured at fair value through profit or loss has two-subcategories: financial instruments held for trading and financial assets that are initially determined to be measured at fair value through profit or loss.

The Management Company measures Fund's financial assets and liabilities at fair value through profit or loss when:

- assets and liabilities are managed, measured or internally presented based on fair value,
- an accounting mismatch, which would otherwise occur, is eliminated or significantly reduced after the recognition or
- assets and liabilities contain an embedded derivative which considerably changes cash flows that would arise from the contract.

Financial assets at fair value through profit or loss include securities, investments in investment funds and derivative financial instruments. All financial instruments at fair value through profit or loss are categorised under the held-for-trading portfolio.

Assets at fair value through other comprehensive income

Financial assets are measured at fair value through other comprehensive income if both of the following two conditions are met:

- financial assets are held under a business model whose goal is achieved by collecting contractual cash flows and selling those financial assets and thus
- based on the agreed conditions of financial assets, cash flows occur on certain dates, which are only payments of principal and interest on the outstanding principal amount.

Financial assets at fair value through other comprehensive income include debt securities, primarily government bonds and bonds of financial institutions.

NOTES TO THE FINANCIAL STATEMENTS**For the Year ended 31 December 2020***All amounts are stated in BAM, unless otherwise stated*

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**3.4. Financial Assets (Continued)****Determination of Business Model**

The Management Company estimates the goal of the Fund's business model at the investment level. During consideration, the management of the Management Company includes the following information:

- Defined policies and goals of individual investments and the result of those policies in practice. The said includes an assessment whether the management strategy is to generate the contractual interest income, maintain a certain level of interest rates, harmonise the duration of financial assets and the duration of any related liability or expected cash flows or generate cash inflows by selling assets;
- Risks affecting business model results (including the impact on the financial assets contained in that business model) and how they are managed;
- Frequency, quantity and time of sale of financial assets in previous periods, the reasons for sales and future sale activities.

The Management Company has established that the Fund has three business models:

- A business model in which financial assets are held until the collection and which includes placements with banks, securities determined by the Management Company, money market instruments and other receivables. The said financial assets are held for the purpose of collecting contractual cash flows.
- A business model whose goal is achieved by collecting contractual cash flows and selling financial assets, and which is the basic model for all forms of securities.
- A business model whose goal is achieved by selling financial assets and is used for classifying all other assets contained in the Fund's assets, which are not classified under the business model of holding assets for the purpose of collecting contractual cash flows or the business model whose goal is achieved by collecting contractual cash flows and selling financial assets. The said financial assets and their results are assessed based on the current fair value.

Determining whether contractual cash flows are solely payments of principal and interest (SPPI)

For the purpose of this assessment, 'principal' is defined as fair value of financial assets on initial recognition, 'interest' is defined as remuneration for the time value of money, credit risk associated with the time period in which the remaining portion of principal is repaid and other basic risks and lending costs (e.g. liquidity risk and administrative costs), as well as profit margin.

When determining whether contractual cash flows are solely payments of principal and interest (SPPI), the Management Company takes into consideration the contractual terms and conditions of the instrument. It includes an assessment whether financial assets contain a contractual condition which might change a time period or the amount of contractual cash flows in a manner that the previous condition would not be met. When preparing such an assessment, the Management Company takes into consideration:

- unforeseen events that might change the amount or period of the planned cash flow receipts;

NOTES TO THE FINANCIAL STATEMENTS**For the Year ended 31 December 2020***All amounts are stated in BAM, unless otherwise stated*

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**3.4. Financial Assets (Continued)**

Determining whether contractual cash flows are solely payments of principal and interest (SPPI) (Continued)

- conditions that might change the contractual coupon rate, including variable rate clauses;
- early repayment and renewal options, and
- provisions limiting the Fund's rights to claim cash flows of certain assets

Recognition

All financial assets, including derivatives, are recognised in the statement of financial position when the Fund becomes a part of a binding financial instrument contract. Financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income are recognised in the statement of financial position on the date when the contractual terms and conditions of the instrument in which the Fund is one of the contracting parties start to be applied.

Initial and subsequent measurement

Financial instruments are initially measured at fair value plus, in the case of a financial asset or a financial liability not at fair value through profit or loss, for transaction costs that are directly related to acquisition or lease of the financial asset or the financial liability. Transaction costs arising from financial assets and financial liabilities at fair value through profit or loss are expensed upon their incurrence, whereas transaction costs related to other financial instruments are amortised using the effective interest rate method.

Subsequent to the initial recognition, all financial assets at fair value through profit or loss are measured at fair value, while changes in their fair value are recognised under profit or loss.

Subsequent to the initial recognition, financial assets at fair value through other comprehensive income are measured at fair value, whereas the resulting gains and losses are recognised under other comprehensive income, except for impairment losses, foreign exchange gains or losses of monetary assets, such as debt securities, amortisation of a premium or a discount (including transaction costs) using the effective interest rate method, which are recognised under profit or loss.

Realised effects of assets at fair value through other comprehensive income are recognised in such a manner that all unrealised gains or losses that are recorded under comprehensive income for securities are cumulatively transferred through profit or loss plus or minus a difference against the selling price. Unrealised effects of securities are never transferred to a gain or a loss, but they remain under other comprehensive income. A gross amount of cumulative gains and losses recorded until the moment of sale is recognised in the statement of other comprehensive income under realised gains and realised losses.

Other financial liabilities, except those at fair value through profit or loss, are measured at amortised cost using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS**For the Year ended 31 December 2020***All amounts are stated in BAM, unless otherwise stated*

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**3.4. Financial Assets (Continued)****Fair value measurement principle**

The fair value of financial assets is based on their market price on the reporting date according to the Commission regulations, as described below, without any deductions for attributable costs or it is based on the value of similar financial instruments.

Fair value is determined as a price that may be generated by selling assets or paying for a transfer of a liability in a regular transaction between market participants on the measurement date, or in case of their absence, a price that may be generated on the most favourable market that the Fund can access on the measurement date. The fair value of a liability also reflects its default risk.

Fair value of negotiable debt securities and market money instruments traded in the Republic of Srpska on an active market is calculated using the average selling price weighted against the amount of securities traded on a regulated market within the meaning of provisions of the law governing the capital market in the Republic of Srpska. Fair value of equity securities traded in the Republic of Srpska on an active market is calculated using the average selling price weighted against the amount of securities traded on a regulated market. Fair value of negotiable securities and market money instruments traded in other country on an active market is measured using the last selling price published on a regulated market within the meaning of provisions of the law governing the capital market in other country.

Derecognition

The Fund derecognises financial assets (in whole or in part) when the rights to cash flow receipts from financial assets expire or when it loses control over the contractual rights to such financial assets. The aforesaid occurs when the Fund substantially transfers all risks and benefits associated with ownership to other business entity or when the rights are exercised, sold or expired.

The Fund derecognises financial liabilities only when they no longer exist, i.e. when they are fulfilled, cancelled or expired. If the financial liability conditions change, the Fund will derecognise such a financial liability and it will simultaneously recognise a new financial liability with new conditions. As regards derecognition, the Fund uses the weighted average method to determine realised gains and losses on financial assets at fair value through profit or loss, and the FIFO method for assets classified as financial assets at fair value through other comprehensive income and at amortised cost.

Financial assets and liabilities are recognised in the net amount in the statement of financial position only when there is legally enforceable right to offset recognised amounts and settlement is intended to be done on a net basis or the realisation of assets and settlement of liabilities are performed at the same time. Income and expenses are recognised in the net amount only if accounting standards allow it, or for gains generated and losses incurred from a group of similar transactions.

NOTES TO THE FINANCIAL STATEMENTS**For the Year ended 31 December 2020***All amounts are stated in BAM, unless otherwise stated*

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**3.4. Financial Assets (Continued)**

Impairment of financial assets

Financial instruments at fair value with changes in fair value recognised in other comprehensive income are reviewed on the balance sheet date in order to determine whether there are objective impairment reasons. If there are any such indications, an impairment loss is recognised through profit or loss as:

- a cumulative loss recognised in other comprehensive income for financial instruments at fair value through other comprehensive income. The amount of the cumulative loss that is excluded from other comprehensive income and recorded through profit or loss is a difference between purchase costs (less principal repayment and amortisation) and the current fair value less previously recognised impairments.

All financial assets at fair value through other comprehensive income are individually estimated for impairment. Short-term balances are not discounted.

3.5. Unrealised gains and losses arising from fair value of investments

Unrealised gains and losses arising from the changes in market value of investments are credited or debited to revaluation reserves (in the balance sheet) for financial investments available for sale, and in case of financial investments available for sale, they are credited or debited to equity and included in unrealised gains (losses) arising from financial assets at fair value through profit or loss, with corresponding entries in the account of Allowance for impairment, which in its balance reduces the cost of investment to their fair value.

3.6. Realised gains and losses arising from the sales of securities

Realized gains and losses on sales of securities carried at fair value through profit or loss are calculated as the difference between sales revenues and the cost or book value, while realized gains and losses on the sale of securities available for sale are calculated as the difference between the realized sales value and cost or book value and transaction costs, and are recorded in the income statement as net realized gain/(loss) from transactions with investments.

3.7. Determination of net asset value

The net asset value of the open-end investment fund is the value of the fund's assets (investments increased by current assets) net of liabilities. Net value of assets per share of the fund is the net value of assets of the fund proportionally distributed to each issued share of the fund at the time of calculation of the net asset value.

NOTES TO THE FINANCIAL STATEMENTS

For the Year ended 31 December 2020

All amounts are stated in BAM, unless otherwise stated

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.8. Cash and cash equivalents

Cash and cash equivalents include highly liquid assets which are readily convertible to a known amount of cash, with insignificant risk of value changes.

3.9. Taxes and contributions from operations

An open-end investment fund is not a taxpayer according to the Corporate Income Tax Law.

Taxes and contributions not related to operating result

Taxes and contributions that are not related to the results include taxes and contributions payable in accordance with the various state and municipal regulations.

3.10. Related parties

In accordance with the provisions of the Law on Investment Funds ("Official Gazette of RS", number 82/15) related parties include:

- a) Legal and natural persons that are interconnected by ownership of the capital or management of capital, with 20% or more voting rights or equity or otherwise linked to achieve common business goals, so that business and results of operations of one person can have a significant impact on the operations or the results of operations of another person.
- b) related parties are also the following interrelated persons: 1) so that one person, or persons who are considered to be related parties in accordance with this sub-paragraph, participate in the second person, directly or indirectly, 2) so that the same person participates in both persons, or persons considered to be related parties in accordance with this sub-paragraph, 3) in the manner prescribed by the law governing the operations of companies and 4) as members of the Board of Directors and other company bodies where they performed that function or where they are employed and immediate family members of such persons;
- c) Immediate family members: 1) spouses, cohabiting persons, 2) descendants and ancestors in the direct line, without limitation, 3) relatives to the third degree in the lateral line, including the in-laws, 4) adopter and adopted children and their descendants and 5) guardian and wards, and wards' descendants.

In addition, the Law stipulates that the related parties of the fund are: management company, employees and persons in the company's bodies, depository bank, lawyer or a law firm, auditor and tax advisor who are in a contractual relationship based on the provision of services to the fund, as well as any person who concluded service agreements for the purposes of the fund in the previous two calendar years.

NOTES TO THE FINANCIAL STATEMENTS**For the Year ended 31 December 2020***All amounts are stated in BAM, unless otherwise stated*

4. SIGNIFICANT ACCOUNTING ESTIMATES

Presentation of financial statements requires the management to make estimates and assumptions that affect the presented amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and revenue and expenses during the reporting period. These estimates and assumptions are based on information available at the date of the financial statements and the actual results may differ from these estimates.

Basic assumptions concerning the future events and other important sources of uncertainty in the estimates to the balance sheet, which carry the risk of causing a material adjustment to the carrying values of assets and liabilities within the next financial year are presented in the text below:

Impairment of Assets

At the balance sheet date the management of the Fund analyses the value of assets in the financial statements. If there are indications that an asset is impaired, the recoverable amount of the asset is estimated in order to determine the amount of impairment. If the recoverable amount of an asset is estimated to be less than the value reported in the financial statements, the carrying value of assets in the financial statements is reduced to its recoverable amount.

Fair value

Business policy of the Fund is to disclose information on the fair value of assets and liabilities for which published market information exist, and when the fair value is materially different from the carrying value. In the Republic of Srpska, there is no sufficient market experience, stability and liquidity for the purchase and sale of receivables and other financial assets or liabilities, for which published market information is not readily available. Accordingly, fair value cannot be reliably determined in the absence of an active market. The Fund's management carries out risk assessments and, when it is estimated that the value of assets stated in the books may not be realized, it recognizes a provision. In the opinion of the Fund's management, the amounts in these financial statements reflect the value that is, in the circumstances, the most valid and useful for reporting purposes.

NOTES TO THE FINANCIAL STATEMENTS

For the Year ended 31 December 2020

*All amounts are stated in BAM, unless otherwise stated***5. INTEREST INCOME AND AMORTISATION OF THE PREMIUM (DISCOUNT) ARISING FROM SECURITIES WITH FIXED MATURITIES**

	2020	2019
Interest income from bonds	7,716	1,559
Interest income from deposits	14,700	36,337
Amortisation of the discount/premium arising from fixed-maturity securities	(2,904)	(225)
Other operating income	642	12,283
For the year ended 31 December	22,212	49,954

6. REALISED GAINS AND LOSSES FROM INVESTMENTS

	2020	2019
Realised gains from investments	57,280	47,738
Net realised gains/(losses) from security reclassification - IFRS 9	132,986	
For the year ended 31 December	190,266	47,738

Net realised gains generated in 2020 amount to BAM 190,266 and are related to the difference between the actual selling price and the cost, i.e. carrying value, of the sold securities. A major amount of realised gains/losses on investments originates from the re-classification of securities in accordance with requirements of IFRS 9 - Financial Instruments.

7. MANAGEMENT FEE

Expenses for management fees for the FY 2020 in the amount of BAM 106,348 (2019: BAM 105,881) entirely relate to the fee to the Management Company. The amount of fee is calculated by the Company, and the accuracy is confirmed by Nova Banka a.d. Banja Luka as the Fund's depository.

8. FUND'S DEPOSITORY FEE

	2020	2019
Depository fee	4,800	4,800
For the year ended 31 December	4,800	4,800

NOTES TO THE FINANCIAL STATEMENTS

For the Year ended 31 December 2020

All amounts are stated in BAM, unless otherwise stated

9. OTHER OPERATING EXPENSES OF THE FUND

	2020	2019
Stock exchange fees	921	1,000
Keeping the Shareholder Register	3,119	2,528
Court fees	-	5,174
Fees to the RS Securities Commission - supervision	240	203
Bank charges	300	261
Tax expenses	-	-
External audit fee	1,755	1,170
For the year ended 31 December	6,335	10,336

10. CASH AND CASH EQUIVALENTS

	2020	2019
Cash and cash equivalents in the local currency - gyro account	2,271,957	73,214
Balance as of 31 December	2,271,957	73,214

11. FUND INVESTMENTS

Financial assets available for sale

	2020	2019
Investment in securities available for sale	384,434	753,634
Allowance for impairment of investments into securities available for sale	(1,272)	(581)
Investment in securities at fair value through profit or loss	223,106	-
Balance as of 31 December	606,268	753,053

Major investments in securities available for sale:

	In BAM		
	31 December 2020		
	Fair value	% of the total Fund assets	% of ownership in the issuer's equity
Ministry of Finance of the RS - RSR-S-O-M	349,609	12.14	2.43
Sarajevo-gas a.d.	199,576	6.93	9.99
Prvo penzionersko MD a.d. Banja Luka - PPMK-O-F	33,552	1.17	3.33
Dobojinvest a.d. Doboj	14,690	0.51	9.29
Duvan a.d. Bijeljina	8,840	0.31	0.89
Balance as of 31 December 2020	606,267		

NOTES TO THE FINANCIAL STATEMENTS

For the Year ended 31 December 2020

All amounts are stated in BAM, unless otherwise stated

11. FUND INVESTMENTS (Continued)

	In BAM		31 December 2019
	Fair value	% of the total Fund assets	% of ownership in the issuer's equity
Ministry of Finance of the RS - RSRS-O-M	350,324	8.67	2.44
OCIF "Kristal Cash Plus Fund"	165,896	4.11	2.74
Sarajevo-gas a.d.	164,839	4.08	9.99
Prvo penzionersko MD a.d. Banja Luka - PPMK-O-F	45,289	1.12	3.33
Dobojinvest a.d.	17,856	0.44	9.29
Duvan a.d. Bijeljina	8,840	0.23	0.89
Tesla d.d. Brcko	10	0	0
Balance as of 31 December 2019	753,053		

12. INTEREST RECEIVABLES

	2020	2019
Long-term deposit	-	1,513
Government bonds	721	728
Balance as of 31 December	721	2,241

13. LIABILITIES TO THE MANAGEMENT COMPANY

Liabilities to the Management Company as of 31 December 2020 amount to BAM 15,387 (2019: BAM 105,881), out of which the amount of BAM 15,308 is related to the Fund management fee and the amount of BAM 78 refers to the liabilities arising from the repurchase of stakes.

14. EQUITY

Share capital and share premium

The initial capital/number of shares of the Fund is determined in accordance with the Decision on the Complete Transformation of the CMIF in Transformation "Zepter Fund" a.d. Banja Luka No. 220-SKZMIF/18 of 29 June 2018 in the amount of BAM 3,819,322.

The initial capital is allocated to the shareholders so that each shareholder has a number of shares proportionate to the number of shares in the CMIF in transformation "Kristal Invest Fond" a.d. Banja Luka on the day of incorporating the open-end cash investment fund "Cash Fund", i.e. on 23 November 2018, on the basis of the list of shareholders held at the Central Securities Registry of the Republic of Srpska.

As of 31 December 2020 the number of the Fund's shares amounts to 96,077,290

NOTES TO THE FINANCIAL STATEMENTS

For the Year ended 31 December 2020

All amounts are stated in BAM, unless otherwise stated

14. EQUITY (Continued)

Revaluation reserves on financial assets available for sale

Revaluation reserves on financial assets available for sale as at 31 December 2020 amounted to BAM 1,854 and represent the accumulated unrealized gains arising from changes in fair value of financial assets (securities) of the Fund, which are classified as "available-for-sale", and in accordance with IAS 39 "Financial instruments: Recognition and Measurement", by which the gain or loss which occurs due to changes in the fair value of financial assets available for sale should be recognized directly in equity, or as part of revaluation reserves.

15. EARNINGS/(LOSS) PER SHARE

	<u>2020</u>	<u>2019</u>
Gains / (losses) for the year	92,937	(23,325)
Weighted average number of shares	<u>96,077,290</u>	<u>129,492,605</u>
Basic earnings per share for the year	<u><u>0,0010</u></u>	<u><u>(0.0002)</u></u>

16. RELATED PARTY TRANSACTIONS

	<u>2020</u>	<u>2019</u>
INCOME STATEMENT OF THE INVESTMENT FUND		
EXPENSES		
- Management fee expenses - Company for the Management of the Investment Fund "Kristal Invest" a.d. Banja Luka	106,348	105,881
- Depository fee - Nova banka a.d. Banja Luka	4,800	4,800
- Fee to the RS Securities Commission	240	203
- Auditor fee - BDO d.o.o. Banja Luka	1,755	1,170
- Bank fee	<u>300</u>	<u>261</u>
Total expenses	<u><u>113,443</u></u>	<u><u>112,315</u></u>
 BALANCE SHEET OF THE INVESTMENT FUND		
PAYABLES		
- Payables to the Company for management fees: Company for Managing the Investment Fund "Kristal Invest" a.d. Banja Luka	<u>15,308</u>	<u>105,881</u>
Total payables	<u><u>15,308</u></u>	<u><u>105,881</u></u>

NOTES TO THE FINANCIAL STATEMENTS

For the Year ended 31 December 2020

*All amounts are stated in BAM, unless otherwise stated***17. LITIGATIONS**

As of 31 December 2020 there were neither ongoing litigations against the OCIF "Kristal Cash Plus Fund" nor the Fund, represented by the Company for Investment Funds Management "Kristal Invest" a.d. Banja Luka, participated in litigations as a plaintiff against third parties.

18. FINANCIAL INSTRUMENTS

The objective of this process is to measure the investment risk and control its impact on the value of the portfolio of the fund in order to prevent or limit the loss caused by the negative effect of the investment risk.

In its ordinary course of business, the Fund is exposed to different types of risks. Taking into consideration the nature of the Fund's business activity, those are mainly market risks (financial instrument price risk, interest rate risk, foreign exchange risk, credit risk, liquidity risk), but also a number of other risks related to Fund's assets and liabilities management. The most significant ones are: environment related risks (political and geographic risks) and other risks (concentration risk, inflation risk, custody risk, reinvestment risk, accounting risk, etc.).

Financial instrument price risk

A financial instrument price risk is a risk of potential changes in market prices, which may result in a change in the value of the financial instruments contained in the Fund's portfolio. The Fund is exposed to a significant financial instrument price risk given the fact that the Fund has a notable investment in the financial instruments that are traded at the securities markets.

The table below shows the first ten positions by their share in the Fund's assets as of 31 December 2020.

No.	Security code	Issuer	No. of securities owned by the Fund	Total fair value of investment	% interest in net asset value
1.	RSRS-O-M	RS - war reparations /1	368,400	349,609	12,21%
2.	SGAS-R-A	SARAJEVO GAS A.D. SARAJEVO	1,638,555	199,576	6,97%
3.	PPMK-O-F	First retirement microcredit company	500	33,552	1.17%
4.	DOIN-R-A	Dobojinvest a.d. Doboj	218,285	14,690	0.51%
5.	DUVN-R-A	Duvan a.d. Bijeljina	44,198	8,839	0.31%
				606,267	21,17%

The prices of the securities marked RSRS-O-M have a major impact on changes in the value of the Fund's assets. A change in the market value of the concerned security by +/-1% would result in a change of the Fund's investment value in the amount of approximately +/-BAM 3,496.

The Fund manages the market (price) risk on the basis of the diversification of its investment portfolio.

NOTES TO THE FINANCIAL STATEMENTS

For the Year ended 31 December 2020

All amounts are stated in BAM, unless otherwise stated

18. FINANCIAL INSTRUMENTS (Continued)

Financial instrument price risk (Continued)

The table below shows the first ten positions by their share in the Fund's assets as of 31 December 2019:

No.	Security code	Issuer	No. of securities owned by the Fund	Total fair value of investment	% interest in net asset value
1.	RSRS-O-M	RS - war reparations	368,400	350,324	8,91%
1.	KCPP-U-A	OMIF "KRISTAL CASH PLUS FOND"	204,054	165,895	4.22%
2.	SGAS-R-A	SARAJEVO GAS A.D. SARAJEVO	1,638,555	164,838	4,19%
	PPMK-O-F	First retirement microcredit company	500	45,288	1,15%
3.	DOIN-R-A	DOBOJINVEST A.D. DOBOJ	218,285	17,855	0,45%
4.	DUVN-R-A	DUVAN A.D. BIJELJINA	44,198	8,840	0.22%
5.	TSL9-R-A	TESLA A.D. BRCKO	80	10,54	0.00%
6.	BIRA-R-A	BIRAC A.D. ZVORNIK - BANKRUPT	4,823,936	-	0.00%
7.	BROD-R-A	BROD A.D. SRPSKI BROD - BANKRUPT	108,541	-	0.00%
8.	EKPL-R-A	EKSPLOATACIJE GACKO	5,000	-	0.00%
9.	ELVA-R-A	ELVAKO A.D. BIJELJINA - BANKRUPT	1,351,983	-	0.00%
10.	ELVA-R-A	ELVAKO A.D. BIJELJINA - BANKRUPT	1,351,983	-	0.00%
				753,053	19,15%

The prices of the securities marked KCPP-U-A have a major impact on changes in the value of the Fund's assets. A change in the market value of the concerned security by +/-1% would result in a change of the Fund's investment value in the amount of approximately +/-BAM 3,503.

The Fund manages the market (price) risk on the basis of the diversification of its investment portfolio.

Foreign exchange risk

A foreign exchange risk is a risk of a loss of the Fund's asset value due to a change in price of one currency against another. Taking into consideration that the Fund performs a part of its operations in international markets, it is exposed to the foreign exchange risk. The official currency in Bosnia and Herzegovina is a convertible mark (BAM), whereas the value of the Fund's assets denominated in a foreign currency is translated in BAM by applying the official middle exchange rate prevailing on the balance sheet date. FX differences affect the Fund's income, but not its cash flows. The table below shows the Fund's asset structure by currency.

NOTES TO THE FINANCIAL STATEMENTS

For the Year ended 31 December 2020

All amounts are stated in BAM, unless otherwise stated

18. FINANCIAL INSTRUMENTS (Continued)

Foreign exchange risk (Continued)

Balance as of 31 December 2020:

Assets	BAM	EUR	GBP	USD	HRK	RSD	MKD	Total
Securities available for sale	383,161	-	-	-	-	-	-	383,161
Securities at FVTPL	223,106	-	-	-	-	-	-	223,106
Bank deposits	-	-	-	-	-	-	-	-
Cash	2,271,957	-	-	-	-	-	-	2,271,957
Receivables	721	-	-	-	-	-	-	721
Total assets	2,878,946	-	-	-	-	-	-	2,878,946

Asset sources	BAM	EUR	GBP	USD	HRK	RSD	MKD	Total
Equity:	2,863,559	-	-	-	-	-	-	2,863,559
Basic capital	2,818,266	-	-	-	-	-	-	2,818,266
Rev. reserves of securities available for sale	1,854	-	-	-	-	-	-	1,854
Uncovered loss	(49,497)	-	-	-	-	-	-	(49,497)
Retained earning	92,937	-	-	-	-	-	-	92,937
Liabilities:	15,387	-	-	-	-	-	-	15,387
Short-term liabilities	15,387	-	-	-	-	-	-	15,387
Total sources:	2,878,964	-	-	-	-	-	-	2,878,964
Net foreign currency position	-	-	-	-	-	-	-	-

As of 31 December 2020, 100.00% of the Fund's assets was stated in the local currency. Thus, the Fund's assets were not exposed to foreign exchange risk on the control date.

NOTES TO THE FINANCIAL STATEMENTS

For the Year ended 31 December 2020

All amounts are stated in BAM, unless otherwise stated

18. FINANCIAL INSTRUMENTS (Continued)

Foreign exchange risk (Continued)

Balance as of 31 December 2019:

Assets	BAM	EUR	GBP	USD	HRK	RSD	MKD	Total
Securities available for sale	753,053	-	-	-	-	-	-	753,053
Bank deposits	3,210,000	-	-	-	-	-	-	3,210,000
Cash	73,214	-	-	-	-	-	-	73,214
Receivables	2,241	-	-	-	-	-	-	2,241
Total assets	4,038,509	-	-	-	-	-	-	4,038,509

Asset sources	BAM	EUR	GBP	USD	HRK	RSD	MKD	Total
Equity:	3,932,628	-	-	-	-	-	-	3,919,737
Basic capital	3,817,329	-	-	-	-	-	-	3,817,329
Rev. reserves of securities available for sale	164,796	-	-	-	-	-	-	164,796
Retained earning	(49,497)	-	-	-	-	-	-	(49,497)
Liabilities:	105,881	-	-	-	-	-	-	105,881
Short-term liabilities	105,881	-	-	-	-	-	-	105,881
Total sources:	4,038,509	-	-	-	-	-	-	4,038,509
Net foreign currency position	-	-	-	-	-	-	-	-

As of 31 December 2019, 100.00% of the Fund's assets was stated in the local currency. Thus, the Fund's assets were not exposed to foreign exchange risk on the control date.

NOTES TO THE FINANCIAL STATEMENTS

For the Year ended 31 December 2020

All amounts are stated in BAM, unless otherwise stated

18. FINANCIAL INSTRUMENTS (Continued)

Interest rate risk

The Fund's assets are invested in equity and debt securities and bank deposits with the maturity period up to 24 months. Although the largest portion of assets is not interest sensitive, the Fund's portfolio contains instruments dependent on fluctuations in market interest rates. Such assets include debt securities and financial placements. As regards interest rate risk management, maturities of deposits that correspond to the estimate of the period in which the above mentioned funds will not be used for the purchase of securities have been contracted. The table below shows data about the Fund's assets and liabilities, stated at fair value and allocated according to the contracted price change or maturity date, whichever is earlier.

Balance as of 31 December 2020:

Assets	Up to one month	1-3 months	3-12 months	1-5 years	Over 5 years	Interest free	Total
Securities available for sale	33,552	-	349,609	-	-	-	383,161
Securities at FVTPL						223,106	223,106
Bank deposits	-	-	-	-	-	-	-
Cash	-	-	-	-	-	2,271,957	2,271,957
Receivables	-	-	-	-	-	721	721
Total assets	33,552	-	349,609	-	-	2,495,784	2,878,946

Asset sources	Up to one month	1-3 months	3-12 months	1-5 years	Over 5 years	Interest free	Total
Equity:							3,932,628
Basic capital	-	-	-	-	-	2,818,265	2,818,265
Rev. reserves of securities available for sale	-	-	-	-	-	1,854	1,854
Uncovered loss						(49,497)	(49,497)
Retained earning	-	-	-	-	-	92,937	93,937
Liabilities:						15,387	15,387
Short-term liabilities	-	-	-	-	-	15,387	15,387
Long-term liabilities	-	-	-	-	-	-	-
Total sources:	-	-	-	-	-	2,878,946	2,878,946
Net position:	33,552	-	349,609	-	-	(383,162)	-

An assumed scenario of higher/lower interest rates on the assets under a risk as of 31 December 2020, by 0.1 percentage point per annum against the applicable interest rates on the balance sheet date and with other unchanged variables, would result in an increase/ a decrease in the Fund's net profit by the amount of BAM 224.

NOTES TO THE FINANCIAL STATEMENTS

For the Year ended 31 December 2020

All amounts are stated in BAM, unless otherwise stated

18. FINANCIAL INSTRUMENTS (Continued)

Interest rate risk (Continued)

Balance as of 31 December 2019:

Assets	Up to one month	1-3 months	3-12 months	1-5 years	Over 5 years	Interest free	Total
Securities available for sale	-	-	-	45,289	350,324	357,440	753,053
Bank deposits	2,810,000	-	400,000	-	-	-	3,210,000
Cash	-	-	-	-	-	73,214	73,214
Receivables	-	-	-	-	-	2,241	2,241
Total assets	2,810,000	-	400,000	45,289	350,324	432,896	4,038,509

Asset sources	Up to one month	1-3 months	3-12 months	1-5 years	Over 5 years	Interest free	Total
Equity:							
Basic capital	-	-	-	-	-	3,817,329	3,817,329
Rev. reserves of securities available for sale	-	-	-	-	-	164,796	164,796
Uncovered loss	-	-	-	-	-	(49,497)	(49,497)
Liabilities:							
Short-term liabilities	-	-	-	-	-	105,881	105,881
Long-term liabilities	-	-	-	-	-	-	-
Total sources:	-	-	-	-	-	4,038,509	4,038,509
Net position:	2,810,000	-	400,000	45,289	350,324	(3,605,613)	-

An assumed scenario of higher/lower interest rates on the assets under a risk as of 31 December 2019, by 0.1 percentage point per annum against the applicable interest rates on the balance sheet date and with other unchanged variables, would result in an increase/ a decrease in the Fund's net profit by the amount of BAM 379.

NOTES TO THE FINANCIAL STATEMENTS

For the Year ended 31 December 2020

All amounts are stated in BAM, unless otherwise stated

18. FINANCIAL INSTRUMENTS (Continued)

Liquidity risk

The Fund has sufficient highly liquid assets (cash and cash equivalents), as well as continuous cash inflow that allow it to settle its liabilities within maturity. The Fund does not use derivative financial instruments.

Due to the poorer liquidity of our capital market and the region's markets, where the Fund's assets are predominantly placed, the liquidity risk of the Fund's assets is present to a certain extent. The Company manages assets and liabilities of the Fund in a manner that ensures that the Fund fulfils its obligations at any time. The following table presents an overview of the maturity of the financial assets and liabilities of the Fund on the reporting date according to the earliest expected maturity date, including the interest to be earned.

The balance as of 31 December 2020:

Financial assets	Up to 3 months	3 - 12 months	1 - 5 years	Over 5 years	Total
Non-interest bearing assets	2,271,982	696	199,576	23,530	2,495,784
Variable interest rate instruments					-
Fixed interest rate instruments	33,552	349,609	-	-	383,161
Total assets	2,305,534	350,305	199,576	23,530	2,878,964
Financial liabilities	Up to 3 months	3 - 12 months	1 - 5 years	Over 5 years	Total
Non-interest bearing liabilities	15,387	-	-	-	15,387
Total liabilities	15,387	-	-	-	15,387
Net position	2,290,147	350,306	199,576	23,530	2,863,559

NOTES TO THE FINANCIAL STATEMENTS

For the Year ended 31 December 2020

All amounts are stated in BAM, unless otherwise stated

18. FINANCIAL INSTRUMENTS (Continued)

Liquidity risk (Continued)

The balance as of 31 December 2019:

Financial assets	Up to 3 months	3 - 12 months	1 - 5 years	Over 5 years	Total
Non-interest bearing assets	240,515	847	173,678	17,856	432,896
Fixed interest rate instruments	2,810,000	400,000	45,289	350,324	3,605,613
Total assets	3,050,515	400,847	218,967	368,180	4,038,509
Financial liabilities	Up to 3 months	3 - 12 months	1 - 5 years	Over 5 years	Total
Non-interest bearing liabilities	105,881	-	-	-	105,881
Total liabilities	105,881	-	-	-	105,881
Net position	2,944,634	400,847	218,967	368,180	3,932,628

Credit risk

Credit risk, in terms of the risk of repaying principal and interest receivable, does not have a significant impact on the movements in the value of the Fund's assets, and is largely expressed in debt securities (13.31% of the Fund's assets), particularly government bonds.

The Fund did not invest in the financial instruments of those issuers whose business showed signs of deterioration or which recognised a loss in their financial statements in the previous commercial year.

Settlement risk and counterparty risk

Payment of all transactions with securities is performed through authorised brokers. The default risk is minimal, as the ownership of the securities sold is transferred to the customer simultaneously with the collection of the amount claimed. When buying, payment is made simultaneously with the transfer of purchased securities.

Fair value

The fair value of financial instruments is based on quoted market prices, if any. If market prices are not available, fair value is estimated using appropriate valuation techniques. For deposits, liabilities and receivables of the fund, the carrying amount approximates the fair value due to their short maturities.

NOTES TO THE FINANCIAL STATEMENTS**For the Year ended 31 December 2020***All amounts are stated in BAM, unless otherwise stated*

19. CURRENT ECONOMIC SITUATION AND ITS IMPACT ON THE FUND

The Fund was incorporated as an open-end cash fund with the target investment structure in cash funds, money market instruments and cash equivalents in a range from 70% to 99.99% of total investments. The economic situation may affect the interest of investors and other capital and money market participants in the Republic of Srpska, which might result in a change in the value of securities and other investments in the Fund's portfolio. Taking into consideration that the cash fund has existed for a short period, there are no historical data that might be used as a more reliable estimate of future Fund's performance.

The obligation to open the Fund once a year after the incorporation date may also have a significant impact on the Fund's liquidity taking into consideration the existing liquidity of the securities traded on the local market.

20. EXCHANGE RATES

The official exchange rates for major currencies, as determined in the Interbank Foreign Exchange Market and used in the translation of the balance sheet components denominated in foreign currencies into BAM were as follows:

	31 December 2020	31 December 2019
Croatian kuna (HRK 100)	25.918765	26.25804
Pound sterling (GBR)	2.165757	2.29536
EURO (EUR)	1.95583	1.95583
Serbian dinar (RSD 100)	1.66348	1.66325

APPENDICES TO THE FINANCIAL STATEMENTS

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In accordance with Article 175 of the Law on Investment Funds (Official Gazette of RS, no. 92/06 and 82/15), the Fund is obliged to, in addition to the information disclosed in its financial statements, disclose the following information:

- As disclosed in Note 3.3 to the financial statements, the Fund accounted for the total amount of these costs charged to the Fund, which are stated as an indicator of total costs. The above-mentioned ratio for 2020 amounts to 3.10 %.
- In the table below, in accordance with Article 175 paragraph 1 item d the list of stock brokers in the trade of securities the Fund has performed more than 10% of its transactions with in 2020 is presented, stating:
 - a) the total value of all transactions performed through an individual broker are presented as a percentage of the total value of all transactions of the fund in that year and
 - b) commissions paid to the stock broker, stated as a percentage of the total value of transactions performed through that stock broker.

Stock broker	Value of transactions (in BAM)	% of total transactions	Commission paid (in BAM)	% of commission
"Raiffeisen Bank" d.d.	605,621	99.99	1,610	0.27
„Raiffeisen capital“ ad	39	0.01	0	0.38
	605,660	100.00	1,610	-

- *Overview of the highest and lowest price per share in the previous three years*

Year	Highest price per share	Lowest price per share
2020	0.0304	0.0298
2019	0.029	0.02
2018	0.02	0.02

- *Overview of the highest and lowest value of assets and the highest and lowest price per share in the previous three years:*

Year	Highest value of assets	Price per share or stake	Lowest value of assets	Price per share or stake
2020	4,078,664	0.0306	2,878,846	0.0290
2019	4,198,579	0.0318	3,891,835	0.0299
2018	3,920,135	0.0303	3,819,053	0.0295

APPENDICES TO THE FINANCIAL STATEMENTS

The total net value of assets from the fund's portfolio at the end of each commercial year in the previous three calendar years:

Year	Net value of assets
2020	2,863,559
2019	3,932,628
2018	3,919,737

- *Net value of assets per share or stake at the end of each commercial year in the previous three calendar years:*

Year	Net value of assets per share or stake
2020	0.0298
2019	0.0304
2018	0.0303

- *Total costs indicator in an average net annual value of the Fund's assets at the end of each commercial year in the last three calendar years:*

Year	Indicator of total costs in %
2020	3.10
2019	2.68
2018	3.11

- The open-end cash investment fund "Cash Fund" Banja Luka did not perform the allocation of income, i.e. earnings paid per share or stake during the FY 2020.



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