

RAIFFEISEN INVEST EURO FUND

Financial Statements

as at and for the year ended 31 December 2019

(with Independent auditors' report thereon)

Contents

Independent Auditors' Report	i-iii
------------------------------	-------

Financial Statements

Statement of comprehensive income	1
Statement of financial position	2
Statement of changes in net assets attributable to unit holders	3
Statement of cash flows	4
Notes to the financial statements	5-23

Independent Auditor's Report

To the Board of Directors of the Company "Raiffeisen Invest" sh.a., Administrative Company of Pension Funds and Collective Investment Enterprises.

Opinion

We have audited the financial statements of the Collective Investment Undertaking Raiffeisen Invest Euro (hereafter referred as the "Fund"), which comprise the statement of financial position as at 31 December 2019, and the statement of profit or loss and other comprehensive income, statement of changes in net assets and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at 31 December 2019, its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis of 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 Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Albania, and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other matter

The Fund's financial statements for the year ended on December 31, 2018 were audited by another auditor who expressed an unmodified opinion on those financial statements on March 29, 2019.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, 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.

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 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.

Grant Thornton sh.p.k.

Tirana, Albania

June 27, 2020

Mediu Kodra, Fca

[Signature]



Raiffeisen Invest Euro Fund

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

(Amounts in thousands of Lek, unless otherwise stated)

	Note	2019	2018
Income			
Net interest income	10	216,526	299,678
Other net changes in fair value of financial assets at fair value through profit or loss	11	292,220	(348,193)
Other operating income		25,641	39,697
		<u>534,387</u>	<u>(8,818)</u>
Expenses			
Management company fee	18	(149,045)	(188,268)
Other operating expenses		(64)	(466)
Net foreign exchange loss	12	(117,005)	(247,480)
		<u>(266,114)</u>	<u>(436,214)</u>
Increase in net assets attributable to the unit holders		<u>268,273</u>	<u>(445,032)</u>

The notes on pages 5 to 23 are an integral part of these financial statements.

Raiffeisen Invest Euro
Statement of financial position
(Amounts in thousands of Lek, unless otherwise stated)

	Note	31 December 2019	31 December 2018
ASSETS			
Financial assets at fair value through profit or loss	13	6,592,158	6,790,952
Investment in other investment funds at fair value through profit or loss	14	2,806,476	2,686,218
Cash and cash equivalents	15	332,839	907,616
Other receivables		419	407
TOTAL ASSETS		9,731,892	10,384,786
LIABILITIES			
Payable to the Management Company		12,392	13,499
Payable to unit holders for withdrawals		1,540	59,963
Other liabilities	16	1,146	2,647
TOTAL LIABILITIES		15,078	76,109
NET ASSETS ATTRIBUTABLE TO THE UNIT HOLDERS	17	9,716,814	10,308,677
The number of units offered by the fund (in thousands)		667,164	726,131
NET ASSETS PER UNIT IN LEK		14,564	14,197

The notes on pages 5 to 23 are an integral part of these financial statements.

These financial statements were approved by the Management Board of Raiffeisen INVEST – Management Company of Pension Funds and Collective Investment Undertakings sh.a. on June 20, 2020.

General Administrator

Edlira KONINI



Deputy General Administrator

Alketa EMINI

Raiffeisen Invest Euro

Statement of changes in net assets attributable to the unit holders
(Amounts in thousands of Lek, unless otherwise stated)

	Notes	2019	2018
Net assets attributable to the unit holders at 1 January	17	10,309,084	14,713,442
Contributions		851,389	834,826
Withdrawals by unit holders		(1,687,628)	(4,078,618)
Translation effect		(24,306)	(715,534)
		9,448,540	10,754,116
Decrease/ Increase in net assets attributable to the unit holders from operations		268,273	(445,032)
Net assets attributable to the unit holders	17	9,716,814	10,309,084
NUMBER OF INVESTMENT UNITS			
Issued based on contributions		58,490	55,704
Withdrawn by unit holders		(117,457)	(275,962)
DECREASE/INCREASE IN THE NUMBER OF FUND UNITS		(58,967)	(220,258)

The notes on pages 5 to 23 are an integral part of these financial statements.

Raiffeisen Invest Euro
Statement of cash flows for the year ended 31 December
(Amounts in thousands of Lek, unless otherwise stated)

	Note	2019	2018
Cash flows from operating activities			
(Decrease)/Increase in net assets attributable to unit holders	11	268,273	(445,033)
<i>Adjustment for:</i>			
Unrealized loss/gains from changes in fair value for investments at FVTPL		(278,138)	201,411
Translation effects		(24,306)	(715,534)
Interest income		(216,526)	(299,678)
Net cash in operating activities		(250,697)	(1,258,834)
<i>Changes in:</i>			
Financial assets measured at FVTPL		2,666,961	3,357,891
Quotas in other investments funds		(2,234)	931,888
Payables to the Management Company		(1,107)	(5,256)
Other receivables		(13)	216
Other liabilities		(1,501)	1,210
		2,411,410	3,027,115
Interest received		209,389	337,213
Net cash from operating activities		2,620,799	3,364,328
Cash flows from financing activities			
Contributions received from unit holders		851,389	834,826
Contributions paid to unit holders	17	(1,687,628)	(4,030,401)
Net cash(used in) from financing activities		(3,195,575)	(3,195,575)
Net increase/(decrease) in cash and cash equivalents		(574,776)	168,753
Cash and cash equivalents at beginning of the year		907,615	738,862
Cash and cash equivalents at the end of the year	17	332,839	907,615

The notes on pages 5 to 23 are an integral part of these financial statements.

1. Introduction

Raiffeisen Invest Euro Fund (the "Fund") is an open-ended investment fund licensed by the Financial Supervisory Authority ("AFSA") based on law no. 10198 dated 10 December 2009 "On collective investment undertakings" and based on decision no. 180 dated December 31, 2011.

The Fund's investment activities are managed by Raiffeisen INVEST – Management Company of Pension Funds and Collective Investment Undertakings sh.a. (the 'Management Company').

The Fund's objective is to provide the investor with a total return consistent with prudent investment management while preserving capital and liquidity.

Income from investment into the Fund is subject to personal income tax and relates to capital gains of the unit holders which are taxed at the 15% rate. The Management Company acts as the collecting agent on behalf of the Funds

The Fund offers its units to a broad group of investors mainly individuals.

According to law no.10197, dated 10.12.2009, the AFSA approved First Investment Bank Albania sh.a. as the Custodian Bank of Raiffeisen Invest Euro Fund. The Management Company and the Custodian bank shall keep their assets, transactions and recordings separately from the accounting records of the Raiffeisen Invest Euro Fund.

The Board of Administration is the central body of the Fund and consists of 8 members, as follows:

Mrs. Donalda GJORGA	Chairman
Mr. Peter Zilinek	Member
Mrs. Vilma BAÇE	Member
Mrs. Alda SHEHU	Member
Mr. Joan CANAJ	Member
Mrs. Edlira KONINI	Member
Mrs. Alketa EMINI	Member
Administrators:	
Mrs. Edlira KONINI	General Administrator
Mrs Alketa EMINI	Deputy General Administrator

2. Basis of accounting

These financial statements have been prepared in accordance with the International Financial Reporting Standards ('IFRS').

This is the first set of the Company's annual financial statements in which IFRS 16 *Leases* has been applied. Changes to significant accounting policies are described in Note 6.

2.1 Preparation of financial statements

Going concern basis of assumption - Performance of assets and return on investment

According to the report for the first quarter of 2020 submitted to the Financial Supervisory Authority, the net asset value of the fund has decreased by 0.29% compared to the value as at December 31, 2019, while the number of shares has decreased by 1.67%, marking a total rate of return of negative 5.49% (31 December 2019: 3.98%). Based on May 18th data, the decrease in the value of net assets and number of quotas continued down to minus 8% and 2%, respectively.

Liquidity

According to the report for the first quarter of 2020 for the Financial Supervisory Authority, the liquidity reserve (required level of High Quality Liquid Assets ALCL) is higher compared to the highest of 10% of the net asset value of the fund and the value of quarterly withdrawals for the reporting period. Under these conditions the fund is above the required liquidity limits according to the requirements of the regulation on liquidity administration for the investment fund, being able to meet the requirements for repayment, legal obligations and other obligations towards the image of investors. The fund maintains a level of liquid assets of the investment portfolio in cash, respectively at 23.47% of total assets, depending on market conditions and access according to the medium-term fund strategy. For the closing of the first quarter of 2020 the fund has had a slight increase in the level of cash and equivalents compared to the close of 2019.

Resistance test

The Fund performs resistance tests to calculate the required liquidity in the event of deteriorating market scenarios. The Company has determined the liquidity ratio depending on the net withdrawals provided during a deteriorating scenario for a weekly period for large exposures and quarterly for average exposures. The analysis also takes into account the time required to repay the investment to cover the expected outflows, ranging from 3 days to 3 months.

Based on the assumptions of the analyzed scenario, it is estimated that the fund may be able to withstand the potential difficulties assumed, in line with regulatory constraints regarding liquidations within the legal framework, which estimates that the minimum cash flow coverage period is 3 months.

Based on the above analysis, Management has sufficient assurance that there are no material uncertainties, which may affect the Fund's ability to operate according to the principle of continuity in the foreseeable future. For this reason, the preparation of financial statements according to the principle of going concern is considered appropriate for the year ended on December 31, 2019.

3. Functional and presentation currency

These financial statements are presented in Albanian Lek ("Lek"), which is the Fund's functional currency.

The Fund considers the Lek to be the currency that most faithfully represents the economic effect of the underlying transactions, events and conditions. The Lek is the currency in which the Fund measures its performance and reports its results and therefore the functional and presentation currency. Whereas, Euro is the currency in which it receives subscriptions from its investors and the base currency of the Fund's investment strategy. This determination also considers the competitive environment in which the Fund is compared to other investment funds.

4. Basis of measurement

These financial statements have been prepared on a historical cost basis, except for non-derivative financial instruments at FVTPL and investments in other investment funds which are measured at fair value.

5. Use of estimates and judgements

In preparing these financial statements, management has made judgements and estimates that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

Judgements and estimates

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following notes:

- Note 3 – determination of functional currency;
- Note 9 - determination of fair value of financial instruments with significant unobservable inputs; and
- Note 14– involvement with unconsolidated structured entities.

Investment entity status

In determining the Fund's status as an investment entity in accordance with IFRS 10, the Management Company considered the following:

- a) The Fund has raised monetary assets from a number of investors in order to increase the assets value of the Fund and to provide the investors with management services through investment in securities or other;
- b) The Fund intends to generate capital and income returns from its investments which will, in turn, be distributed in accordance with the requirements to the unit holders; and
- c) The Fund evaluates its investments' performance on a fair value basis (except for those classified as Held to Collect), in accordance with the policies set out in these financial statements. Although the Fund met all three defining criteria, the Management Company has also assessed the business purpose of the Fund, the investment strategies for the private equity investments, the nature of any earnings from the private equity investments and the fair value models. The Management Company made this assessment in order to determine whether any additional areas of judgement exist with respect to the typical characteristics of an investment entity versus those of the Fund.

6. Changes in accounting policies

6.1 The new and revised standards which are effective for annual periods beginning on or after 1 January 2019

IFRS 16 "Leases"

The Company has approved new accounting statements which have become effective this year, as follows: IFRS 16 'Lease' IFRS 16' Lease ' replaces IAS 17 ' Lease ' along with three interpretations (IFRIC 4' Determining whether an Agreement contains a Lease ', SIC 15' Operating Lease 'and SIC 27' Assessment of the essence of Transactions involving the Legal Form of Lease '). The adoption of this new Standard has led the Company to recognize an active right to use and lease liability in respect of all previous leases, other than those identified as low value or having a longer lease term. less than 12 months from the date of initial application. The new standard is applied using the modified retrospective approach. Under this approach, the Company has measured the lease liability at the current value of the remaining lease payments, deducting and using the rates in the lease sector for similar assets and the right to use the asset is recognized in an amount equal to the liability. of the lease, regulated by the amount of each prepaid or calculated payment of the lease in respect of that rent recognized in the statement of financial position immediately prior to the date of initial application. Previous periods have not been re-introduced. For contracts set on the date of initial application, the Company has chosen to apply the definition of lease by IAS 17 and IFRIC 4 and has not applied IFRS 16 to applications that had not previously been identified as lease under IAS 17 and IFRIC 4.

There are exceptions to the recognition of short-term leases and the lease of low-value items

The Company has chosen not to include the initial direct costs in the measurement of the active right of use for operating leases in existence on the date of the initial application of IFRS 16, which is 1 January 2019.

6. Changes in accounting policies (continued)

6.1 The new and revised standards which are effective for annual periods beginning on or after 1 January 2019

IFRS 16 "Leases" (continued)

Instead of reviewing the impairment on the rights of use on the date of initial application, the Company relied on its historical assessment of whether the rents were immediately large prior to the date of the initial application of the IFRS 16. In transition, for leases previously calculated as operating lease with a lease term of less than 12 months The Company has applied optional exemptions to not recognize the assets of the right of use, but to calculate the cost of lease on a direct basis over the remaining term. to lease. For those leases previously classified as financial leases, the asset of the right of use and the lease obligation are measured on the date of initial application in the same amounts as in IAS 17 immediately before the date of initial application. In the transition to IFRS 16, the weighted average growth rate of borrowing applied to lease obligations recognized under IFRS 16 was 6% p.a.

6.2 Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Company

There are a number of standards and interpretations that have been issued by the International Accounting Standards Board that are effective in future accounting periods that the Company has decided not to apply earlier. The Company plans to apply these changes to the dates when these standards will be effective.

Standards that are not expected to have an impact

On the date of authorization of these consolidated financial statements, some new but still ineffective Standards, Standards and Changes to Existing Standards, and Interpretations have been published by the IASB. Standards and changes that are not yet effective and not initially approved by the Company include:

- Amendments to IFRS 9 "Negative Compensation Fees" (in force on 1 January 2019).
- Amendments to IAS 28 "Long-Term Interests in Joint Stock Companies and Enterprises" (mandatory for periods beginning on or after 1 January 2019).
- IFRS 17 "Insurance Contracts" (binding on periods beginning on or after 1 January 2021).
- Definition of a business (Amendments to IFRS 3)
- Definition of material (Amendments to IAS 1 and IAS 8)
- Conceptual frame for financial reports

These changes are not expected to have a significant impact on financial statements in the initial application period and therefore explanatory notes have not been prepared.

None of these Standards or changes to existing Standards have been previously approved by the Company. stipulates that all relevant pronouncements will be approved for the first period starting on or after the effective date of publication. New standards, changes and interpretations that have not been adopted in the current year have not been presented as they are not expected to have a material impact on the Company's financial statements.

7. Significant accounting policies

a) Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the spot exchange rate at that date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated into the functional currency at the spot exchange rate at the date when the fair value is determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated using the spot exchange rate at the date of the transaction. Foreign currency differences arising on translation are recognized in profit or loss.

b) Interest Income

Interest income includes incomes from bonds' coupons, interest from deposits and from current accounts.

c) Financial instruments

(i) Recognition and initial measurement

The Fund initially recognizes financial assets and financial liabilities at FVTPL on the trade date, which is the date on which the Fund becomes a party to the contractual provisions of the instrument. Other financial assets and financial liabilities are recognized on the date on which they are originated.

A financial asset or financial liability is measured initially at fair value plus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue.

(ii) Classification and subsequent measurement

Financial assets

On initial recognition, financial asset is classified as measured at FVTPL. Financial assets are not reclassified subsequent to their initial recognition, unless the Fund changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Business model assessment

The Fund makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realizing cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Fund's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Fund's stated objective for managing the financial assets is achieved and how cash flows are realized.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Fund's continuing recognition of the assets.

The Fund has determined that it has a business models that includes investments in securities and investments in unlisted open-ended investment funds. These financial assets are managed and their performance is evaluated, on a fair value basis, with frequent sales taking place.

7. Significant accounting policies (continued)

c) Financial instruments (continued)

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

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

In assessing whether the contractual cash flows are SPPI, the Fund considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Fund considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Fund's claim to cash flows from specified assets (e.g. non-recourse features)

(ii) Classification and subsequent measurement (continued)

Financial assets

If the terms of a financial asset are modified, the Fund evaluates whether the cash flows of the modified asset are substantially different.

If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognized (see (iii)) and a new financial asset is recognized at fair value.

If the cash flows of the modified asset carried at amortized cost are not substantially different, then the modification does not result in derecognition of the financial asset. In this case, the Fund recalculates the gross carrying amount of the financial asset and recognizes the amount arising from adjusting the gross carrying amount as a modification gain or loss in profit or loss. If such a modification is carried out because of financial difficulties of the borrower (see (vii)), then the gain or loss is presented together with impairment losses. In other cases, it is presented as interest income (see 7(b)).

Financial liabilities

The Fund derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognized at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognized in profit or loss. If the modification of a financial liability is not accounted for as derecognition, then the amortized cost of the liability is recalculated by discounting the modified cash flows at the original effective interest rate and the resulting gain or loss is recognized in profit or loss.

(vi) Fair value measurement

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Fund has access at that date. The fair value of a liability reflects its non-performance risk. When available, the Fund measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an on-going basis.

If there is no quoted price in an active market, then the Fund uses valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction. The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Fund determines that the fair value at initial recognition differs from the transaction price and the fair value is neither

7. Significant accounting policies (continued)

c) Financial instruments (continued)

evidenced by a quoted price in an active market for an identical asset or liability nor based on a valuation technique that uses only data from observable markets, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value at initial recognition and the transaction price. Subsequently, that difference is recognized in profit or loss on an appropriate basis over the life of the instrument, but no later than when the valuation is wholly supported by observable market data or the transaction is closed out. The Fund recognizes transfers between levels of the fair value hierarchy as of the end of the reporting period, during which the change has occurred.

(vii) Impairment

The Fund recognises loss allowances for ECLs financial assets measured at amortised cost and measures the loss allowances at an amount equal to lifetime ECLs, except for the investment securities which are measured as 12-month ECL.

The Fund considers a financial asset to be in default when:

- the counterparty is unlikely to pay its credit obligations to the Fund in full, without recourse by the Fund to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

12-month ECL are the portion of ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Financial instruments for which a 12-month ECL is recognized are referred to as 'Stage 1 financial instruments'.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. The maximum period considered when estimating ECLs is the maximum contractual period over which the Fund is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses and are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Fund expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Fund assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the debtor;
- a breach of contract such as a default or being more than 90 days past due;
- it is probable that the debtor will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

In making an assessment of whether an investment in sovereign debt is credit-impaired, the Fund considers the following factors:

- The market's assessment of creditworthiness as reflected in the bond yields;
- The country's ability to access the capital markets for new debt issuance;
- The probability of debt being restructured, resulting in holders suffering losses through voluntary or mandatory debt forgiveness; and
- The international support mechanisms in place to provide the necessary support as 'lender of last resort' to that country, as well as the intention, reflected in public statements, of governments and agencies to use those mechanisms. This includes an assessment of the depth of those mechanisms and, irrespective of the political intent, whether there is the capacity to fulfil the required criteria.

Presentation of allowance for ECL in the statement of financial position

7. Significant accounting policies (continued)

c) Financial instruments (continued)

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write-off

The gross carrying amount of a financial asset is written off when the Fund has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

(vii) Impairment (continued)

Non-derivative financial assets

At each reporting date the Fund assessed whether there was objective evidence that financial assets not carried at fair value through profit or loss were impaired. Financial assets were impaired when objective evidence demonstrated that a loss event had occurred after the initial recognition of the asset, and that the loss event had an impact on the future cash flows on the asset that can be estimated reliably.

d) Investments at amortized cost

Investment securities include debt securities measured at amortized cost. See Note 7 (c).

e) Cash and cash equivalents

Cash and cash equivalents include highly liquid financial assets with original maturities of less than three months, which are subject to insignificant risk of changes in their fair value, and are used by the Fund in the management of its short-term commitments. Cash and cash equivalents are carried at amortized cost in the statement of financial position.

f) Accounts receivables

Accounts receivables are initially recognized at fair value in the statement of financial position and subsequently measured at their amortized cost less impairment losses.

g) Payable to unitholder withdrawals

Payable to unitholder withdrawals are stated at their amortized cost.

h) Redeemable units

The Fund issues redeemable units, at holder's request. The units are classified as financial liabilities. Any investor, who has redeemed his units, may re-invest into the Fund at any dealing date for cash equal to the value of units purchased. Units are redeemable daily. On the date of request for redemption, the redeemable units are carried as a financial liability at the statement of financial position of the Fund. The redemption price is based on the Fund's net asset value per unit at the time when a valid request for redemption has been made.

i) Net Value of Assets

The net value of assets is equal to the total value of the assets minus the Fund's liabilities. The Value of a Fund unit is equal to the net value of assets divided by the number of units at the reporting date. Based on the Fund's policy, the value of a unit at the Fund's launch was equal to Euro 100.

j) The Fee to the Management Company

The Fund should pay to the Management Company a fee of 1.50% annually (2018: 1.50%) of net assets value, as an expense which is calculated on a daily basis.

k) Unrealized gains / losses

The unrealized gain or loss represents the difference between the carrying amount of a financial instrument at the beginning of the period, or the transaction price if it was purchased in the current reporting period, and its carrying amount at the end of the reporting period.

7. Significant accounting policies (continued)

l) Realized gains / losses

The realised gain or loss represents the difference between the carrying amount of a financial instrument at the beginning of the reporting period, or the transaction price if it was purchased in the current reporting period, and its settlement price.

These differences are recognized in profit or loss when occurred.

8. Financial Risk Management

(a) Overview

The Fund's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and other price risk), credit risk and liquidity risk.

The Fund is also exposed to operational risks such as custody risk. Custody risk is the risk of loss of securities held in custody occasioned by the insolvency or negligence of the custodian. Although an appropriate legal framework is in place that eliminates the risk of loss of value of the securities held by the custodian, in the event of its failure, the ability of the Fund to transfer securities might be temporarily impaired. The Fund's overall risk management program seeks to maximize the returns derived for the level of risk to which the Fund is exposed and seeks to minimize potential adverse effects on the Fund's financial performance.

Risk management framework

Based on the Law no. 10198, dated December 10, 2009 "On collective investment undertakings" the Management Company has in its structures a Risk Management Unit, responsible for the risk management and for reporting to the Board of Administration. The Fund's risk management policies are established to identify and analyze the risks faced by the financial institution, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions, products and services offered. The Fund, through management standards and procedures, aims to develop a disciplined and constructive control environment, in which all employees understand their roles and obligations.

(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 partially or entirely, which would have a negative impact on the fund's assets. The Fund's Board of Administration has delegated the responsibility for the management of credit risk to the Management, which is responsible for the oversight of the Fund's credit risk. The Fund does not include any collateral or other credit risk enhancers, which may reduce the Fund's exposure. The maximum exposure to the credit risk at December 31 is the carrying amount of the financial assets set out below:

	31 December 2019	31 December 2018
Financial assets at fair value through profit or loss	6,592,158	6,790,952
Investments in quotes	2,806,476	2,686,218
Cash and cash equivalents	332,839	907,616
TOTAL ASSETS	9,731,472	10,384,786

As at December 31, 2019, the assets held by the Fund are neither past due nor impaired (2018: nil).

Credit quality of financial assets is as follows:

	2019	2018
Albanian Government B+*	3,129,431	3,796,666
Montenegro government B+	887,152	768,807
Other governments Ba2	411,832	139,264
Corporate Bonds AA - Baa2	2,163,703	2,086,215
Investments in quotes	2,806,476	2,686,218
Cash and cash equivalents	332,839	907,616
Carrying amount	9,731,472	10,384,786

8. Financial Risk Management (continued)

(b) Credit risk

Inputs, assumptions and techniques used for estimating impairment

Definition of default

The Fund considers a financial asset to be in default when:

- the counterparty is unlikely to pay its credit obligations to the Fund in full, without recourse by the Fund to actions such as realizing security (if any is held); or
- the counterparty is past due more than 90 days on any material credit obligation to the Fund.

In assessing whether a counterparty is in default, the Fund considers indicators that are:

- qualitative – e.g. breaches of covenants;
- quantitative – e.g. overdue status and non-payment on another obligation of the same issuer to the Fund; and

Inputs into the assessment of whether a financial instrument is in default and their significance may vary over time to reflect changes in circumstances.

Modified financial assets

The contractual terms of a financial asset may be modified for a number of reasons, including changing market conditions, and other factors not related to a current or potential credit deterioration of the counterparty. An existing asset whose terms have been modified may be derecognized and the renegotiated asset recognized as a new one at fair value in accordance with the accounting policy set out in Note 7(c)(v).

Measurement of ECL

Cash and cash equivalents

The Fund applies a 12-month expected loss basis and reflects the short maturities of the exposures in assessing the impairment on cash and cash equivalents.

On initial application of IFRS 9, due to exposures short maturities the Fund has not recognised an impairment allowance as at 1 January 2018 and the amount of the allowance did not change during 2018.

As at 31 December 2019 and 31 December 2018, the Fund had no credit-impaired financial assets.

Raiffeisen Invest Euro
Notes to the financial statements
(Amounts in thousands of Lek, unless otherwise stated)

8. Financial Risk Management (continued)
(c) Liquidity risk

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous. The Fund may periodically invest in debt securities that are traded over the counter. As a result, the Fund may not be able to liquidate quickly its investments in these instruments at an amount close to their fair value to meet its liquidity requirements or be able to respond to specific events such as deterioration in the creditworthiness of any particular issuer. The Fund has the ability to borrow in the short term to ensure settlement, after AFSA approval and up to limits determined by the Law. No such borrowings have arisen during the year.

In order to manage the Fund's overall liquidity, the Management Company also has the ability to suspend redemptions if this is deemed to be in the best interest of all unit holders. In the absence of significant financial liabilities, the Management Company monitors liquidity risk based on contractual discounted cash flows. The table below analyses the Fund's financial assets and liabilities into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date. The amounts in the tables are the contractual discounted cash flows as at December 31, 2019 and 2018:

31 December 2019	Up to 1 month	1 to 3 months	3 to 6 months	6 to 12 months	Over 1 year	Total
Assets						
Financial assets at fair value through profit or loss	-	252,965	-	1,096,831	5,242,362	6,592,158
Investment in other investment funds at fair value through profit or loss	2,806,476	-	-	-	-	2,806,476
Cash and cash equivalents	332,839	-	-	-	-	332,839
Other receivables	420	-	-	-	-	420
Total	3,139,734	252,965	-	1,096,831	5,242,362	9,731,892
Liabilities						
Payable to the Management Company	12,392	-	-	-	-	12,392
Payable to unit holders for withdrawals	1,540	-	-	-	-	1,540
Other liabilities	1,146	-	-	-	-	1,146
Net assets attributable to the unit holders	9,716,814	-	-	-	-	9,716,814
Total	9,731,892	-	-	-	-	9,731,892
Liquidity risk	(6,592,158)	252,965	-	1,096,831	5,242,362	-
Cumulative	(6,592,158)	(6,339,193)	(6,339,193)	(5,242,362)	-	-

Raiffeisen Invest Euro

Notes to the financial statements

(Amounts in thousands of Lek, unless otherwise stated)

8. Financial Risk Management (continued)

(c) Liquidity risk (continued)

31 December 2018	Up to 1 month	1 to 3 months	3 to 6 months	6 to 12 months	Over 1 year	Total
Assets						
Financial assets at fair value through profit or loss	57,619	-	-	993,636	5,739,698	6,790,953
Investments in other investment funds at fair value through profit or loss	2,686,218	-	-	-	-	2,686,218
Cash and cash equivalents	907,616	-	-	-	-	907,616
Other receivables	406	-	-	-	-	406
Total	3,651,859	-	-	993,636	5,739,698	10,385,193
Liabilities						
Payable to the Management Company	(13,499)	-	-	-	-	(13,499)
Payable to the unit holders	(59,963)	-	-	-	-	(59,963)
Other liabilities	(2,647)	-	-	-	-	(2,647)
Net assets attributable to the unit holders	(10,309,084)	-	-	-	-	(10,309,084)
Total	(10,385,193)	-	-	-	-	(10,385,193)
Liquidity risk	(6,733,334)	-	-	993,636	5,739,698	-
Cumulative	(6,733,334)	(6,733,334)	(6,733,334)	(5,739,698)	-	-

8. Financial Risk Management (continued)**(d) Market risk**

Market risk is the risk that changes in market prices will affect the Fund's incomes or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk.

Exposure to foreign currency risk

The Fund is not exposed to currency risk as the transactions in currencies other than the Fund's base currency (Euro currency) are absent. The Fund has not entered into any forward exchange or embedded derivative product transactions as of 31 December 2018. As at 31 December 2019 and 2018, there are no material financial assets or liabilities, which are expressed in a currency other than Euro.

Exposure to interest rate risk

The principal risk to which trading portfolios are exposed is the risk of loss from fluctuations in the future cash flows or fair values of financial instrument because of a change in market interest rates (Assets and Liabilities Net Present Value Gaps). Interest rate risk is managed principally through monitoring interest rate gaps. The management of interest rate risk against interest rate gap limits is supplemented by monitoring the sensitivity of the Fund's financial assets and liabilities to various standard and non-standard interest rate scenarios. Standard scenarios that are considered on a regular basis include a 100 basis point (bp) parallel fall or rise in all yield curves. An analysis of the Fund's sensitivity to an increase or decrease in market interest rates (assuming no asymmetrical movement in yield curves and a constant financial position) is as follows:

2019

Interest rates	Decrease 100 pbs	Increase 100 pbs
Estimated Profit / (loss) effect	574,123	(574,123)

2018

Interest rates	Decrease 100 pbs	Increase 100 pbs
Estimated Profit / (loss) effect	812,543	(812,543)

(e) Capital risk management

The Net Assets of the Fund is represented by the net assets attributable to the unit holders. The amount of net assets attributable to the unit holders can change significantly on a daily basis, as the Fund is subject to daily subscriptions and redemptions at the discretion of unit holder. The Fund's objective when managing capital is to safeguard the Fund's ability to continue as a going concern in order to provide returns for unit holders, provide benefits for other stakeholders and maintain a strong capital base to support the development of the investment activities of the Fund. In order to maintain the capital structure, the Fund's policy is to perform the following:

- Monitor the level of daily subscriptions and redemptions relative to the cash position in order to be able to redeem its unit holders within 7 days from a valid request date.
- Redeem and issue new units in accordance with the law and prospectus of the Fund, which includes the ability to restrict redemptions and require certain minimum holdings and subscriptions. The Board of Administration and Management Company monitor capital on the basis of the value of net assets attributable to the unit holders.

(i) Investment strategy

The investment strategy of the Raiffeisen Invest Euro Fund's assets is based on the law no. 10198 "On collective investment undertakings" and the resulting regulations from its implementation, as well as in the internal policy of investment of the Management Company, proposed by the Investment Committee and approved by the Board of Administration of the Management Company.

(ii) Legal framework

With regard to the investment of the Fund's assets, Raiffeisen Euro under the administration of Raiffeisen INVEST – Management Company of Pension Funds and Collective Investment Undertakings sh.a. operates according to law no. 10198, dated December 10, 2009 "On collective investment undertakings" and the Fund's prospectus.

8. Financial risk management (continued)**(e) Capital risk management (continued)****(iii) Permitted Investments**

According to the regulation, the Fund's assets may be invested on the following instruments:

- transferable securities and money market instruments traded on a regulated market or official stock exchange in the Republic of Albania, in an EU country or in another country permitted by FSA;
- units of investment funds or shares of investment companies licensed under the Law no. 10198 "On Collective Investment Undertakings", and shares or units of other approved collective investment undertakings licensed in accordance with EU standards;
- deposits with credit institutions, registered in the Republic of Albania or in an EU country or FSA permitted country, which mature in no more than 12 months or can be withdrawn at any time;
- financial derivative instruments;
- other money market instruments.

The Management Company is committed to respect all investment restrictions provided by Law no. 10198 "On Collective Investment Undertakings" and by internal risk management policy for any of the instruments mentioned above.

Investment limitations and the permitted limit

The Fund may not invest more than 20 % of its net assets in deposits with the same institutions.

The Fund may invest no more than 5% of its net assets in securities and money market instruments of a single issuer.

The limit of 5% may be increased to:

- a) 10%. In this case, the total value of the securities and money market instruments in which the Fund invests more than 5% of the fund net assets, must not exceed 40% of the total net value of fund assets;
- b) 35% in the case of securities and money market instruments issued or guaranteed by the government and local authorities of the Republic of Albania, EU countries, FSA-permitted countries or by public international bodies to which one or more EU countries adhere;
- c) 100 percent upon FSA approval if some criteria defined on the law "On collective investment undertakings" are met;
- d) 25% in the case of certain special bonds issued by licensed credit institutions which have a registered office in the Republic of Albania, or an EU country or FSA-permitted country. The total investment in that type of bonds issued by a single issuer in which the Fund invests more than 5%, shall not exceed 80% of the total value of the assets of the Fund;

The Fund may acquire units or shares in another collective investment undertaking up to 30% of its assets. The Management Company manages the assets of the Fund with the objectives of safety, liquidity and yield, trying to seek an optimal ratio between capital growth and risk undertaken. The long-term objectives for the allocation of the Fund's assets in accordance with the prospect are as follows:

Class	Objective
Securities issued and guaranteed by the government of Republic of Albania and Albanian local authorities.	40%
Securities issued and guaranteed by an EU country and authority, by public international organizations or another country approved by AFSA	8%
Bank deposits or certificates of deposit	5%
Units in another collective investment undertaking	25%
Transferable securities and other debt financial instruments traded in regulated markets or stock exchanges in Albania, EU or other countries approved by AFSA	22 %
These objectives serve as guidelines and are subject to change depending on the marker conditions and investment policies.	

8. Financial risk management (continued)

(e) Capital risk management (continued)

(iii) Permitted Investments (continued)

Fund's investments internal policy

The Investment risk is undertaken only by the Fund's members and not by the Management Company. To minimize this risk, the Management Company has in the organizational structure an Investment Committee which approves the policies for the allocation of assets and investments, and a Risk Management Unit which performs the quantitative and qualitative control of all risks linked with the Fund. There are not permitted all those investments whose return rate is under the market level, because this will compromise the Investment - Risk balance.

A statement showing investment structure as at 31 December 2019 and 2018 is as follows:

	The value on the date of reporting	As % of funds total assets
Government bonds	4,428,454	46%
Corporate bonds	2,163,703	22%
Investments in other funds	2,806,476	29%
Deposits	194,795	2%
Cash and other cash equivalents	138,043	1%
31 December 2019	9,731,472	100%
	The value on the date of reporting	As % of funds total assets
Government bonds	4,704,737	45%
Corporate bonds	2,086,215	20%
Investments in other funds	2,686,218	26%
Deposits	826,442	8%
Cash and other cash equivalents	80,767	1%
31 December 2018	10,384,379	100%

9. Fair values of financial instruments

Determining fair values

The determination of fair values of financial assets and financial liabilities is based on quoted market prices or dealer price quotations for financial instruments traded in active markets. For all other financial instruments, fair value is determined by using valuation techniques. Valuation techniques include net present value techniques, the discounted cash flow method, comparison to similar instruments for which market observable prices exist, and valuation models.

The objective of valuation techniques is to arrive at a fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date.

The Fund measures fair values using Level 1 and Level 2 of the fair value hierarchy that reflects the significance of the inputs used in making the measurements, which is explained as follow:

- Level 1: Inputs that are quoted market prices (unadjusted) in active markets for identical instruments.
- Level 2: Valuation techniques based on observable inputs, either directly (i.e., as prices) or indirectly (i.e., derived from prices). This category includes instruments valued using quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or dealer price quotations. For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgment

Raiffeisen Invest Euro

Notes to the financial statements

*(Amounts in thousands of ALL, unless otherwise stated)***9. Fair values of financial instruments (continued)***Determining fair values (continued)*

depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

Cash and cash equivalents and deposits

Cash and cash equivalents include cash on hand and current accounts with resident banks. As these balances are short term, their fair value is considered to equate to their carrying amount.

Investment in securities

Investment securities include treasury bills, government and corporate bonds. The fair value for these investment securities has been estimated using a discounted cash flow model based on a current yield curve appropriate for the remaining term to maturity. Investments are carried at fair value.

Quotas in Other Investment Funds

The fair value for these investment securities has been estimated using daily quota prices published regularly for the respective Investment Funds.

The following table analyses within the fair value hierarchy the Fund's financial assets (by class) measured at fair value at 31 December 2019.

31 December 20189	Level 1	Level 2	Level 3	Total
Albania Government bonds	-	3,129,470	-	3,129,470
Other Government bonds	-	1,298,984	-	1,298,984
Corporate Bonds	-	2,163,703	-	2,163,703
Investment Funds	2,806,476	-	-	2,806,476
	2,806,476	6,592,157	-	9,398,633

31 December 2018	Level 1	Level 2	Level 3	Total
Albania Government bonds	-	3,796,666	-	3,796,666
Other Government bonds	-	908,071	-	908,071
Corporate Bonds	-	2,086,215	-	2,086,215
Investment Funds	2,686,218	-	-	2,686,218
	2,686,218	6,790,952	-	9,477,170

All fair value measurements disclosed are recurring fair value measurements.

	31 December 2019	31 December 2018
Financial assets at fair value through profit or loss	6,592,158	6,790,952
Investments in other investment funds at fair value through profit or loss	2,806,703	2,686,218
Total	9,398,633	9,477,170

The valuations are prepared and are reviewed on a regular basis by the Risk Manager valuation who report and make recommendations to the Management Company on a monthly basis in line with the monthly valuations that are provided to investors. Risk Manager considers the appropriateness of the valuation model itself, the significant and key inputs as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The valuation technique is selected and calibrated on acquisition of the underlying portfolio companies. In determining the continued appropriateness of the chosen valuation technique, Risk Manager may perform back testing to consider the various models' actual results and how they have historically aligned to actual market transactions.

In addition, the Custodian Bank is responsible for reviewing the revaluations through a daily confirmation procedure.

The Fund has not disclosed the fair values for financial assets and financial liabilities not measured at fair value, because their carrying amount is a reasonable approximation of fair value.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, current accounts and deposits with resident Banks. As these balances are short term, their fair value is considered to equate to their carrying amount.

Raiffeisen Invest Euro

Notes to the financial statements

*(Amounts in thousands of ALL, unless otherwise stated)***10. Net interest income**

Interest income from financial instruments by category is composed as follows:

	2019	2018
Government and corporate bonds	218,996	303,659
Deposits	0	95
Total interest income	218,996	303,754
Interest expenses		
Interest expenses from deposits	(2,470)	(4,076)
Net interest income	216,526	299,678

Investments bonds yields range from 0.25% - 6.625% per annum for corporate bonds and from 0.25% - 5.75% for government bonds (2018: yields range from 0.25% - 6.65% per annum for corporate bonds and from 0.80% - 5.75% for government bonds).

11. Other net changes in fair value of financial assets at fair value through profit or loss

Changes in fair value are detailed as follows:

	2019	2018
Realized loss	14,082	(146,782)
Unrealized (loss)/gain	241,191	(201,411)
Total change in fair value of financial assets	268,273	(348,193)

12. Net foreign exchange loss

	2019	2018
Realized foreign exchange transaction loss	2,948	(308,830)
Unrealized foreign exchange transaction gains/(loss)	(119,953)	61,350
Total	(247,480)	(247,480)

13. Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss can be detailed in terms of maturity as follows:

	31 December 2019	31 December 2018
Government and corporate bonds	6,592,158	6,790,952
Total	6,592,158	6,790,952

	Fair value	Accrued interest	Net book value
Government and corporate bonds	6,503,654	88,504	6,592,158
31 December 2019	6,503,654	88,504	6,592,158

	Fair Value	Accrued Interest	Net Book Value
Government Bonds	6,709,557	81,395	6,790,952
31 December 2018	6,709,557	81,395	6,790,952

Government bonds	31 December 2019	31 December 2018
At 1 January	6,477,940	9,352,900
Purchases during the year	705,048	3,725,245
Sold during the year	(603,794)	(6,491,614)
Loss from foreign exchange revaluation	(75,539)	(108,585)
At 31 December	6,503,655	6,477,940

Raiffeisen Invest Euro

Notes to the financial statements

*(Amounts in thousands of ALL, unless otherwise stated)***14. Involvement with unconsolidated structured entities**

The Fund has concluded that the unlisted open-ended investment funds in which it invests, but that it does not consolidate, meet the definition of structured entities because:

- ✓ the voting rights in the funds are not dominant rights in deciding who controls them because the rights relate to administrative tasks only;
- ✓ each fund's activities are restricted by its prospectus; and the funds have narrow and well-defined objectives to provide investment opportunities to investors.

Investments in units comprise investments as follows:

	31 December 2019	31 December 2018
Other funds' units	2,806,476	2,686,218
Total	2,806,476	2,686,218

During the year ended 31 December 2018, the Fund did not provide financial support to unconsolidated structured entities and has no intention of providing financial or other support. The Fund can redeem units in the above investment funds at any point in time.

15. Cash and cash equivalents

	31 December 2019	31 December 2018
Current accounts at the Custodian Bank	138,043	80,767
Total current accounts	138,043	80,767
Deposits	194,832	826,914
Accrued interest	(37)	(65)
Total deposits	194,795	826,849
Total cash and cash equivalents	332,839	907,616

16. Other liabilities

Other liabilities comprise withholding personal income tax payable to the tax authorities, arisen from benefits withdrawn from the unit holders during the month of December. The Management Company acts as the collecting agent on behalf of the Fund, according to the Law no.8438 "On Income Tax" dated 28.12.1998.

17. Net assets attributable to the unit holders

	31 December 2019	31 December 2018
Net assets attributable to the unit holders at 1 January	10,309,084	14,713,442
Issued units during the year	851,389	834,826
Redeemed units during the year	(1,687,628)	(4,078,618)
Translation effect	(24,306)	(715,534)
	9,448,540	10,754,116
Increase in net assets attributable to the unit holders during the year	268,273	(445,032)
Balance at 31 December	9,716,814	10,309,084
Net Assets Value per unit in Lek at 31 December	14,564	14,197

Raiffeisen Invest Euro

Notes to the financial statements

*(Amounts in thousands of ALL, unless otherwise stated)***18. Related parties**

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions.

Related Parties of the Fund are Raiffeisen INVEST – Management Company of Pension Funds and Collective Investment Undertakings sh.a., which manages the Fund, the Fund's Custodian Bank and Raiffeisen Bank sh.a. as the sole shareholder of the Management Company.

As of and for the year ending 31 December 2019 and 2018 the Fund has entered the following transactions and balances with its related parties:

	31 December 2019	31 December 2018
Deposits		
Deposits at the Raiffeisen Bank sha and Raiffeisen International	194,832	826,914
Accrued interest	(37)	(65)
	194,795	826,849
Due to the Management Company		
Management Company fee payable	(12,392)	(13,499)
	(12,392)	(13,499)
Interest expenses		
Negative interest from deposits at related parties matured within the year and current accounts	(2,500)	(4,076)
	(2,500)	(4,076)
Expenses		
Management Company fee	(149,045)	(188,268)
Total	(149,045)	(188,268)

19. Events after the reporting period

On March 24, 2020, by Decision of the Council of Ministers no. 243, the state of natural disaster was declared in Albania, as a result of the spread of the COVID19 virus and its classification as pandemic by

World Health Organization on March 12, 2020. In the framework of special administrative measures during the duration of the infection period, approved by normative act no. 8 of 24 March 2020, all activities that were not classified as vital were suspended. In order to assess the possible effects of the natural disaster situation on the progress of the Company and the funds, the Company conducted resistance tests on the data of March 31, 2020, which do not result in effects that may call into question the continuity of the activity of Society and the funds administered by it.

There are no other subsequent events after the reporting date that may require either adjustment or disclosure in the financial statements.