



**Nexia**  
Mongolia

**MANDAL FUTURE GROWTH MUTUAL FUND LLC**

**International Financial Reporting Standards  
Financial Statements and Independent Auditor's Report**

**31 December 2024**

## CONTENTS

FUND INFORMATION .....	3
STATEMENT BY MANAGEMENT .....	4
INDEPENDENT AUDITOR'S REPORT .....	5
STATEMENT OF INCOME AND OTHER COMPREHENSIVE INCOME .....	7
STATEMENT OF FINANCIAL POSITION .....	8
STATEMENT OF CHANGES IN EQUITY .....	9
STATEMENT OF CASH FLOWS .....	10
1. General information of the Fund.....	15
2. Operating Environment of the Fund .....	16
3. Basis of Presentation.....	17
4. Significant Accounting Policies .....	19
5. Adoption of New or Revised Standards and Interpretations .....	26
6. New Accounting Pronouncements .....	27
7. Balances and Transactions with Related Parties .....	28
8. Compliance with laws, regulations and standards .....	29
9. Interest Income .....	30
10. Dividend income .....	31
11. Other income .....	32
12. Financial assets related to gain/loss .....	32
13. Foreign currency exchange gain/loss.....	32
14. Operation expense of the Fund .....	32
15. Other expense .....	33
16. Income taxes .....	33
17. Financial assets .....	34
18. Cash and cash equivalents .....	35
19. Other receivables .....	36
20. Unit holders .....	36
21. Other reserves .....	37
22. Other payables .....	37
23. Financial Risk Management .....	37
24. Management of Capital .....	45
25. Contingencies and Commitments .....	45
26. Fair value disclosures.....	46
27. Presentation of Financial Instruments by Measurement category .....	48
28. Event after the End of the Reporting Period.....	49
29. Translation into Mongolian language.....	49

## Mandal Future Growth Mutual Fund LLC

### FUND INFORMATION

<b>Decision to establish:</b>	Mandal Future Growth Mutual Fund LLC (The Fund) was established on April 07, 2021.	
<b>Board of directors:</b>	Amarjargal R. Ankhubayar Ch. Batsukh Ts. Delgersaikhan J. Monsor N.	Chairman of the Board Board Member Board Member Board Member Board Member
<b>Executive director:</b>	Ganzorig G.	
<b>Authorised representative of the executive director:</b>	Batkhisig B.	
<b>Executives:</b>	Batbayar S. Mandukhai O.	Director of Financial Operation Chief accountant
<b>Asset management company:</b>	Mandal Asset Management SC LLC	
<b>Custodian bank:</b>	Custodian service department of Golomt Bank JSC	
<b>Principal bankers:</b>	Golomt Bank JSC Khan Bank JSC Capitron Bank Private JSC TDBank JSC M Bank Private JSC Bogd Bank JSC Trans Bank JSC Arig Bank JSC Xac Bank JSC Mongolian Central Securities Depository Co, Ltd	
<b>Fund address:</b>	Meru tower 6th floor, Jamyangun street, Sukhbaatar district, Ulaanbaatar, Mongolia	
<b>Independent auditors:</b>	Nexia Global Mongolia Audit LLC Embassy one Building, Suite 606, 6th floor, Elchingiin gudamj 15A, 1st khoroo, Sukhbaatar district, Ulaanbaatar, Mongolia	

28 March 2025

A025/055

NEXIA GLOBAL MONGOLIA AUDIT LLC

*Statement by management*

The director of "Mandal Future Growth" Mutual Fund LLC is responsible for the preparation of the financial statements.

The financial statements of "Mandal Future Growth" Mutual Fund LLC have been prepared to comply with International Financial Reporting Standards. The director of Fund is responsible for ensuring that these financial statements present fairly the state of affairs of the Fund as at 31 December 2024 and its financial performance and cash flows for the year then ended on that date.


The director is also have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Fund and to prevent and detect fraud and other irregularities.

The director of Fund considers that, in preparing the financial statements including explanatory notes, they have used appropriate policies, consistently applied and supported by reasonable and prudent judgment and estimates, and that all applicable accounting standards have been followed.

The director of "Mandal Future Growth" Mutual Fund LLC authorized the financial statements of the Fund for the year ended 31 December 2024 for issuance.



Batkhishig B.  
*Authorised Representative  
of the Executive director*



Batbayar S.  
*Chief Financial Officer*



Mandukhai O.  
*Chief Accountant*

*Ulaanbaatar, Mongolia*

*Date: 28 March 2025*

## INDEPENDENT AUDITOR'S REPORT

*To the unitholders of Mandal Future Growth Mutual Fund LLC*

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### Opinion

We have audited the financial statements of "Mandal Future Growth Mutual Fund" LLC (the "Fund"), which comprise the statement of financial position as at 31 December 2024, and the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Fund as at 31 December 2024, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS").

### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Fund in accordance with the *International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (the "IESBA Code")*, 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.

### 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 that give a true and fair view in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

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 scepticism throughout the audit. We also:



## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

- 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.

### Other Matter

Our report is made solely to the unitholders of the Mandal Future Growth Mutual Fund LLC, as a body, in connection with the audit requested by unitholders in accordance with Article 23 of the Investment Fund law of Mongolia and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

### NEXIA GLOBAL MONGOLIA AUDIT LLC

Certified Public Accountants

Signed by

**Narandelger U.**  
Auditor



Ulaanbaatar, Mongolia  
Date: 28 March 2025

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**Nexia Global Mongolia Audit LLC**

Member firm of Nexia International  
Website: [www.nexia.com](http://www.nexia.com)

**MANDAL FUTURE GROWTH MUTUAL FUND LLC**  
FOR THE YEAR ENDED 31 DECEMBER 2024

**STATEMENT OF INCOME AND OTHER COMPREHENSIVE INCOME.**

<i>(In thousands of Mongolian Tugriks)</i>	<b>Note</b>	<b>2024</b>	<b>2023</b>
Interest income on financial assets measured at fair value through other comprehensive income	9	3,843,793	1,873,289
Interest income on financial assets measured at amortised cost	9	3,962,322	2,287,045
Dividend income	10	1,509,205	718,452
Other income	11	86,777	213,238
Gain/(loss) on sale of financial assets measured at amortised cost	12	1,104,430	489,430
Net change in fair value transferred to profit or loss on financial assets measured at fair value through other comprehensive income	12	51,058	477,953
<b>Total income</b>		<b>10,557,585</b>	<b>6,059,407</b>
Investment management service fees	14	(1,502,480)	(566,497)
Custodian banking service fees	14	(62,494)	(83,219)
Other expense	15	(272,111)	(74,872)
Foreign exchange gain/(loss)	13	(200,400)	596,343
<b>Total operation expenses</b>		<b>(2,037,485)</b>	<b>(128,245)</b>
<b>Profit before tax</b>		<b>8,520,100</b>	<b>5,931,162</b>
Income tax expense	16	(129,256)	(226,761)
<b>NET PROFIT FOR THE YEAR</b>		<b>8,390,844</b>	<b>5,704,401</b>
Net gain/(loss) on valuation of financial assets measured at fair value through other comprehensive income (OCI)	21	(685,813)	(562,091)
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>7,705,031</b>	<b>5,142,310</b>
Number of units	20	50,000,000	50,000,000
Basic earnings per units by (Mongolian Tugriks)		168	114

*The accompanying notes form an integral part of these financial statements.*



**MANDAL FUTURE GROWTH MUTUAL FUND LLC**  
FOR THE YEAR ENDED 31 DECEMBER 2024

**STATEMENT OF FINANCIAL POSITION**

<i>(In thousands of Mongolian Tugriks)</i>	<b>Note</b>	<b>2024-12-31</b>	<b>2023-12-31</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Investment designated as at amortised cost	17	208,021	726,477
Investment designated as at FVTOCI	17	8,166,763	-
<b>Total non-current assets</b>		<b>8,374,784</b>	<b>726,477</b>
<b>Current assets</b>			
Investment designated as at amortised cost	17	27,709,577	22,084,097
Investment designated as at FVTOCI	17	31,688,554	36,101,052
Other receivables	19	1,083,513	1,324,995
Cash and cash equivalents	18	2,070,041	121,584
<b>Total current assets</b>		<b>62,551,685</b>	<b>59,631,728</b>
<b>TOTAL ASSETS</b>		<b>70,926,469</b>	<b>60,358,205</b>
<b>EQUITY</b>			
Unit holders	20	50,000,000	50,000,000
Revaluation surplus	21	(276,448)	409,365
Retained earnings		18,066,719	9,669,518
<b>TOTAL EQUITY</b>		<b>67,790,271</b>	<b>60,078,883</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Other payables	22	3,136,198	189,946
<b>Total current liabilities</b>		<b>3,136,198</b>	<b>189,946</b>
<b>Non-current liabilities</b>			
Deferred tax liability	16	-	89,376
<b>Total non-current liabilities</b>		<b>-</b>	<b>89,376</b>
<b>TOTAL LIABILITIES</b>		<b>3,136,198</b>	<b>279,322</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>70,926,469</b>	<b>60,358,205</b>

*The accompanying notes form an integral part of these financial statements.*

**MANDAL FUTURE GROWTH MUTUAL FUND LLC**  
**FOR THE YEAR ENDED 31 DECEMBER 2024**

**STATEMENT OF CHANGES IN EQUITY**

*(In thousands of Mongolian Tugriks)*

	Unit rights	Retained earnings	Revaluation reserve	Total equity
<b>Balance at 31 December 2021</b>	50,000,000	(157,351)	-	49,842,649
Profit for the year	-	4,122,468	-	4,122,468
Other comprehensive income for the year	-	-	971,456	971,456
<b>Balance at 31 December 2022</b>	50,000,000	3,965,117	971,456	54,936,573
Profit for the year	-	5,704,401	-	5,704,401
Other comprehensive income for the year	-	-	(562,091)	(562,091)
<b>Balance at 31 December 2023</b>	50,000,000	9,669,518	409,365	60,078,883
The impact of changes in accounting policies and adjustment	-	(49,486)	-	(49,486)
<b>Balance at 1 January 2024</b>	50,000,000	9,620,032	409,365	60,029,397
Profit for the year	-	8,390,844	(685,813)	7,705,031
Other comprehensive income for the year	-	55,843	-	55,843
<b>Balance at 31 December 2024</b>	50,000,000	18,066,719	(276,448)	67,790,271

*The accompanying notes form an integral part of these financial statements.*

**MANDAL FUTURE GROWTH MUTUAL FUND LLC**  
**FOR THE YEAR ENDED 31 DECEMBER 2024**

**STATEMENT OF CASH FLOWS**

<i>(In thousands of Mongolian Tugriks)</i>	<b>Notes</b>	<b>2024-12-31</b>	<b>2023-12-31</b>
<b>CASH FLOWS FROM OPERATION ACTIVITIES</b>			
<b>Profit before tax</b>		8,520,100	5,931,162
Non-cash adjustments to reconcile pre-tax profit with net cash flow:			
Interest income	9	(7,806,115)	(4,160,334)
Dividend income	10	(1,509,205)	(718,452)
Foreign exchange unrealised (gain) /loss	13	(308,176)	66,395
Gain/(loss) on financial instruments trading at amortised cost	12	(1,104,430)	(489,430)
Gain/(loss) on financial instruments measured at fair value recognised through other comprehensive income	12	(51,058)	(477,953)
		<b>(2,258,884)</b>	<b>151,388</b>
Changes in working capital:			
(Increase)/Decrease investment measured at amortised cost	17	(5,107,025)	5,855,074
(Increase)/Decrease investment measured at fair value recognised through other comprehensive income	17	(3,754,264)	(12,424,484)
Unrealised gain/(loss) on financial instruments		690,351	-
(Increase)/Decrease other receivables	19	241,482	-
(Increase)/Decrease prepayment		-	64,216
(Increase)/Decrease deferred tax payables		89,376	-
Increase/(Decrease) other payables	22	2,946,252	(367,386)
Income tax paid	16	(129,256)	(132,519)
Received interest		7,212,644	4,439,338
Received dividends	10	1,509,205	718,452
<b>Net cash flow from operation activities</b>		<b>1,439,881</b>	<b>(1,695,921)</b>
Effect of exchange rate changes on cash and cash equivalents	13	508,576	(395)
<b>Net increase (decrease) in cash and cash equivalent</b>		<b>1,948,457</b>	<b>(1,696,316)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	19	<b>121,584</b>	<b>1,817,900</b>
<b>Cash and cash equivalents at the end of the period</b>	19	<b>2,070,041</b>	<b>121,584</b>

*The accompanying notes form an integral part of these financial statements.*

## “Mandal Future Growth” Mutual Fund LLC

For the year ended 31 December 2024

### Notes to Financial Statements

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#### 1. General information of the Fund

Mandal Future Growth Mutual Fund LLC (The Fund) is a closed-end investment fund established in accordance with the laws of Mongolia under the Limited Liability Company (LLC) structure based on the founder's decision №01 dated April 7, 2021. It was registered with the State Registration Authority of Mongolia on May 18, 2021, and received the state registration certificate with Registration number 6702988 and Fund Certificate number 9011827609.

By the resolution number №328 of the Financial Regulatory Commission date August 18, 2021, the fund obtained a special certificate with the number TZ 312/02 to operate a collective investment fund.

Mandal Future Growth Mutual Fund LLC is a closed-end investment fund that issues unit rights in the form of a public offering within the limits of the capital set by the founder, selling them at market value. The fund does not have an obligation to repurchase the unit rights it has issued. The fund aims to provide long-term, stable, and high returns to its investors. It strives to regularly increase the value of the unit holders' assets by investing in systemically important banks and the money market in the financial sector.

A person or legal entity who has transferred the unit rights into their legal ownership, either directly or from the secondary market, and has registered as a unit holder in the records of the unit holder, shall be considered a unit holder (unit holder of the Fund).

The fund will operate for 10 years, and at the end of this period, the total assets will be distributed among the investors.

The fund invests in bank deposits, stocks, and fixed-income securities, and engages in activities aimed at generating stable, high returns over the long term, thereby increasing the value of the assets held by the unit holders of the fund.

The fund is not obligated to hire employees under the Investment Fund Law, and “Mandal Asset Management” SC LLC (hereinafter IMC) assumes the primary management responsibilities based on the asset management agreement.

The Custodian Services Department of Golomt Bank JSC provides services based on a custodial agreement with the fund, which includes safekeeping of the fund's assets, maintaining asset records, performing payments in accordance with instructions, calculating asset valuations, providing reporting and information, and maintaining records of unit rights.

The official registered address and location of the fund is: Jamyangun Street, Meru Tower, Number 602, Sukhbaatar District, 1st Khoroo, Ulaanbaatar city, Mongolia.

Board of directors:

№	Name	Responsibility
1	Amarjargal R.	Chairman of the board
2	Ankhbayar Ch.	Board member
3	Batsukh Ts.	Board member
4	Delgersaikhan J.	Board member
5	Monsor N.	Board member

## "Mandal Future Growth" Mutual Fund LLC

For the year ended 31 December 2024

### Notes to Financial Statements

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## 2. Operating Environment of the Fund

### 2.1. General

The Mongolian displays certain characteristics of an emerging market. Its economy is particularly sensitive to copper and coal prices. The legal rule and tax regulatory frameworks continue to develop and are subject to frequent changes and varying interpretations.

Mongolia's economy remains heavily reliant on the mining sector, with coal and copper exports playing a crucial role in economic performance. In 2023, the economy grew by 7.0%, driven by increased mineral exports and strong trade balances, but inflation, currency depreciation, and global market volatility continue to pose risks.

The legal, tax, and regulatory frameworks are evolving, with frequent amendments impacting businesses. Economic growth projections for 2024 range from 4.1% to 7.5%, reflecting Mongolia's dependence on China's demand for commodities and global price trends.

The business environment remains affected by external uncertainties, including supply chain disruptions, fluctuating commodity prices, and geopolitical risks.

The Russia-Ukraine war continues to impact global trade and energy markets, while the Israel-Gaza conflict adds further instability, particularly in oil prices. These factors could influence inflation, financial markets, and Mongolia's overall economic trajectory.

Environmental, social, and governance (ESG) factors are becoming increasingly relevant as Mongolia pushes for economic diversification. The government aims to expand renewable energy, targeting a 30% share by 2030, while mining companies face rising expectations for sustainable operations and transparency. Strengthening ESG compliance is becoming essential for businesses to maintain investor confidence and regulatory alignment.

Management is taking necessary measures to ensure sustainability of the Fund's operations and support its employees. However, the future effects of the current economic situation are difficult to predict, and management's current expectations and estimates could differ from actual results.

### 2.2. Currency transactions

Foreign currencies, particularly, US Dollar and EUR, play an important role in the underlying economics of many business transactions in Mongolia. The table below shows exchange rate of MNT relative to USD and EURO as set by the Central Bank of Mongolia.

Date	USD	EURO
31 December 2024	3,420.46	3,561.04
31 December 2023	3,410.69	3,791.66

### 2.3. Functional and presentation currency

The functional currency of Fund is the currency of the primary economic environment in which the Fund operates. The functional currency of the Fund, and the Fund's presentation currency, is the national currency of Mongolia, Mongolian Tugriks ("MNT"). All values in these financial statements are rounded to the nearest thousands, except otherwise indicated.

## "Mandal Future Growth" Mutual Fund LLC

For the year ended 31 December 2024

### Notes to Financial Statements

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#### 3. Basis of Presentation

##### 3.1. General principles

These financial statements of the Fund are prepared in accordance with International Financial Reporting Standards ("IFRS") under the historical cost convention, as modified by the initial recognition of financial instruments based on fair value, and by the revaluation of premises and equipment, investment properties, financial instruments categorised at fair value through profit or loss ("FVTPL") and fair value through other comprehensive income ("FVTOCI"). The principal accounting policies applied in the preparation of these financial statements are set out in Note 4. Apart from the investment policy document and the accounting policy changes effective from 4 April 2024, these policies have been consistently applied to all the periods presented, unless otherwise stated. Refer to Note 5.

The Fund maintains its accounting records in accordance with the applicable legislation of Mongolia. The Fund's financial statements have been prepared on the basis of those accounting records and adjusted as necessary in order to comply, in all material respects, with IFRS. The principal accounting policies applied in the preparation of these financial statements are set out in Note 4.

##### 3.2. Critical accounting estimates and judgments in applying accounting policies

The Fund makes estimates and assumptions that affect the amounts recognised in these financial statements, and the carrying amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Management also makes certain judgements, apart from those involving estimations, in the process of applying the accounting policies. Judgements that have the most significant effect on the amounts recognised in the financial statements and estimates that can cause a significant adjustment to the carrying amount of assets and liabilities within the next financial year include:

**ECL measurement for financial instruments in debt securities.** Measurement of ECLs is a significant estimate that involves determination of methodology, models and data inputs. Details of ECL measurement methodology are disclosed in Note 23.

The following components have a major impact on credit loss allowance: definition of default, SICR, probability of default ("PD"), exposure at default ("EAD"), and loss given default ("LGD"), as well as models of macro-economic scenarios.

The Fund estimates ECL for all debt instruments classified at AC and FVOCI and regularly reviews the models and inputs to the models to reduce any differences between expected credit loss estimates and actual credit loss experience.

The Fund applies the simplified methodology based on credit rating assigned by international rating agencies when estimating ECL. The management assumes that forward-looking information is implied in the credit rating of the counterparty based on Probability of Default Implied Rating Research.

## "Mandal Future Growth" Mutual Fund LLC

For the year ended 31 December 2024

### Notes to Financial Statements

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#### 3. Basis of Presentation (continued)

##### 3.2. Critical accounting estimates and judgments in applying accounting policies (continued)

**Significant increase in credit risk ("SICR")** In order to determine whether there has been a significant increase in credit risk, the Fund compares the risk of a default occurring over the life of a financial instrument at the end of the reporting date with the risk of default at the date of initial recognition. The assessment considers relative increase in credit risk rather than achieving a specific level of credit risk at the end of the reporting period. The Fund considers all reasonable and supportable forward-looking information available without undue cost and effort. Refer to Note 23.

**Business model assessment.** The business model drives classification of financial assets. Management applied judgement in determining the level of aggregation and portfolios of financial instruments when performing the business model assessment. When assessing sales transactions, the Fund considers their historical frequency, timing and value, reasons for the sales and expectations about future sales activity. If Mandal Savings Mutual Fund LLC has decided to classify financial assets in this category using the fair value representation option, the asset's classification will not be changed in the future.

Sales transactions aimed at minimizing potential losses due to credit deterioration are considered consistent with the "hold to collect" business model. Other sales before maturity, not related to credit risk management activities, are also consistent with the "hold to collect" business model, provided that they are infrequent or insignificant in value, both individually and in aggregate. In addition, sales of financial asset expected only in stress case scenario, or in response to an isolated event that is beyond the Fund's control, is not recurring and could not have been anticipated by the Fund, are regarded as incidental to the business model objective and do not impact the classification of the respective financial assets.

The "hold to collect and sell" business model means that assets are held to collect the cash flows, but selling is also integral to achieving the business model's objective, such as, managing liquidity needs, achieving a particular yield, or matching the duration of the financial assets to the duration of the liabilities that fund those assets.

**Assessment whether cash flows are solely payments of principal and interest ("SPPI").** Determining whether a financial asset's cash flows are solely payments of principal and interest required judgement.

The time value of money element may be modified, for example, if a contractual interest rate is periodically reset but the frequency of that reset does not match the tenor of the debt instrument's underlying base interest rate, for example, a loan pays three months inter Fund rate but the rate is reset every month. The effect of the modified time value of money was assessed by comparing relevant instrument's cash flows against a benchmark debt instrument with SPPI cash flows, in each period and cumulatively over the life of the instrument. The assessment was done for all reasonably possible scenarios, including reasonably possible financial stress situation that can occur in financial markets.

**Initial recognition of related party transactions.** In the normal course of business, the Fund enters into transactions with its related parties. IFRS 9 requires initial recognition of financial instruments based on their fair values. Judgement is applied in determining if transactions are priced at market or nonmarket interest rates, where there is no active market for such transactions. The basis for judgement is pricing for similar types of transactions with unrelated parties and effective interest rate analysis. Terms and conditions of related party balances are disclosed in Note 7.

## **"Mandal Future Growth" Mutual Fund LLC**

For the year ended 31 December 2024

### **Notes to Financial Statements**

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#### **3. Basis of Presentation (continued)**

##### **3.2. Critical accounting estimates and judgments in applying accounting policies (continued)**

###### ***Professional solution***

The noticeable professional solutions and calculations used for assets and liabilities are as follows, with detailed clarifications provided in the relevant explanations.

As a financial instrument:

- The fair value of financial instruments traded on active markets is determined based on the market price at the close of trading on the valuation date.
- The fair value of financial instruments not traded on active markets is calculated by considering the benchmark prices of similar assets in inactive markets, conditional changes, credit spreads, contract interest rates, benchmark interest rates that may be applicable, valuation methodologies, and other relevant factors.

The professional solution used to determine control and significant influence – The primary objective of the fund is to maintain a high return on investments. In most cases, the goal is to buy and sell equity instruments, and thus, it is assumed that control is not exercised. The impact of business transactions is considered, differentiating them from similar transactions made between unrelated parties and considering similarities with related parties.

#### **4. Significant Accounting Policies**

The following significant accounting policies were adopted in preparation of these financial statements of the Fund. These policies have been consistently applied to all the periods presented unless otherwise stated.

##### **4.1 Going concern**

Management prepared these financial statements on a going concern basis. The Fund's financial information has been prepared on the assumption that the Fund will continue its operations for the foreseeable future and will be able to realise its assets and discharge its liabilities and commitments in the normal course of business.

##### **4.2 Foreign currency translation**

The financial statements are presented in Mongolian Tugriks ("MNT"), which is the functional currency of the Fund.

##### **4.3 Transactions and balances**

Monetary assets and liabilities are translated into entity's functional currency at the official exchange rate of the Bank of Mongolia ("BOM") at the respective end of the reporting period. Foreign exchange gains and losses resulting from the settlement of the transactions and from the translation of monetary assets and liabilities into the Fund's functional currency at year-end official exchange rates of the BOM are recognised in profit or loss.

Foreign exchange gains and losses that relate to cash and cash equivalents are presented in the statement of profit or loss and other comprehensive income within "finance income or costs". All other foreign exchange gains and losses are presented in the statement of profit or loss and other comprehensive income within "Foreign exchange currency gains/(losses), net". Translation at year-end rates does not apply to non-monetary items that are measured at historical cost. Non-monetary items measured at fair value in a foreign currency, including equity investments, are translated using the exchange rates at the date when the fair value was determined. Effects of exchange rate changes on non-monetary items measured at fair value in a foreign currency are recorded as part of the fair value gain or loss.



## **"Mandal Future Growth" Mutual Fund LLC**

For the year ended 31 December 2024

### **Notes to Financial Statements**

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#### **4. Significant Accounting Policies (continued)**

##### **4.4 Impairment of non-financial assets**

Assets that are subject to depreciation and amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units- CGUs).

##### **4.5 Financial instruments – Key measurement terms**

Depending on their classification financial instruments are carried at fair value or amortised cost as described below.

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. The best evidence of fair value is the price in an active market. An active market is one in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. Fair value of financial instruments traded in an active market is measured as the product of the quoted price for the individual asset or liability and the quantity held by the entity. This is the case even if a market's normal daily trading volume is not sufficient to absorb the quantity held and placing orders to sell the position in a single transaction might affect the quoted price.

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial instrument. An incremental cost is one that would not have been incurred if the transaction had not taken place. Transaction costs include fees and commissions paid to agents (including employees acting as selling agents), advisors, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties. Transaction costs do not include debt premiums or discounts, financing costs or internal administrative or holding costs.

Amortised cost is the amount at which the financial instrument was recognised at initial recognition less any principal repayments, plus accrued interest, and for financial assets less any allowance for expected credit losses ("ECL"). Accrued interest includes amortisation of transaction costs deferred at initial recognition and of any premium or discount to the maturity amount using the effective interest method. Accrued interest income and accrued interest expense, including both accrued coupon and amortised discount or premium (including fees deferred at origination, if any), are not presented separately and are included in the carrying values of the related items in the statement of financial position.

The effective interest method is a method of allocating interest income or interest expense over the relevant period, so as to achieve a constant periodic rate of interest (effective interest rate) on the carrying amount. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts (excluding future credit losses) through the expected life of the financial instrument or a shorter period, if appropriate, to the net carrying amount of the financial instrument.

The effective interest rate discounts cash flows of variable interest instruments to the next interest repricing date, except for the premium or discount which reflects the credit spread over the floating rate specified in the instrument, or other variables that are not reset to market rates. Such premiums or discounts are amortised over the whole expected life of the instrument.

The present value calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate. For assets that are purchased or originated credit impaired ("POCI") at initial recognition, the effective interest rate is adjusted for credit risk, i.e. it is calculated based on the expected cash flows on initial recognition instead of contractual payments.

## **"Mandal Future Growth" Mutual Fund LLC**

For the year ended 31 December 2024

### **Notes to Financial Statements**

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#### **4. Significant Accounting Policies (continued)**

##### **4.6 Financial instruments – initial recognition**

Financial instruments at FVTPL are initially recorded at fair value. All other financial instruments are initially recorded at fair value adjusted for transaction costs. Fair value at initial recognition is best evidenced by the transaction price. A gain or loss on initial recognition is only recorded if there is a difference between

fair value and transaction price which can be evidenced by other observable current market transactions in the same instrument or by a valuation technique whose inputs include only data from observable markets. After the initial recognition, an ECL allowance is recognised for financial assets measured at amortised cost and investments in debt instruments measured at FVTOCI, resulting in an immediate accounting loss.

All purchases and sales of financial assets that require delivery within the time frame established by regulation or market convention ("regular way" purchases and sales) are recorded at trade date, which is the date on which the Fund commits to deliver a financial asset. All other purchases are recognised when the entity becomes a party to the contractual provisions of the instrument.

##### **4.7 Financial assets - classification and subsequent measurement - measurement categories**

The Fund classifies financial assets in the following measurement categories: Fair Value Through Other Comprehensive Income (FVTOCI), Fair Value Through Profit or Loss (FVTPL), and amortised cost (AC). The classification and subsequent measurement of debt financial assets depends on: (i) the Fund's business model for managing the related assets portfolio and (ii) the cash flow characteristics of the asset.

##### **4.8 Financial assets - classification and subsequent measurement - business model**

The business model reflects how the Fund manages the assets in order to generate cash flows - whether the Fund's objective is:

- Solely to collect the contractual cash flows from the assets ("hold to collect contractual cash flows".)
- To collect both the contractual cash flows and the cash flows arising from the sale of assets ("hold to collect contractual cash flows and sell")
- If neither of 1 and 2 is applicable, the financial assets are classified as part of "other" business model and measured at FVTPL

The business model is determined for a Fund of assets (on a portfolio level) based on all relevant evidence about the activities that the Fund undertakes to achieve the objective set out for the portfolio available at the date of the assessment. Factors considered by the Fund in determining the business model include the purpose and composition of a portfolio, past experience of how the cash flows for the respective assets were collected

##### **4.9 Financial assets – classification and subsequent measurement – cash flow characteristics**

Where the business model is to hold assets to collect contractual cash flows or to hold contractual cash flows and sell, the Fund assesses whether the cash flows represent solely payments of principal and interest ("SPPI"). Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are consistent with the SPPI feature. In making this assessment, the Fund considers whether the contractual cash flows are consistent with a basic lending arrangement. i.e. interest includes only consideration for credit risk, time value of money, other basic lending risks and profit margin.

Where the contractual terms introduce exposure to risk or volatility that is inconsistent with a basic lending arrangement, the financial asset is classified and measured at FVTPL. The SPPI assessment is performed on initial recognition of an asset, and it is not subsequently reassessed.

## **"Mandal Future Growth" Mutual Fund LLC**

For the year ended 31 December 2024

### **Notes to Financial Statements**

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#### **4. Significant Accounting Policies (continued)**

##### **4.10 Financial assets - reclassification**

Financial instruments are reclassified only when the business model for managing the portfolio as a whole changes. The reclassification has a prospective effect and takes place from the beginning of the first reporting period that follows after the change in the business model. The Fund did not change its business model during the current and comparative period and did not make any reclassifications.

##### **4.11 Financial assets - derecognition**

The fund derecognises financial assets when (a) the assets are redeemed or the rights to cash flows from the assets otherwise expire or (b) the Company has transferred the rights to the cash flows from the financial assets or entered into a qualifying pass-through arrangement whilst

- also transferring substantially all the risks and rewards of ownership of the assets or
- neither transferring nor retaining substantially all the risks and rewards of ownership but not retaining control.

Control is retained if the counterparty does not have the practical ability to sell the asset in its entirety to an unrelated third party without needing to impose additional restrictions on the sale.

##### **4.12 Offsetting financial instruments**

Financial assets and liabilities are offset, and the net amount reported in the statement of financial position only when there is a legally enforceable right to offset the recognised amounts, and there is an intention to either settle on a net basis, or to realise the asset and settle the liability simultaneously. Such a right of set off (a) must not be contingent on a future event and (b) must be legally enforceable in all of the following circumstances:

- (i) in the normal course of business
- (ii) in the event of default and
- (iii) in the event of insolvency or bankruptcy

##### **4.13 Financial assets - write-off**

Financial assets are written off, in whole or in part, when the Fund exhausted all practical recovery efforts and has concluded that there is no reasonable expectation of recovery. The write-off represents a derecognition event. The Fund may write-off financial assets that are still subject to enforcement activity when the Fund seeks to recover amounts that are contractually due, however, there is no reasonable expectation of recovery.

## "Mandal Future Growth" Mutual Fund LLC

For the year ended 31 December 2024

### Notes to Financial Statements

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#### 4. Significant Accounting Policies (continued)

##### 4.14 Investment in debt securities

Based on the business model and the cash flow characteristics, the Fund classifies investments in debt securities as carried at AC, FVTOCI or FVTPL. Debt securities are carried at AC if they are held for collection of contractual cash flows and where those cash flows represent SPPI, and if they are not voluntarily designated at FVTPL in order to significantly reduce an accounting mismatch.

Debt securities are carried at FVTOCI if they are held for collection of contractual cash flows and for selling, where those cash flows represent SPPI, and if they are not designated at FVTPL. Interest income from these assets is calculated using the effective interest method and recognised in profit or loss. An impairment allowance estimated using the expected credit loss model is recognised in profit or loss for the year.

All other changes in the carrying value are recognised in OCI. When the debt security is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from OCI to profit or loss.

Investments in debt securities are carried at FVTPL if they do not meet the criteria for AC or FVTOCI. The Fund may also irrevocably designate investments in debt securities at FVTPL on initial recognition if applying this option significantly reduces an accounting mismatch between financial assets and liabilities being recognised or measured on different accounting bases.

##### 4.15 Investments in equity securities

Financial assets that meet the definition of equity from the issuer's perspective, i.e. instruments that do not contain a contractual obligation to pay cash and that evidence a residual interest in the issuer's net assets, are considered as investments in equity securities by the Fund. Investments in equity securities are measured at FVTPL, except where the Fund elects at initial recognition to irrevocably designate an equity investment at FVTOCI. The Fund's policy is to designate equity investments as FVTOCI when those investments are held for strategic purposes other than solely to generate investment returns. When the FVTOCI election is used, fair value gains and losses are recognised in OCI and are not subsequently reclassified to profit or loss, including on disposal. Impairment losses and their reversals, if any, are not measured separately from other changes in fair value. Dividends continue to be recognised in profit or loss when the Fund's right to receive payments is established except when they represent a recovery of an investment rather than a return on such an investment.

##### 4.16 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less. Cash and cash equivalent to it are initially valued at their fair value and presented in the financial statements at their amortised cost. Because of:

- (i) they are held for collection of contractual cash flows and those cash flows represent SPPI, and
- (ii) they are not designated at FVTPL.

##### 4.17 Other receivables

Trade and other receivables are recognised initially at fair value and are subsequently carried at amortised cost using the effective interest method. Amortised cost of receivables refers to the net amount after subtracting repayments and the allowance for doubtful accounts from the initially recognised value.

**4. Significant Accounting Policies (continued)**

**4.18 Other payables**

Trade and other payables are accrued when the counterparty performs its obligations under the contract and are recognised initially at fair value and subsequently carried at amortised cost using the effective interest method. The liability arising from the settlement of the unit rights will be measured and valued at the net asset value on the date the liability is transferred and recorded.

**4.19 Financial liabilities**

Initial measurement and Subsequent measurement

Financial liabilities are classified, at initial recognition, as financial liabilities net of any transaction costs directly attributable, at fair value through profit or loss. Interest payables are accrued and recognised in the reporting period. Financial liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the statement of financial statement. For the purposes of each financial liability, interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

Derecognition

Financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the statement of profit or loss.

**4.20 Income taxes**

Income taxes have been provided for in the financial statements in accordance with legislation enacted or substantively enacted by the end of the reporting period. The income tax charge comprises current tax and deferred tax and is recognised in profit or loss for the year, except if it is recognised in other comprehensive income or directly in equity because it relates to transactions that are also recognised, in the same or a different period, in other comprehensive income or directly in equity.

Current tax is the amount expected to be paid to, or recovered from, the taxation authorities in respect of taxable profits or losses for the current and prior periods. Taxable profits or losses are based on estimates if financial statements are authorised prior to filing relevant tax returns. Taxes other than on income are recorded within operating expenses.

Deferred income tax is provided using the balance sheet liability method for tax loss carry forwards and temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. In accordance with the initial recognition exemption, deferred taxes are not recorded for temporary differences on initial recognition of an asset or a liability in a transaction other than a business combination if the transaction, when initially recorded, affects neither accounting nor taxable profit. Deferred tax balances are measured at tax rates enacted or substantively enacted at the end of the reporting period, which are expected to apply to the period when the temporary differences will reverse or the tax loss carry forwards will be utilised.

## "Mandal Future Growth" Mutual Fund LLC

For the year ended 31 December 2024

### Notes to Financial Statements

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#### 4. Significant Accounting Policies (continued)

##### 4.20. Income taxes (continued)

Deferred tax assets for deductible temporary differences and tax loss carry forwards are recorded only to the extent that it is probable that the temporary difference will reverse in the future and there is sufficient future taxable profit available against which the deductions can be utilised. Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Mongolia's Corporate Income Tax Law exempts investment fund operating income from taxation, thus relieving the fund from the obligation to account for deferred tax effects on income generated during asset management.

##### 4.21 Prepayments

Prepayments are carried at cost. Prepayments are recorded for collateral assets, deposits, and goods, works, or services to be received, which are temporarily placed in the advance payment account. Upon making a payment for securities transactions, the prepayments payment account related to the return of collateral assets and deposits will be credited.

##### 4.22 Equity

The issued units of rights will be considered the property of the owners. The fund issues units of rights in the form of a public offering within the capital amount determined by the founder, sells them at market prices, and does not have the obligation to repurchase its issued units of rights. Therefore, it is a closed-end type investment fund.

##### 4.23 Dividend

The issued units of rights will be considered the property of the owners. The fund issues units of rights in the form of a public offering within the amount of capital established by the founder, sells them at market prices, and does not have the obligation to repurchase its issued units of rights, meaning it is a closed-end type of investment fund.

##### 4.24 Provisions for liabilities and charge

Provisions for liabilities and charges are non-financial liabilities of uncertain timing or amount. They are accrued when the Fund has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pretax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as an interest expense.

## "Mandal Future Growth" Mutual Fund LLC

For the year ended 31 December 2024

### Notes to Financial Statements

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#### 4. Significant Accounting Policies (continued)

##### 4.25 Interest income

Interest income is recorded for all debt instruments, other than those at FVTPL, on an accrual basis using the effective interest method. This method defers, as part of interest income, all fee received between the parties to the contract that are an integral part of the effective interest rate, all other premiums or discounts.

Fees integral to the effective interest rate include origination fees received or paid by the Group relating to the creation or acquisition of a financial asset, for example fees for evaluating creditworthiness, evaluating and recording guarantees or collateral, negotiating the terms of the instrument and for processing transaction documents.

For financial assets that are originated or purchased credit-impaired, the effective interest rate is the rate that discounts the expected cash flows (including the initial expected credit losses) to the fair value on initial recognition (normally represented by the purchase price). As a result, the effective interest is credit-adjusted.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of financial assets, except for

- (i) financial assets that have become credit impaired (Stage 3), for which interest revenue is calculated by applying the effective interest rate to their AC, net of the ECL provision, and
- (ii) financial assets that are purchased or originated credit impaired, for which the original credit-adjusted effective interest rate is applied to the AC.

#### 5. Adoption of New or Revised Standards and Interpretations

The following amended standards became effective from 1 January 2024. The Fund adopted these standards if applicable.

IFRS 17	Insurance contracts
Amendment to IAS 7	Amendments regarding supplier finance arrangements
IFRS S1	General Requirements for Disclosure of Sustainability-related Financial Information
IFRS S2	Climate-related Disclosures

**"Mandal Future Growth" Mutual Fund LLC**  
For the year ended 31 December 2024  
**Notes to Financial Statements**

**6. New Accounting Pronouncements**

The Standards and Interpretations issued but not yet effective disclosed below. The Fund intends to adopt these standards, if applicable, when they become effective.

<b>IFRS</b>	<b>Description</b>	<b>Issued date</b>	<b>Effective date</b>
<i>IFRS 7</i> Key changes and concerns	<i>Financial Instruments: Disclosures</i> Amendments regarding the classification and measurement of financial instruments	May 2024	1 January 2026
<i>IFRS 9</i> Key changes and concerns	<i>Financial Instruments</i> Amendments regarding the classification and measurement of financial instruments	May 2024	1 January 2026
<i>IFRS 18</i> Key changes and concerns	<i>Presentation and Disclosure in Financial Statements</i> The key new concepts introduced in IFRS 18 relate to the structure of the statement of profit or loss; the required disclosures in the financial statements for 'management-defined performance measures'; and enhanced principles on aggregation and disaggregation	April 2024	1 January 2027
<i>IFRS 19</i> Key changes and concerns	<i>Subsidiaries without Public Accountability: Disclosures</i> The new standard reduces disclosure requirements for eligible subsidiary financial statements.	May 2024	1 January 2027

Unless otherwise described above, the new standards and interpretations are not expected to affect significantly the Fund's financial statements.



**"Mandal Future Growth" Mutual Fund LLC**

For the year ended 31 December 2024

**Notes to Financial Statements****7. Balances and Transactions with Related Parties**

For the purposes of these financial statements, parties are considered to be related if one party has the ability to control or exercise significant influence over the other party in making financial or operational decisions as defined by IAS 24 "Related Party Disclosures". In considering each possible related party relationship, attention is directed to the economic substance of the relationship, not merely the legal form.

Unit holders	Relationship	Unit rights
Tenger Daatgal LLC	Associated Company	5,987,084
Mandal Asset Management SC LLC	Investment management company	2,546,682
Mandal Capital Markets SC LLC	Associated Company	386,673
Mandal Financial Group LLC	Parent company of IMC	7,116
Other unitholders		41,072,445

**Board directors**

Amarjargal R.	Citizen of Mongolia	Chairman of the Board
Monsor N.	Citizen of Mongolia	Board Member
Ankhubayar Ch.	Citizen of Mongolia	Board Member
Batzorig G.	Citizen of Mongolia	Board Member

**Individual**

Ganzorig O.	Citizen of Mongolia	Owner
Batkhishig B.	Citizen of Mongolia	Authorised representative of the executive director
Ganzorig G.	Citizen of Mongolia	Executive director

No	Name	Registered country	Type	Relationship
<b>Subsidiary company owned by the IMC parent company</b>				
1	Mandal Asset Management SC LLC	Mongolia	27121	Subsidiary company
2	Mandal Capital Markets SC LLC	Mongolia	27121	Subsidiary company
3	Mandal Insurance JSC	Mongolia	27121	Subsidiary company
4	Mandal Digital Credit NBFILLC	Mongolia	27121	Subsidiary company
5	Mandal Life Insurance LLC	Mongolia	27121	Subsidiary company
6	Tenger Daatgal LLC	Mongolia	27121	Subsidiary company

The information on related parties has been prepared based on the data compiled by management and publicly available information, and there may be potential related parties that have not been fully disclosed.

**"Mandal Future Growth" Mutual Fund LLC**  
For the year ended 31 December 2024  
**Notes to Financial Statements**

**7. Balance and Transactions with Related Parties (continued)**

As of December 31 2024, the balances of related party transactions are presented below.

<i>In thousands of Mongolian Tugriks</i>	<b>Unitholders</b>	<b>Other related parties</b>	<b>Total</b>
Trade and other receivables	58,677	-	58,677

As of December 31 2023, the balances of related party transactions are presented below.

<i>In thousands of Mongolian Tugriks</i>	<b>Unitholders</b>	<b>Other related parties</b>	<b>Total</b>
Trade and other receivables	49,185	-	49,185

The revenue and expenses from transactions with related parties for the financial year ended December 31 2024, are presented below.

<i>In thousands of Mongolian Tugriks</i>	<b>Unitholders</b>	<b>Other related parties</b>	<b>Total</b>
Management service fees	1,146,733	-	1,146,733

The revenue and expenses from transactions with related parties for the financial year ended December 31 2024, are presented below.

<i>In thousands of Mongolian Tugriks</i>	<b>Unitholders</b>	<b>Other related parties</b>	<b>Total</b>
Management service fees	566,497	-	566,497

The Fund is committed not to employ employees in accordance with the Law on Investment Funds. Mandal Asset Management SC LLC assumes key management responsibilities based on a trust management agreement. Additionally, a bonus of 0 MNT was given to the members of the fund's board of directors.

**8. Compliance with laws, regulations and standards**

In accordance with the "Regulation on Granting Special Permits for Establishing and Operating Investment Funds, and Supervising Them" issued by the Financial Regulatory Commission, the total amount of funds invested in the shares of companies registered with securities trading organizations should not exceed 60% of the total assets of the fund. The total amount of funds invested in fixed-income financial instruments should not exceed 70% of the fund's total assets. The fund should not own more than 30% of the shares of a single company registered with a securities trading organization, or the debt instruments publicly offered by that company and related parties. Additionally, investments in any company should not exceed 25% of the total assets of the fund, and investments in shares of systemically important banks organized as publicly traded companies should not exceed 40% of the fund's total assets. All of these requirements have been complied with.

**"Mandal Future Growth" Mutual Fund LLC**

For the year ended 31 December 2024

**Notes to Financial Statements****9. Interest Income**

The summary of the Fund's interest income for the year ended 31 December 2024 as follows:

<i>In thousands of Mongolian Tugriks</i>	<b>2024</b>	<b>2023</b>
<b>Interest income on financial assets measured at fair value through other comprehensive income:</b>		
Interest income from corporate bonds	2,340,675	871,100
Income from interest on asset-backed securities	1,503,118	1,002,189
<b>Interest income on financial assets measured at amortised cost:</b>		
Interest income from bond of government	189,417	916,958
Interest income from savings	3,772,905	1,370,087
<b>Total interest income</b>	<b>7,806,115</b>	<b>4,160,334</b>

Interest income from debt securities investment for the year ended 31 December 2024, categorised by the issuing companies of the securities, is as follows.

<i>In thousands of Mongolian Tugriks</i>	<b>2024</b>	<b>2023</b>
<b>Securities issued companies:</b>		
Bichil Globus Financial Group	1,113,856	252,785
Ashid Capital NBFi LLC	930,390	812,708
Invescore NBFi LLC	665,303	295,021
Omni Capital NBFi LLC	422,759	33,142
Lendmn NBFi JSC	225,507	226,302
Business Invest Development LLC	222,608	111,304
Net Capital	132,890	-
Premium Concrate LLC	75,667	-
Sendly NBFi JSC	38,295	-
GSB Capital NBFi LLC	8,137	-
Bull Capital NBFi	8,381	-
Bers ABS Active SRC LLC	-	142,027
<b>Total interest income on financial assets measured at FVTOCI</b>	<b>3,843,793</b>	<b>1,873,289</b>

Bichil Globus Financial Group's subsidiaries and companies have issued asset-backed securities named Bichil 1, 2, and 3 on the Mongolian Stock Exchange, and they are a responsible company that makes payments according to the repayment schedule.

**"Mandal Future Growth" Mutual Fund LLC**

For the year ended 31 December 2024

**Notes to Financial Statements****9. Interest income (continued)**

The summary of the Fund's saving interest income for the year ended 31 December 2024 as follows:

<i>In thousands of Mongolian Tugriks</i>	<b>2024</b>	<b>2023</b>
Khan Bank JSC	1,598,566	21,336
M Bank JSC	1,292,499	55,071
Golomt Bank JSC	459,493	116,441
TDBank JSC	278,230	5,070
Bogd Bank JSC	136,563	826,568
Trans Bank JSC	7,504	8
Capitron Bank JSC	50	318,264
State Bank JSC	-	27,210
Arig Bank JSC	-	119
<b>Total interest income</b>	<b>3,772,905</b>	<b>1,370,087</b>
Government bond	189,417	916,958
<b>Total interest income on financial assets measured at amortised cost</b>	<b>3,962,322</b>	<b>2,287,045</b>

**10. Dividend income**

The summary of the Fund's dividend income for the year ended 31 December 2024 as follows:

<i>In thousands of Mongolian Tugriks</i>	<b>2024</b>	<b>2023</b>
Dividend received from investments in equity securities	1,509,205	718,452
<b>Total dividend income</b>	<b>1,509,205</b>	<b>718,452</b>

The summary of the Fund's dividend income by the received companies for the year ended 31 December 2024 as follows:

<i>In thousands of Mongolian Tugriks</i>	<b>2024</b>	<b>2023</b>
Khan Bank JSC	594,542	-
APU JSC	450,790	-
State Bank JSC	276,911	-
Golomt Bank JSC	133,335	-
Monlogistic Holding JSC	28,102	-
Invescore LLC	18,845	-
Tumen Shuvuut JSC	6,680	718,452
<b>Total dividend income</b>	<b>1,509,205</b>	<b>718,452</b>

## "Mandal Future Growth" Mutual Fund LLC

For the year ended 31 December 2024

### Notes to Financial Statements

#### 11. Other income

The summary of the Fund's other income for the year ended 31 December 2024 as follows:

<i>In thousands of Mongolian Tugriks</i>	2024	2023
Other income	86,777	213,238
<b>Total other income</b>	<b>86,777</b>	<b>213,238</b>

As the operating income is exempt from tax, the deferred tax has been recognised as other income.

#### 12. Financial assets related to gain/loss

The summary of gains and losses related to financial assets for the reporting year, which ended on December 31, 2024, is as follows.

<i>In thousands of Mongolian Tugriks</i>	2024	2023
Trading gain/(loss) on financial assets measured at FVTOCI	1,104,430	477,953
Trading gain/(loss) on debt instruments measured at amortised cost.	51,058	489,430
<b>Total financial assets related to gain/ loss</b>	<b>1,155,488</b>	<b>967,383</b>

#### 13. Foreign currency exchange gain/loss

The summary of foreign exchange gain and loss for the reporting year, which ended on December 31, 2024, is as follows:

<i>In thousands of Mongolian Tugriks</i>	2024	2023
Foreign exchange realised gain	32,744	795,693
Foreign exchange realised loss	(541,320)	(132,956)
Foreign exchange unrealised gain	479,038	4,313,866
Foreign exchange unrealised loss	(170,862)	(4,380,260)
<b>Total currency foreign exchange loss</b>	<b>(200,400)</b>	<b>596,343</b>

#### 14. Operation expense of the Fund

The summary of the Fund's operation expense for the year ended 31 December 2024 is as follows:

<i>In thousands of Mongolian Tugriks</i>	2024	2023
Investment management company service fee	631,976	566,497
Based on performance expense	870,504	-
Custodian banking service fee	62,494	83,219
<b>Total operation expense</b>	<b>1,564,974</b>	<b>649,716</b>

In accordance with the management agreement signed on June 15, 2021, the Fund has appointed "Mandal Asset Management SC LLC" (The Fund) as the investment manager to provide management services and to manage the Fund's assets. The investment manager receives a service fee of 1% of the Fund's net assets on a monthly basis, paid in advance.

The incentive to be paid to Investment Management Company (IMC) is intended to reward the IMC. The total management service incentive for 2024, as of December 31, amounts to 870,504 thousand MNT.

**"Mandal Future Growth" Mutual Fund LLC**  
For the year ended 31 December 2024  
**Notes to Financial Statements**

**14. Operation expense of the Fund (continued)**

The Fund receives custodial services from the Custodian Services Department of Golomt Bank JSC, which includes asset safekeeping, settlement processing, unit registration, and valuation services. The Fund pays a service fee to the custodian bank equal to 1% of the value of securities and other assets.

**15. Other expense**

The summary of the Fund's other expense for the year ended 31 December 2024 as follows::

<i>In thousands of Mongolian Tugriks</i>	<b>2024</b>	<b>2023</b>
Securities trading charges	112,215	-
Expected credit loss on investments	66,312	6,797
Penalty and fine expenses	62,500	-
Professional service expense	26,488	66,734
Fees and charges	1,000	-
Advertising and marketing expense	1,050	900
Bank fee expense	819	428
Stationary expense	105	13
Other expense	1,622	-
<b>Total other expense</b>	<b>272,111</b>	<b>74,872</b>

The Fund has conducted an evaluation of the remaining financial assets for the reporting year and has recognised and recorded the decline in the investment's value.

**16. Income taxes**

**16.1. Components of income tax expense (benefit)**

The income tax expense recognised in profit or loss consists of the following:

<i>In thousands of Mongolian Tugriks</i>	<b>2024</b>	<b>2023</b>
Income tax for the current year	129,256	226,761
Deferred tax expense (income)	-	-
<b>Income tax expense for the year</b>	<b>129,256</b>	<b>226,761</b>

The Corporate Income Tax Law was amended in 2022, and starting from January 1, 2023, the operating income of investment funds has been exempted from corporate income tax. Deferred tax was recorded on interest income from the previous reporting year, however, during the current year, certain banks decided not to withhold tax on deposits.

**"Mandal Future Growth" Mutual Fund LLC**

For the year ended 31 December 2024

**Notes to Financial Statements****17. Financial assets**

As of December 31, 2024 the following table shows the investments by measurement type:

<i>In thousands of Mongolian Tugriks</i>	<b>2024-12-31</b>	<b>2023-12-31</b>
<b>Investment by measurement type:</b>		
Amortised cost	27,917,598	22,810,574
Fair value through other comprehensive income	39,855,317	36,101,052
<b>Total financial assets</b>	<b>67,772,915</b>	<b>58,911,626</b>

**Type of investment:**

Investment in debt securities	24,857,169	18,880,357
Investment in equity securities	15,206,169	17,947,172
Deposit in bank	27,709,577	22,084,097
<b>Total financial assets</b>	<b>67,772,915</b>	<b>58,911,626</b>

<i>In thousands of Mongolian Tugriks</i>	<b>2024-12-31</b>	<b>2023-12-31</b>
Amortised cost:		
Deposit in bank	27,709,577	22,084,097
Government bond	208,021	726,477

## Fair value through other comprehensive income:

Investment in debt securities	24,649,148	18,153,880
Investment in equity securities	15,206,169	17,947,172
<b>Total financial assets</b>	<b>67,772,915</b>	<b>58,911,626</b>

As of December 31, 2024, the following table shows the investments made in financial assets measured at amortised cost as of December 31, 2024, categorized by type.

<i>In thousands of Mongolian Tugriks</i>	<b>Measured at amortised cost</b>	<b>Total</b>
Savings at bank	27,720,360	27,720,360
Government bond	208,042	208,042
Expected credit loss on investments-Amortised cost	(10,804)	(10,804)
<b>Total investment on saving at bank and government bond (carrying value)</b>	<b>27,917,598</b>	<b>27,917,598</b>

The deposits placed in the bank consist of deposits held in commercial banks operating in Mongolia. During the reporting year, deposits were placed in 5 commercial banks, with the majority of them, totalling MNT 17,500,139 thousand, held in Golomt Bank JSC. The total interest income received from the commercial banks is shown in Note 9.

As of December 31, 2023 the following table shows investments in by measurement type and category.

<i>In thousands of Mongolian Tugriks</i>	<b>Measured at amortised cost</b>	<b>Total</b>
Savings at bank	22,084,097	22,084,097
Government bond	726,477	726,477
<b>Total investment on saving at bank and government bond (carrying value)</b>	<b>22,810,574</b>	<b>22,810,574</b>

**"Mandal Future Growth" Mutual Fund LLC**  
For the year ended 31 December 2024  
**Notes to Financial Statements**

**17. Financial assets (continued)**

As of December 31, 2024 the following table shows investments in by measurement at FVTOCI.

<i>In thousands of Mongolian Tugriks</i>	<b>Measured at FVTOCI</b>	<b>Total</b>
Corporate bond	17,973,509	17,973,509
Asset backed securities	6,777,050	6,777,050
Expected credit loss on investments	(101,411)	(101,411)
<b>Total investments in debt securities (carrying value)</b>	<b>24,649,148</b>	<b>24,649,148</b>
Company shares	15,206,169	15,206,169
<b>Total investments in equity securities (carrying value)</b>	<b>15,206,169</b>	<b>15,206,169</b>

As of December 31, 2023 the following table shows investments in by measurement at FVTOCI.

<i>In thousands of Mongolian Tugriks</i>	<b>Measured at FVTOCI</b>	<b>Total</b>
Corporate bond	13,188,880	13,188,880
Asset backed securities	4,965,000	4,965,000
<b>Total investments in debt securities (carrying value)</b>	<b>18,153,880</b>	<b>18,153,880</b>
Company shares	17,947,172	17,947,172
<b>Total investments in equity securities (carrying value)</b>	<b>17,947,172</b>	<b>17,947,172</b>

The fund's policy is to designate equity investments as FVTOCI when those investments are held for strategic purposes other than solely to generate investment returns. When the FVTOCI election is used, fair value gains and losses are recognised in OCI and are not subsequently reclassified to profit or loss, including on disposal. Impairment losses and their reversals, if any, are not measured separately from other changes in fair value. Dividends continue to be recognised in profit or loss when the fund's right to receive payments is established except when they represent a recovery of an investment rather than a return on such investment.

**18. Cash and cash equivalents**

The balance of the cash and cash equivalents as at 31 December 2024 as follows:

<i>In thousands of Mongolian Tugriks</i>	<b>2024-12-31</b>	<b>2023-12-31</b>
Cash at bank MNT	2,047,253	120,469
Cash at bank USD	22,788	1,067
Mongolian Central Securities Depository Co.Ltd	-	48
<b>Total cash and cash equivalents</b>	<b>2,070,041</b>	<b>121,584</b>

There are no restrictions placed on the cash balance at the end of the reporting period. For details related to the fund's foreign exchange risk, please refer to Note 23.



**"Mandal Future Growth" Mutual Fund LLC**

For the year ended 31 December 2024

**Notes to Financial Statements****18. Cash and cash equivalents (continued)**

The credit quality of cash and cash equivalents balances may be summarised based on credit risk grades at 31 December 2024. Refer to Note 23 for the description of the Fund's credit risk grading system.

<i>In thousands of Mongolian Tugriks</i>	<b>2024-12-31</b>	<b>2023-12-31</b>
Excellent	-	-
Satisfactory	2,070,041	121,584
Account balance		
Deduction for loss on risks	2,070,041	121,584
Total cash and cash equivalents excluding cash and cash equivalents in transit	-	-
<b>Total cash and cash equivalents, excluding cash on transit</b>	<b>2,070,041</b>	<b>121,584</b>

**19. Other receivables**

The balance of the fund's other receivables as at 31 December 2024 as follows:

<i>In thousands of Mongolian Tugriks</i>	<b>2024-12-31</b>	<b>2023-12-31</b>
Receivable from companies	157,592	-
Interest receivables from savings	467,317	893,760
Interest receivables from debt instruments	453,969	415,610
Interest receivables from government bond	4,635	15,625
<b>Total trade and other receivables</b>	<b>1,083,513</b>	<b>1,324,995</b>

Other receivables comprise accrued interest on investments in debt securities, and the coupon payments on these receivables are not past due.

The deposit agreement with account number 5222026226 and 5222026237 placed at Khan Bank JSC was closed on December 25, 2024, with cash and interest income received. In accordance with the law, tax was withheld from the interest income, and the change related to the commercial bank deposit was included in the investment policy. The tax amount, along with the decision from the tax department, was sent to the bank, and the receivable was recognised based on the amount of tax withheld. This receivable was settled in January 2025.

**20. Unit holders**

The balance of the units as of the end of the reporting year, December 31, 2024, is as follows:

<i>In thousands of Mongolian Tugriks</i>	<b>2024-12-31</b>	<b>2023-12-31</b>
At 1 January	50,000,000	50,000,000
Issued unit	-	-
At 31 December	<b>50,000,000</b>	<b>50,000,000</b>

The total number of authorized units is 50,000 thousand units, of which 50,000,000 thousand units have been issued, and the par value of each unit is 1000 MNT.

## "Mandal Future Growth" Mutual Fund LLC

For the year ended 31 December 2024

### Notes to Financial Statements

#### 20. Unit holders (continued)

During the reporting period, 16.41 million units of shares with a total value of 10.89 billion MNT were traded on the secondary market for the units of the "National Privatization Fund" and the "Mandal Future Growth" closed-end collective investment fund. Of this, 1.07 million units with a total value of 1.16 billion MNT from the "Mandal Future Growth" closed-end collective investment fund were traded through block transactions.

Symbol	Number of units traded	Value of transaction	Closing rate	
			2024-12-31	2023-12-28
MFG	13,325,310	10,333,211,855	1126.00	772.71

#### 21. Other reserves

The balance of other reserve accounts for the reporting year, which ended on December 31, 2024, is as follows:

<i>In thousands of Mongolian Tugriks</i>	2024-12-31	2023-12-31
The gain/(loss) on the fair value of debt securities measured at FVTOCI	568,645	860,487
The gain/(loss) on the fair value of assets securities measured at FVTOCI	(845,093)	(451,122)
<b>Total reserves</b>	<b>(276,448)</b>	<b>409,365</b>

#### 22. Other payables

The balance of the fund's other payables as at 31 December 2024 as follows:

<i>In thousands of Mongolian tugriks</i>	2024-12-31	2023-12-31
Trading payables	1,980,348	-
Payables to Investment management company	929,181	49,185
Payables to companies	199,628	100,642
Payables to tax company	21,499	21,499
Payables to custodian service	5,542	18,620
<b>Total other payables</b>	<b>3,136,198</b>	<b>189,946</b>

As of December 31, 2024, a purchase order for 1,657,434 Khan Bank shares was placed, but since the trade payment was not deducted before the reporting period closed, a liability has been recorded.

The liability payable to IMC consists of accrued performance bonuses and service fees, and it is a regular liability that has not exceeded the due date.

The liabilities owed by the company are composed of the amounts payable to the Mongolian Stock Exchange and professional service fees, which were incurred in accordance with the ruling of the Civil Case Hearing of the Supreme Court on February 25, 2025, under case number 001/XT2025/00045.

#### 23. Financial Risk Management

The risk management function within the Fund is carried out with respect to financial risks, operational risks and legal risks. Financial risk comprises market risk (including currency risk, interest rate risk and other price risks), credit risk and liquidity risk. The primary function of financial risk management is to establish risk limits and to ensure that any exposure to risk stays within these limits. The operational and legal risk management functions are intended to ensure the proper functioning of internal policies and procedures in order to minimise operational and legal risks.

**23. Financial Risk Management (continued)**

**23.1 Credit Risk**

The Fund exposes itself to credit risk, which is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to meet an obligation. Exposure to credit risk arises as a result of the Fund's securities trade and other transactions with counterparties, giving rise to financial assets. The Fund's maximum exposure to credit risk is reflected in the carrying amounts of financial assets in the statement of financial position.

**Credit risk management.** Credit risk is the single largest risk for the Fund's business; management therefore carefully manages its exposure to credit risk.

The estimation of credit risk for risk management purposes is complex and involves the use of models, as the risk varies depending on market conditions, expected cash flows and the passage of time. The assessment of credit risk for a portfolio of assets entails further estimations of the likelihood of defaults occurring, the associated loss ratios and default correlations between counterparties.

**Limits.** The Fund structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower, or groups of borrowers, and industry segments. Limits on the level of credit risk by product and industry sector are approved regularly by management. Such risks are monitored on a revolving basis and are subject to an annual, or more frequent, review.

**Credit risk grading system.** For measuring credit risk and grading financial instruments by the amount of credit risk, the Fund applies an approach based on risk grades estimated by external international rating agencies (Standard & Poor's - "S&P", Fitch, Moody's). Internal and external credit ratings are mapped on an internally defined master scale with a specified range of probabilities of default as disclosed in the table below:

<b>Master scale credit risk grade</b>	<b>Corresponding internal ratings score</b>
Excellent	AAA TO BB+
Good	BB TO B+
Satisfactory	B, B-
Special Monitoring	CCC TO CC-
Default	C, D-I, D-II

Each master scale credit risk grade is assigned a specific degree of creditworthiness:

- Excellent - strong credit quality with low expected credit risk;
- Good - adequate credit quality with a moderate credit risk;
- Satisfactory - moderate credit quality with a satisfactory credit risk;
- Special monitoring - facilities that require closer monitoring and remedial management; and
- Default - facilities in which a default has occurred.

External ratings are assigned to counterparties by independent international rating agencies, such as S&P, Moody's and Fitch. These ratings are publicly available. Such ratings and the corresponding range of probabilities of default ("PD") are applied for the following financial instruments: investments in debt securities (government and corporate bonds).

**23.2 Expected credit loss (ECL) measurement**

ECL is a probability-weighted estimate of the present value of future cash shortfalls (i.e., the weighted average of credit losses, with the respective risks of default occurring in a given time period used as weights). An ECL measurement is unbiased and is determined by evaluating a range of possible outcomes. ECL measurement is based on four components used by the Fund: Probability of Default ("PD"), Exposure at Default ("EAD"), Loss Given Default ("LGD") and Discount Rate.

## "Mandal Future Growth" Mutual Fund LLC

For the year ended 31 December 2024

### Notes to Financial Statements

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#### 23. Financial Risk Management (continued)

##### 23.2 Expected credit loss (ECL) measurement (continued)

EAD is an estimate of exposure at a future default date, taking into account expected changes in the exposure after the reporting period, including repayments of principal and interest, and expected draw-downs on committed facilities. The EAD on credit related commitments is estimated using Credit Conversion Factor ("CCF"). CCF is a coefficient that shows the probability of conversion of the commitment amounts to an on-balance sheet exposure. The Fund's management estimates that 12-month and lifetime CCFs are materially the same.

PD is an estimate of the likelihood of default to occur over a given time period. LGD is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from any collateral. It is usually expressed as a percentage of the EAD. The expected losses are discounted to present value at the end of the reporting period. The discount rate represents the effective interest rate ("EIR") for the financial instrument or an approximation thereof.

Expected credit losses are modelled over instrument's lifetime period. The lifetime period is equal to the remaining contractual period to maturity of debt instruments, adjusted for expected prepayments, if any. For loan commitments and financial guarantee contracts, it is the contractual period over which an entity has a present contractual obligation to extend credit.

Management models Lifetime EGL, that is, losses that result from all possible default events over the remaining lifetime period of the financial instrument. The 12-month EGL, represents a portion of lifetime ECLs that result from default events on a financial instrument that are possible within 12 months after the reporting period, or remaining lifetime period of the financial instrument if it is less than a year.

The ECLs that are estimated by management for the purposes of these financial statements are point-in-time estimates, rather than through-the-cycle estimates that are commonly used for regulatory purposes. The estimates consider forward looking information, that is, ECLs reflect probability weighted development of key macroeconomic variables that have an impact on credit risk.

The ECL modelling does not differ for Purchased or Originated Credit Impaired ("POCI") financial assets, except that (a) gross carrying value and discount rate are based on cash flows that were recoverable at initial recognition of the asset, rather than based on contractual cash flows, and (b) the ECL is always a lifetime ECL. POCI assets are financial assets that are credit-impaired upon initial recognition, such as impaired loans acquired in a past business combination.

For purposes of measuring PD, the Fund defines default as a situation when the exposure meets one or more of the following criteria:

- Unlikely-to-pay: The borrower meets unlikelyness to pay criteria listed below:
- significant financial difficulty of the issuer or obligor.
- a breach of contract, such as a default or delinquency in interest or principal payments.
- the lender, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider.
- it becomes probable that the borrower will enter bankruptcy or other financial reorganization;
- the disappearance of an active market for that financial asset because of financial difficulties.
- The borrower is more than 90 days past due on its contractual payments;

For purposes of disclosure, the Fund fully aligned the definition of default with the definition of credit impaired assets. The default definition stated above is applied to all types of financial assets of the Fund.

An instrument is considered to be no longer in default (i.e. to have cured) when it no longer meets any of the default criteria for a consecutive period of three months. This period of three months has been determined based on an analysis that considers the likelihood of a financial instrument returning to default status after curing by using different possible definitions of cures.

## "Mandal Future Growth" Mutual Fund LLC

For the year ended 31 December 2024

### Notes to Financial Statements

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#### 23. Financial Risk Management (continued)

##### 23.2 Expected credit loss (ECL) measurement (continued)

The assessment whether or not there has been a significant increase in credit risk ("SICR") since initial recognition is performed on an individual basis. The criteria used to identify an SICR are monitored and reviewed periodically for appropriateness by the Fund. The presumption, being that there have been significant increases in credit risk since initial recognition when financial assets are more than 30 days past due, has not been rebutted.

The Fund considers a financial instrument to have experienced a SICR when one or more of the following quantitative, qualitative or backstop criteria have been met.

For bonds issued by corporate customers:

- 30 days past due;
- award of risk grade "Special monitoring"; For accounts and other receivable;
- 30 days past due;

The level of ECL that is recognised in these financial statements depends on whether the credit risk of the bond issuer has increased significantly since initial recognition. This is a three-stage model for ECL measurement. A financial instrument that is not credit-impaired on initial recognition and its credit risk has not increased significantly since initial recognition has a credit loss allowance based on 12-month ECLs (Stage 1). If a SICR since initial recognition is identified, the financial instrument is moved to Stage 2 but is not yet deemed to be credit-impaired and the loss allowance is based on lifetime ECLs. If a financial instrument is credit-impaired, the financial instrument is moved to Stage 3 and loss allowance is based on lifetime ECLs. The consequence of an asset being in Stage 3 is that the entity ceases to recognise interest income based on gross carrying value and applies the asset's effective interest rate to the carrying amount, net of ECL, when calculating interest income.

If there is evidence that the SICR criteria are no longer met, the instrument is transferred back to Stage 1. If an exposure has been transferred to Stage 2 based on a qualitative indicator, the Fund monitors whether that indicator continues to exist or has changed.

ECL for POCI financial assets is always measured on a lifetime basis. The Fund therefore only recognises the cumulative changes in lifetime expected credit losses.

The Fund has two approaches for ECL measurement: (i) assessment on an individual basis; (ii) assessment on a portfolio basis: same credit risk parameters (e.g. PD, LGD) will be applied during the process of ECL calculations for the same homogeneous segments of the investment portfolio; and (iii) assessment based on external rating. The Fund performs an assessment based on external ratings for accounts and other receivable and cash and cash equivalents.

ECL assessment on an individual basis is performed by weighting the estimates of credit losses for different possible outcomes against the probabilities of each outcome. The Fund defines at least two possible outcomes for each assessed bond, one of which leads to a credit loss even if the probability of such a scenario may be very low.

In general, ECL is the sum of the multiplications of the following credit risk parameters: EAD, PD and LGD, that are defined as explained above, and discounted to present value using the instrument's effective interest rate. The ECL is determined by predicting credit risk parameters (EAD, PD and LGD) for each future one year during the lifetime period for each individual exposure or collective segment. These three components are multiplied together and adjusted for the likelihood of survival (i.e. the exposure has been repaid or defaulted in an earlier month). This effectively calculates an ECL for each future period that is then discounted back to the reporting date and summed up. The discount rate used in the ECL calculation is the effective interest rate or an approximation thereof.

## **23. Financial Risk Management (continued)**

### **23.3 The key principles of calculating the credit risk parameters.**

The EADs are determined based on the expected payment profile that varies by product type. EAD is based on the contractual repayments owed by the bond issuer over a 12-month or lifetime basis for amortising products and bullet repayment bonds. This will also be adjusted for any expected overpayments made by a bond issuer. Early repayment or refinancing assumptions are also incorporated into the calculation. For revolving products, the EAD is predicted by taking the current drawn balance and adding a "credit conversion factor" that accounts for the expected drawdown of the remaining limit by the time of default. These assumptions vary by product type, current limit utilisation and other specific behavioural characteristics.

Two types of PDs are used for calculating ECLs: 12-month and lifetime PD. An assessment of a 12-month PD is based on the latest available historic default data. Lifetime PDs represent the estimated probability of a default occurring over the remaining life of the financial instrument and it is a sum of the 12 months PDs over the life of the instrument. The Fund uses migration matrix statistical approach depending on the segment and days past due bucket to calculate lifetime PDs, such as the extrapolation of 12-month PDs based on migration matrixes, developing lifetime PD curves based on the historical default data. LGD represents the Fund's expectation of the extent of loss on a defaulted exposure. LGD varies by type of product and seniority of the claim. The 12-month and lifetime LGDs are determined based on the factors that impact the expected recoveries after a default event. The approach to LGD measurement can be divided into three possible approaches:

- measurement of LGD based on the specific characteristics of the collateral;
- calculation of LGD on a portfolio basis based on recovery statistics; or
- individually defined LGD depending on different factors and scenarios.

The Fund calculates LGD based on specific characteristics of the collateral, such as projected collateral values, historical discounts on sales and other factors for loans secured by real estate, cash and liquid securities. Collateral value after haircut is incorporated on LGD. If the collateral value after haircut is lower than EAD, the Fund recognises a loss on difference between EAD and collateral value after haircut multiplied by  $(1 - \text{Recovery Rate})$ .

### **23.4 ECL measurement for investments in debt securities (Government bonds, and Corporate bonds)**

The ECL measurement for debt securities follows same steps as stated above which means it has same criteria for defining default and SICR of general expected credit loss measurement.

### **23.5 Market Risk**

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates or foreign exchange rates. When assessing market risk, as well as liquidity risk, management's main considerations also include intervention needs, structure of the import and current liabilities to foreign parties. The Fund manages and monitors this risk element using sensitivity analyses. Except for the concentrations within foreign currencies, the Fund has no significant concentration of market risk. The Fund is not significantly exposed to other price risk.

### **23.6 Currency Risk**

Currency risk arises when a Fund holds assets or liabilities in foreign currencies and impacts the earnings and capital of the Fund due to the fluctuations in the exchange rates. The Fund takes on exposure to effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. Any unhedged position in a particular currency gives rise to foreign exchange risk. In respect of currency risk, management sets limit on the level of exposure by currency and in total for both overnight and intra-day positions.

**"Mandal Future Growth" Mutual Fund LLC**

For the year ended 31 December 2024

**Notes to Financial Statements****23. Financial Risk Management (continued)****23.6 Currency Risk (continued)**

The table below summarises the Fund's exposure to foreign currency exchange risk at 31 December 2024:

<i>In thousands of Mongolian Tugriks</i>	MNT	USD	TOTAL
<b>Financial assets</b>			
Cash and cash equivalents	2,047,253	22,788	2,070,041
Investment - Deposits	27,709,577	-	27,709,577
Investments in debt securities	24,649,148	208,021	24,857,169
Investments in equity securities	15,206,169	-	15,206,169
Other receivables	1,083,513	-	1,083,513
<b>Total financial assets</b>	<b>70,695,660</b>	<b>230,809</b>	<b>70,926,469</b>
<b>Financial liabilities</b>			
Trade and other payables	3,136,198	-	3,136,198
<b>Total financial liabilities</b>	<b>3,136,198</b>	<b>-</b>	<b>3,136,198</b>
<b>Net balance of the balance</b>	<b>67,559,462</b>	<b>230,809</b>	<b>67,790,271</b>

The table below summarises the Fund's exposure to foreign currency exchange risk at 31 December 2023.

<i>In thousands of Mongolian Tugriks</i>	MNT	USD	TOTAL
<b>Financial assets</b>			
Cash and cash equivalents	120,517	1,067	121,584
Investment - Deposits	22,084,097	-	22,084,097
Investments in debt securities	18,153,880	726,477	18,880,357
Investments in equity securities	17,947,172	-	17,947,172
Other receivables	1,324,995	-	1,324,995
<b>Total financial assets</b>	<b>59,630,661</b>	<b>727,544</b>	<b>60,358,205</b>
<b>Financial liabilities</b>			
Trade and other payables	189,946	-	189,946
<b>Total financial liabilities</b>	<b>189,946</b>	<b>-</b>	<b>189,946</b>
<b>Net balance sheet position</b>	<b>59,440,715</b>	<b>727,544</b>	<b>60,168,259</b>

**23.7 Interest Rate Risk**

The Fund takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. Interest margins may increase as a result of such changes but may reduce or create losses in the event that unexpected movements arise. Management monitors on a daily basis and sets limits on the level of mismatch of interest rate repricing that may be undertaken. The table below summarises the Fund's exposure to interest rate risks. The table presents the aggregated amounts of the Fund's financial assets and liabilities at carrying amounts in 2024, categorised by the earlier of contractual interest repricing or maturity dates:

**"Mandal Future Growth" Mutual Fund LLC**  
For the year ended 31 December 2024  
Notes to Financial Statements

**23. Financial Risk Management (continued)**

**23.7 Interest rate risk (continued)**

<i>In thousands of Mongolian Tugriks</i>	Demand and less than 1 month	From 1 to 6 months	From 6 to 12 months	Over 12 Months	Total interest bearing	Non-interest sensitive	Total
<b>Financial assets</b>							
Cash and cash equivalents	-	-	-	-	-	2,070,041	2,070,041
Other receivables	-	-	-	-	-	1,083,513	1,083,513
Investment designated as at FVTOCI	-	1,284,585	15,197,800	8,166,763	24,649,148	15,206,169	39,855,317
Investment designated as at amortised cost	-	2,197,168	25,512,409	208,021	27,917,598	-	27,917,598
<b>Total financial assets</b>	-	<b>3,481,753</b>	<b>40,710,209</b>	<b>8,374,784</b>	<b>52,566,746</b>	<b>18,359,723</b>	<b>70,926,469</b>
Financial liabilities	-	-	-	-	-	3,136,198	3,136,198
<b>Net interest sensitivity gap at 31 December 2024</b>	-	<b>3,481,753</b>	<b>40,710,209</b>	<b>8,374,784</b>	<b>52,566,746</b>	<b>15,223,525</b>	<b>67,790,271</b>

**23.8 Liquidity Risk**

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Fund is exposed to daily calls on its available cash resources. Liquidity risk is managed by management of the Fund. Management monitors monthly rolling forecasts of the Fund's cash flows. The Fund seeks to maintain a stable funding base primarily consisting of borrowings, accounts and other payables.

The table below shows maturity analysis of financial instruments at 31 December 2024 based on discounted cash flows. The maturity analysis of financial instruments based on contractual undiscounted cash flows including future contractual interest is not substantially different from the discounted cash flows.



**"Mandal Future Growth" Mutual Fund LLC**  
For the year ended 31 December 2024  
**Notes to Financial Statements**

**23. Financial Risk Management (continued)**

**23.8 Liquidity Risk (continued)**

The maturity analysis of financial instruments at 31 December 2024 is as follows:

<i>In thousands of Mongolian Tugriks</i>	<b>Demand and less than 1 month</b>	<b>From 1 to 6 months</b>	<b>From 6 to 12 months</b>	<b>Over 12 Months</b>	<b>Total</b>
<b>Financial assets</b>					
Cash and cash equivalents	2,070,041	-	-	-	2,070,041
Other receivables	1,083,513	-	-	-	1,083,513
Investment designated as at FVTOCI	15,206,169	1,284,585	15,197,800	8,166,763	39,855,317
Investment designated as at amortised cost	-	2,197,168	25,512,409	208,021	27,917,598
<b>Total financial assets</b>	<b>18,359,723</b>	<b>3,481,753</b>	<b>40,710,209</b>	<b>8,374,784</b>	<b>70,926,469</b>
<b>Financial liabilities</b>					
Trade and other payables	3,136,198	-	-	-	3,136,198
<b>Total financial liabilities</b>	<b>3,136,198</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,136,198</b>
<b>Net liquidity gap</b>	<b>15,223,525</b>	<b>3,481,753</b>	<b>40,710,209</b>	<b>8,374,784</b>	<b>67,790,271</b>

## "Mandal Future Growth" Mutual Fund LLC

For the year ended 31 December 2024

### Notes to Financial Statements

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#### 24. Management of Capital

The Fund aims to consistently increase the value of unit holders' assets through investments, and its management develops and implements specific policies to enhance investor confidence and improve stability. During the reporting period, the Fund's capital management policy was updated in April after receiving approval from the Financial Regulatory Commission (FRC)

In the course of the Fund's operations, if the Fund's net asset value decreases by 40% or more from the amount on the day the operations began over a consecutive ten-day period, the CIF (Collective Investment Fund) is required to convene a meeting of the unit holders within 15 working days to make decisions on the following matters:

- 5.6.1 Whether to liquidate the Fund and distribute assets to investors
- 5.6.2 Whether to continue the Fund's operations and accept the associated risks

The control over compliance with the capital adequacy ratio set by the FRC is exercised daily on the basis of real-time data and calculations made by the fund and is reviewed by the Fund's Chief Financial Officer and CEO.

The Fund is keen on maintaining the necessary capital level in order to preserve the confidence of creditors, investors and the market as a whole as well as to develop the future activity of the Fund. In accordance with the current capital requirements set by the FRC, the Fund should maintain the capital adequacy ratio ("statutory capital ratio") above the prescribed minimum level. The equity capital of the Fund amounted to MNT 67,790,271 thousand as of 31 December 2024 (31 December 2023: MNT 60,078,883 thousand). The Fund have complied with all externally imposed capital requirements as at the end of 2024 and 2023.

#### 25. Contingencies and Commitments

##### 25.1 Legal proceedings

In the normal course of business, there are cases in which the Fund receives a claim against it. The Fund has formal controls and policies for managing legal claims. On the basis of its own estimates and internal professional advice, management is of the opinion that no material losses will be incurred in respect of claims in excess of provisions that have been made in these financial statements.

##### 25.2 Tax legislation

Mongolian tax, currency and customs legislation is subject to varying interpretations, and changes, which can occur frequently. Management's interpretation of such legislation on as applied to the transactions and activity of the Fund may be challenged by the relevant authorities.

The Mongolian tax authorities may be taking a more assertive position in their interpretation of the legislation and assessments, and it is possible that transactions and activities that have not been challenged in the past may be challenged by tax authorities. As a result, significant additional taxes, penalties and interest may be assessed. Fiscal periods remain open to review by the authorities in respect of taxes for five calendar years preceding the year of review. Under certain circumstances reviews may cover longer periods.

The Mongolian tax legislation does not provide definitive guidance in certain areas, specifically in areas such as VAT, withholding tax, corporate income tax, personal income tax, transfer pricing and other areas. From time to time, the Fund adopts interpretations of such uncertain areas that reduce the overall tax rate of the Fund. As noted above, such tax positions may come under heightened scrutiny as a result of recent developments in administrative and court practices. The impact of any challenge by the tax authorities cannot be reliably estimated; however, it may be significant to the financial position and/or the overall operations of the entity.

## **"Mandal Future Growth" Mutual Fund LLC**

For the year ended 31 December 2024

### **Notes to Financial Statements**

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#### **25. Contingencies and Commitments (continued)**

##### **25.2. Tax legislation**

Management believes that its interpretation of the relevant legislation is appropriate and the Fund's positions related to tax and other legislation will be sustained. Management believes that tax and legal risks are remote at present. The management performs regular re-assessment of tax risk and its position may change in the future as a result of the change in conditions that cannot be anticipated with sufficient certainty at present.

#### **26. Fair value disclosures**

The fair value is defined as the amount at which the instrument could be exchanged in a current transaction between knowledgeable willing parties on arm's length conditions, other than in a forced sale or liquidation. Quoted financial instruments in active markets provide the best evidence of fair value. As no readily available market exists for major part of the Fund's financial instruments, their fair value is based on current economic conditions and the specific risks attributable to the instrument. The estimates presented below are not necessarily indicative of the amounts the Fund could realise in a market exchange from the sale of its full holdings of a particular instrument.

Fair value measurements are analysed by level in the fair value hierarchy as follows:

- (i) level one are measurements at quoted prices (unadjusted) in active markets for identical assets or liabilities,
- (ii) level two measurements are valuations techniques with all material inputs observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices), and
- (iii) level three measurements are valuations not based on observable market data (that is, unobservable inputs).

Management applies judgement in categorising financial instruments using the fair value hierarchy. If a fair value measurement uses observable inputs that require significant adjustment, that measurement is a Level 3 measurement. The significance of a valuation input is assessed against the fair value measurement in its entirety.

**"Mandal Future Growth" Mutual Fund LLC**  
For the year ended 31 December 2024  
**Notes to Financial Statements**

**26 Fair Value Disclosures (continued)**

**26.1. Recurring fair value measurements**

Recurring fair value measurements are those that the accounting standards require or permit in the statement of financial position at the end of each reporting period. The level in the fair value hierarchy into which the recurring fair value measurements are categorised are as follows:

	2024			2023				
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
<i>In thousands of Mongolian Tugriks</i>								
Assets at fair value								
Financial assets								
Investments in debt securities	6,764,330	17,884,818	-	24,649,148	4,965,000	13,188,880	-	18,153,880
Investments in equity securities	15,206,169	-	-	15,206,169	17,947,172	-	-	17,947,172
<b>Total assets recurring fair value measurements</b>	<b>21,970,499</b>	<b>17,884,818</b>	<b>-</b>	<b>39,855,317</b>	<b>22,912,172</b>	<b>13,188,880</b>	<b>-</b>	<b>36,101,052</b>

Equity securities, which are classified as Level 1 for fair value measurement purposes, mostly relate to the Fund's investment in a stock companies listed in the Mongolian Stock Exchange and Foreign Stock exchange. Refer to Notes 17.

Debt securities, which are classified as Level 1 for fair value measurement purposes, relate to Corporate bonds traded at Mongolian Stock Exchange, and debt securities classified as Level 2 relate to Corporate bonds traded at closed market for which external market pricing information is not readily available. Refer to Notes 17.

Fair value of debt securities classified as Level 2 has been defined based on price of an actual transaction done between unrelated parties on a arms and length basis close to the year end.

**"Mandal Future Growth" Mutual Fund LLC**

For the year ended 31 December 2024

**Notes to Financial Statements****26. Fair Value Disclosures (continued)****26.2. Assets and liabilities not measured at fair value but for which fair value is disclosed**

Fair value analysed by level in the fair value hierarchy and carrying value of assets not measured at fair value as of 31 December 2024 are as follows:

<i>In thousands of Mongolian Tugriks</i>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Financial assets</b>				
Cash and cash equivalents	-	2,070,041	-	2,070,041
Deposits at bank	-	27,917,598	-	27,917,598
Other receivables	-	1,083,513	-	1,083,513
<b>Total financial assets carried at amortised cost</b>	<b>-</b>	<b>31,071,152</b>	<b>-</b>	<b>31,071,152</b>

Fair value analysed by level in the fair value hierarchy and carrying value of assets not measured at fair value as of 31 December 2023 are as follows:

<i>In thousands of Mongolian Tugriks</i>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Financial assets</b>				
Cash and cash equivalents	-	121,584	-	121,584
Deposits at bank	-	22,810,574	-	22,810,574
Other receivables	-	1,324,995	-	1,324,995
<b>Total financial assets carried at amortised cost</b>	<b>-</b>	<b>24,257,152</b>	<b>-</b>	<b>24,257,152</b>

**27. Presentation of Financial Instruments by Measurement category**

The following table provides a reconciliation of financial assets with these measurement categories as of 31 December 2024:

<i>In thousands of Mongolian Tugriks</i>	<b>Amortised Cost</b>	<b>FVTOCI</b>	<b>Total</b>
<b>Financial assets</b>			
Cash and cash equivalents	2,070,041	-	2,070,041
Investments in debt securities	208,021	24,649,147	24,857,169
Investments in equity securities	-	15,206,169	15,206,169
Deposits at bank	27,709,577	-	27,709,577
Other receivables	1,083,513	-	1,083,513
<b>Total financial assets</b>	<b>31,071,153</b>	<b>39,855,316</b>	<b>70,926,469</b>

**"Mandal Future Growth" Mutual Fund LLC**

For the year ended 31 December 2024

**Notes to Financial Statements****27. Presentation of Financial Instruments by Measurement category (continued)**

The following table provides a reconciliation of financial assets with these measurement categories as of 31 December 2023:

<i>In thousands of Mongolian Tugriks</i>	<b>Amortised Cost</b>	<b>FVTOCI</b>	<b>Total</b>
<b>Financial assets</b>			
Cash and cash equivalents	121,584	-	121,584
Investments in debt securities	726,477	18,153,880	18,880,357
Investments in equity securities	-	17,947,172	17,947,172
Deposits at bank	22,084,097	-	22,084,097
Other receivables	1,324,995	-	1,324,995
<b>Total financial assets</b>	<b>24,257,153</b>	<b>36,101,052</b>	<b>60,358,205</b>


**28. Event after the End of the Reporting Period**


The report for the year ending December 31, 2024, was issued on March 28, 2025. No events have occurred after the reporting period that would materially affect the financial statements, except for those mentioned below.

"Mandal Future Growth Mutual LLC participated in court hearings related to the legal dispute of the previous reporting year. The hearings were held at the Sukhbaatar District Civil Court on October 21, 2024, and at the Appellate Civil Court of Ulaanbaatar on December 23, 2024. The Mongolian Stock Exchange (the claimant) had demanded 675,000 thousand MNT, but as a result of the Civil Case hearing at the Supreme Court of Mongolia, a ruling was made to pay 185,000 thousand MNT, as per decision HT 2025/00045. As a result, a liability was incurred during the reporting period. "By the decision No. 25/01 of the Board of Directors dated February 18, 2025, it was resolved that, in order to enhance the operational efficiency of "Mandal Future Growth Mutual Fund" LLC, no dividends will be distributed to unit holders from the net profit of 2024.

**29. Translation into Mongolian language**

These financial statements have been prepared in both Mongolian and English languages and the report in English language will prevail in the case of misunderstanding between versions in Mongolian and English languages.



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