



Annual Management Report
Independent Auditor's Report
Financial Statements

Mutual Fund
Advance Emerging Europe Opportunities

31 December 2015

advance emerging europe
opportunities 

KAROLL CAPITAL MANAGEMENT

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ANNUAL ACTIVITY REPORT

OF

MF ADVANCE EMERGING EUROPE OPPORTUNITIES

for 2015

I. DEVELOPMENT, OPERATING RESULTS AND STATUS OF THE MUTUAL FUND, DESCRIPTION OF THE MAIN RISKS

1. Registration and licencing of the Fund

MF Advance Eastern Europe is an open-end collective investment scheme, which operates on the principle of risk sharing. The activity of the fund is investment in securities of the funds raised through public offering of its shares.

MF Advance Emerging Europe Opportunities (former MF Advance IPO Fund) is organized by Management Company Karoll Capital Management EAD, according to decision of the Board of Directors dated 12/07/2007, pursuant to art.177a, para. 1, in conjunction with art. 164a, para. 2 of the Public Offering of Securities Act (POSA). The overall activities of the Fund are administered by the Management Company Karoll Capital Management EAD, entitled for this by decision № 1410 – DF, dated 7 November 2007 of the Financial Supervision Commission.

The Fund is registered under art. 30, para. 1, item 5 of the FSCA.

In 2007, on behalf of the Fund, MC Karoll Capital Management signed a contract for depository services with UniCredit Bulbank AD. The public offering of shares of the Fund, began on 23 November 2007.

The capital of the Fund is variable and may change depending on the number of shares issued and repurchased, but it is always equal to the net asset value of the Fund. The nominal value of a share is EUR 1.

In 2015, the Management Company changed the name and investment policy of its Fund under management – MF Advance IPO Fund. The name changed from MF Advance IPO Fund to MF Advance Emerging Europe Opportunities. The strategy of the collective investment scheme also changed, as to include investments in shares of companies from Central and Eastern Europe, primarily from Poland, Czech Republic, Hungary, Estonia, Lithuania, Latvia. The Fund may also invest in shares of Austrian companies, whose revenues are mainly generated in the region. Furthermore, the Fund will seek to participate actively in IPO deals, and at the discretion of the Management Company, even in IPOs in countries outside of the region of Central and Eastern Europe. In cases of investments in countries different from Poland, Czech Republic, Hungary and the Baltic republics, the objective is to benefit from attractive opportunities, applying a short-term horizon rule for investing (they will be held for not more than a few months). Investments on the regulated markets of Romania, Russia, Slovenia, Serbia, Croatia, Bulgaria, Turkey, Kazakhstan, Macedonia, Ukraine are also permitted. The Fund may also invest in shares of companies from Central and Eastern Europe, that are traded on foreign stock exchange markets.

All changes are approved by FSC with Decision № 112 - DF / 23.02.2015, Decision № 113 - DF / 23.02.2015 and Decision № 114 - DF / 23.02.2015.

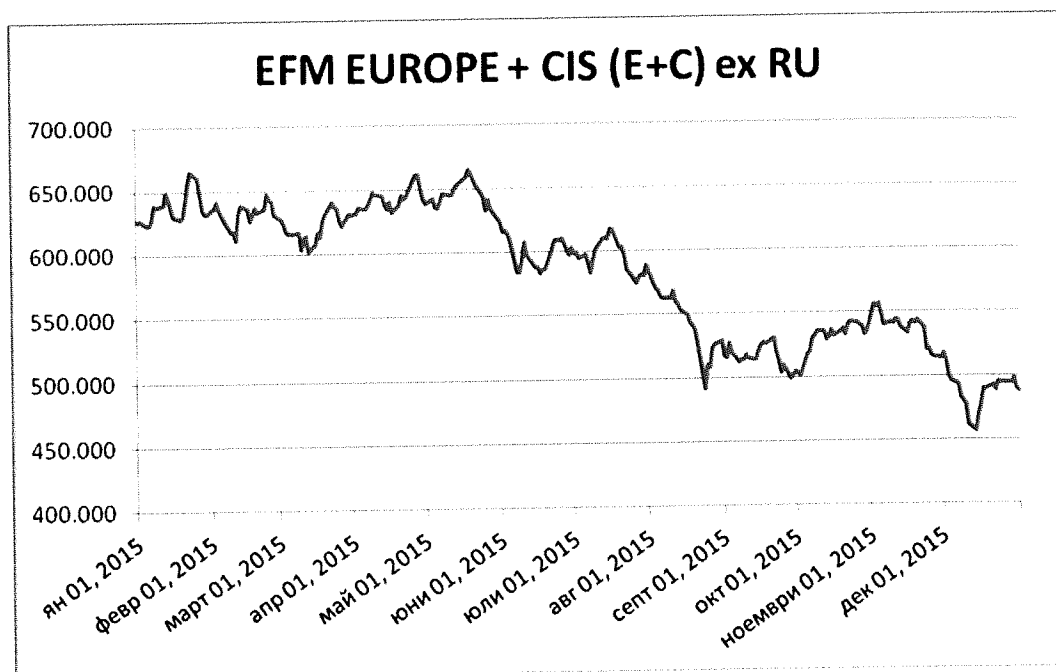
2. Investment activity in 2015

2015 was extremely dynamic for global markets, characterized by high volatility levels. Intense dynamics were seen in the stock market as well as in other markets. After the leading role that the Greek crisis had in the first half of the year, combined with the risk that Greece will exit the Euro-zone, the second half of 2015 was dominated by concerns about the slow down of the Chinese economy, as well as the monetary policy of the ECB and FED. The decisions of ECB to keep unchanged the amount of incentives for the economies of the Euro-zone in December,

combined with indications of the slow down of the Chinese economy, disappointed investors and led to robust sales in the second half of the year

Despite of the low level of correlation between the markets in Central and Eastern Europe with the Chinese economy, they did not manage to avoid the massive sales. As a result from the negative sentiment, combined with certain negative factors in some of the countries, indexes in the region recorded tremendous losses. MSCI EFM Europe +CIS ex RU increased its downfall during the second half of 2015, ending the year with a more than 22% decline, measured in EUR.

Movement of MSCI EFM Europe+CIS (E+C) ex RU in EUR - 2015



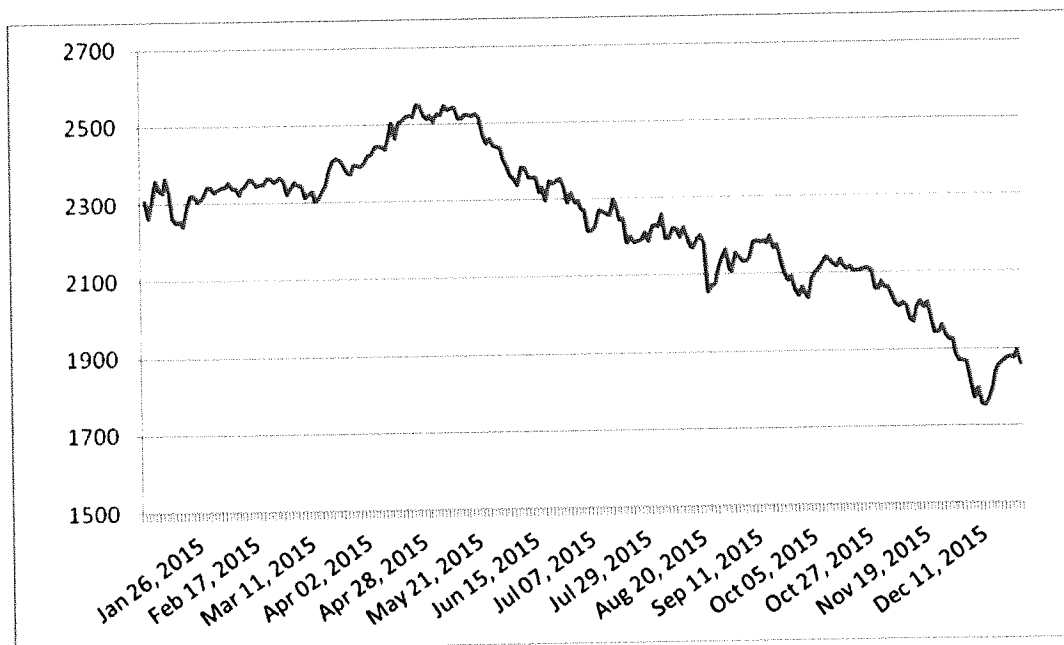
2.1 Overview of the markets, represented in the Fund's portfolio

Poland

The past year was highly negative for Poland, the country which has the greatest weight in the portfolio of MF Advance Emerging Europe Opportunities. After the first half of the year, the market ended almost unchanged, but the second half of 2015 was under the influence of the negative sentiment on a global scale, as well as domestic factors that weighed on the market. As a result, the main Polish index ended the year with a decline of nearly 20%. After the poor performance of the Polish market from 2013 and 2014, the past year started well. However, the positive trend was interrupted in May, due to the Presidential election, where the conservative nominee Andrzej Duda surprisingly won against the previous President Bronislaw Komorowski. The political party, supporting Andrzej Duda - "Law and Justice", is known for its skeptical position towards the European Union and his victory was interpreted as the beginning of a change in policy and more difficult relationships with European partners.

Similar to the Presidential election, the conservative party managed to achieve leadership in the Parliamentary elections, held in October, thus prevailing over "Civic Platform", the party that ruled the country for the past 8 years. The measures, announced at the time, towards social promises, and intentions for reforms in various sectors, created concern among some economists, about their effect on the economic growth of Poland. All this, combined with the general negative sentiment among investors on a global scale, resulted in a very poor performance on the Polish market for 2015.

Movement of WIG 20 during 2015



Contrary to the increased political risk in Poland the country is developing at an optimistic rate. With expectations of a 3.5 % GDP growth for 2015, this year the economy is expected to report a similar growth rate. It is possible that the current year's growth rate will even be slightly higher with regard to the increased social payments, promised by the new government. Similarly to other countries in the region, expectations for good performance of the economy in the current year are based on expectations for enhanced internal demand. At the same time, fulfillment of election promises, however, is expected to increase the budget deficit. The labor market is steadily improving, with the unemployment rate approaching its lowest levels since 2008. Despite the increased political risk, expectations are that Poland will be among the strongest performing economies in 2016 among the countries of Central and Eastern Europe.

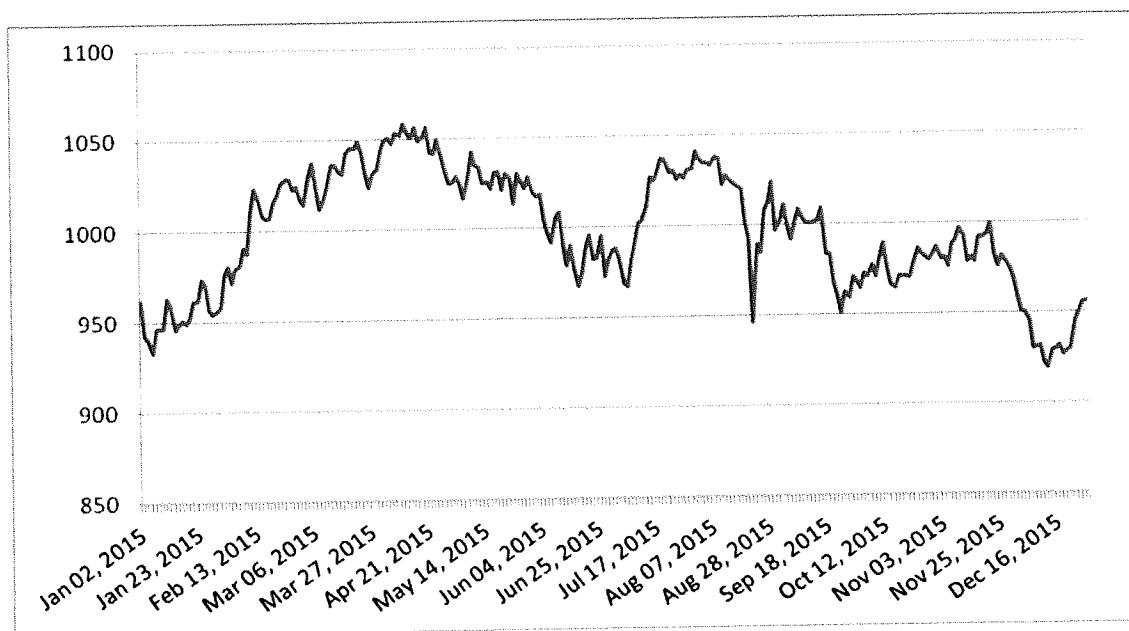
Uncertainty about the particular aspects of the planned reforms by the new government in various sectors had an impact on their performance. Companies from the energy sector performed poorly, reporting an index decrease of more than 30%. Expectations for additional taxation on banks pushed down their index with 23% in 2015. Corresponding with global trends and the low prices of raw materials, companies in the raw materials sector performed worse than other sectors and as a result their index collapsed with nearly 44%. Even so, companies in the chemical, oil and construction sector performed well in 2015.

At the end of December 2015 the financial ratios, which measure the performance of Polish companies fell as a result of the market decline. The average P/E ratio of WIG index 20 (on a ttm basis) amounted to 13.3x - considerably below the levels of 16.9x at end of the first half of the year.

Czech Republic

The Czech market, which at the end of 2015 was the second largest in the Fund's portfolio, performed much stronger than the Polish market. Despite the decline in the second half of the year, the Czech market managed to finish in positive territory of + 1%.

Movement of PX in 2015



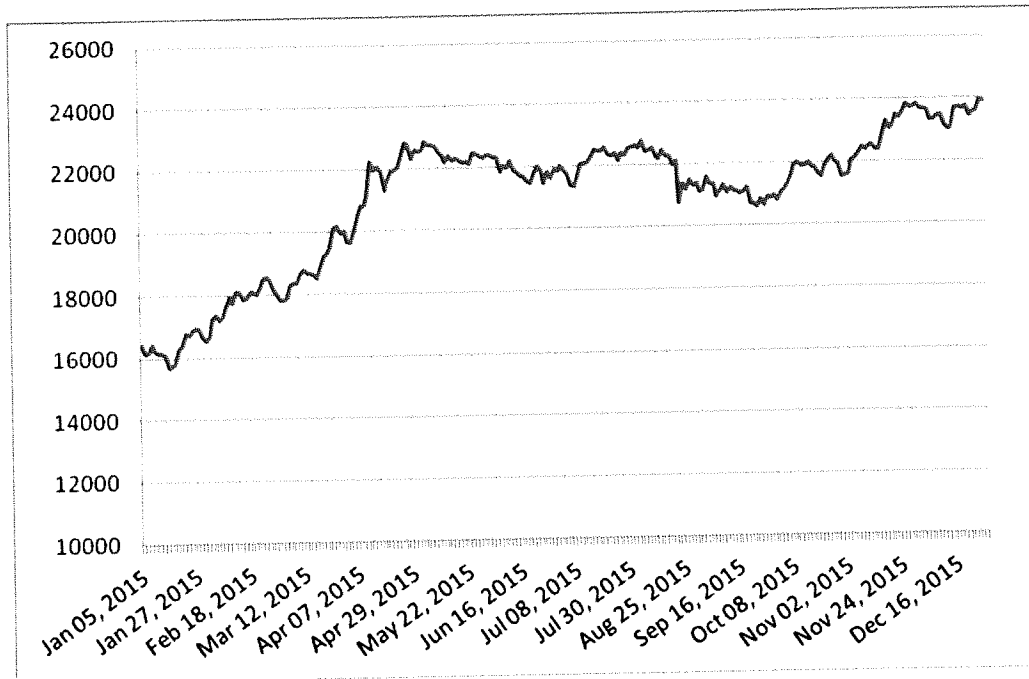
The Czech economy was one of the strongest performers in Europe last year, as the last data on GDP show a growth rate of 4.7% annually in the third quarter. That was one of the strongest results in Europe. Internal demand was the foundation of this sound performance. In 2016, it is expected that the Czech economy will experience decrease in the growth rate, as it is the end of the period for absorption of EU funds, but nevertheless, predictions show, that Czech economy will be one of the best performing economies during the year. At the end of 2013, Czech central bank introduced restriction on the appreciation of the Czech krona against the euro (at a rate of 27 CZK per euro), which aimed to boost economic growth and prevent deflationary processes. Indications predict that these interventions will continue at least until the end of 2016. Unemployment is expected to continue to decrease (to less than 5% this year, according to forecasts of the IMF). With set low budget deficit and positive current account balance, the Czech Republic is expected to be one of the strongest performing economies this year.

As of the end of 2015 Czech companies were traded at an average P / E of 16.4 (on ttm basis) and the dividend yield was at good levels of 6.6%.

Hungary

The Hungarian market was the third best performing in the world in 2015 with a growth of nearly 44%.

Movement of BUX in 2015



In macroeconomic terms significant improvements, appreciated by investors in Hungarian securities, were observed. Despite the expected economic growth of 2.5% in 2016, it will be lower than it was in 2015, and this is because of the lower amount of funds under EU programs, which will be used this year. Domestic consumption and export of services will be the main growth incentive. Similarly to other Central European countries, Hungary has seen resurgence in the labor market with reducing unemployment and increase in wages, which will contribute to higher consumption levels. The government is taking a number of measures such as reducing the tax burden for banks in 2016, as well as measures to compensate borrowers with loans in foreign currency, suffering losses by the depreciation of the forint.

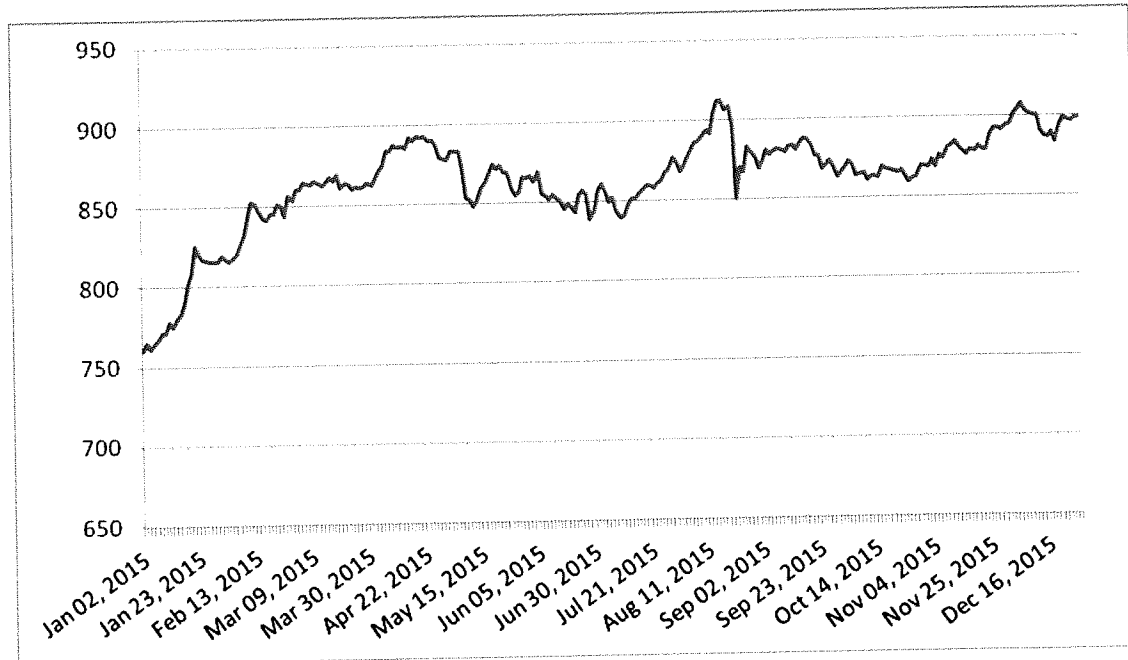
As a result of macroeconomic improvements, the Hungarian market is a subject to increasing interest by foreign investors. The main problem here remains the fact that about 95% of the capitalization of the market is formed from 4 companies. At the end of last year the Hungarian central bank announced, that it has acquired a majority share in the stock exchange in Budapest, also declaring that it will try to encourage more companies to list on the local market, and to attract more Hungarian investors.

As at the end of 2015, the average P/E ratio on the market was 16.4x. Despite the ratios, seen on the market of the main companies, are not amongst the lowest at the moment, we expect positive trend on securities, with respect to the positive expectation for the Hungarian economy.

Estonia

The Estonian market was amongst the stable ones during the year, and continued to appreciate in the second half of 2015, despite the global turbulence, reporting growth of nearly 19.1% .

Movement of OMX Talinn in 2015

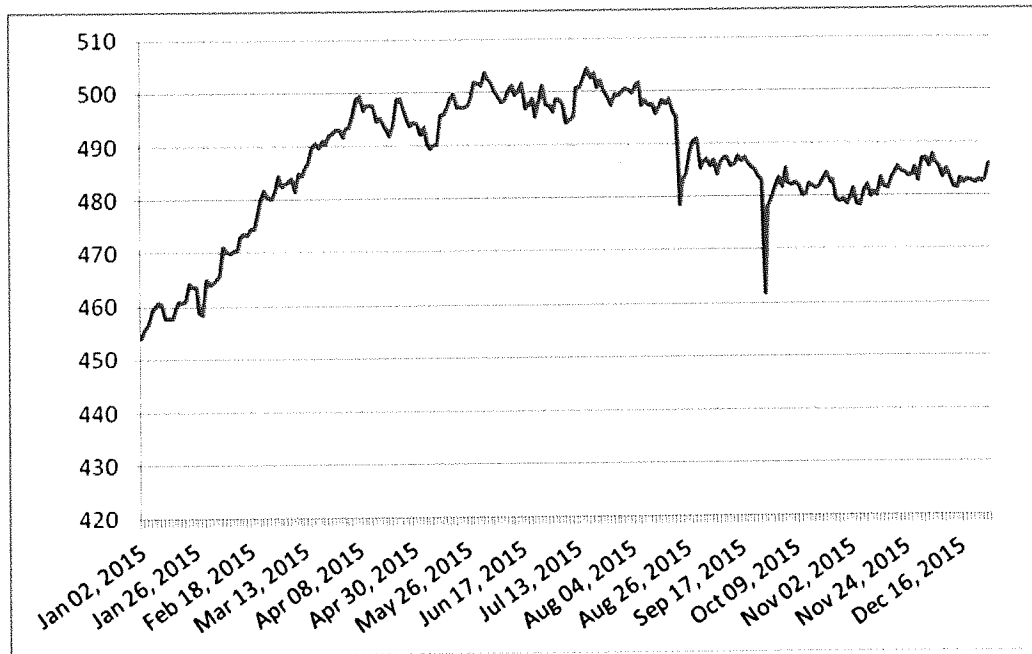


The development of the Estonian economy is currently influenced by difficulties in its main business partners - Finland and Russia, as export generally accounts for up to 80% of GDP. As a result, GDP growth in the third quarter of 2015 fell to 0.5% on an annual basis, which is the lowest level since 2013. Estonia is one of the EU countries with the most successful fiscal policy as its public debt is expected to remain around 10% of GDP. Among the main concerns of the IMF are the plans for salaries increase, already agreed for 2016 and 2017 and, given the significant slowdown in export, the implementation of these arrangements would be problematic. Corporate results of the companies, however, continued to improve, as despite market growth in the second half of the year, the average P / E of the Estonian market at the end of 2015 dropped to 10.7x.

Lithuania

The Lithuanian market reported a decline in the second half of 2015, but remained in positive territory for the year as a whole, with growth rate of 7.4%.

Movement of OMX Vilnius in 2015



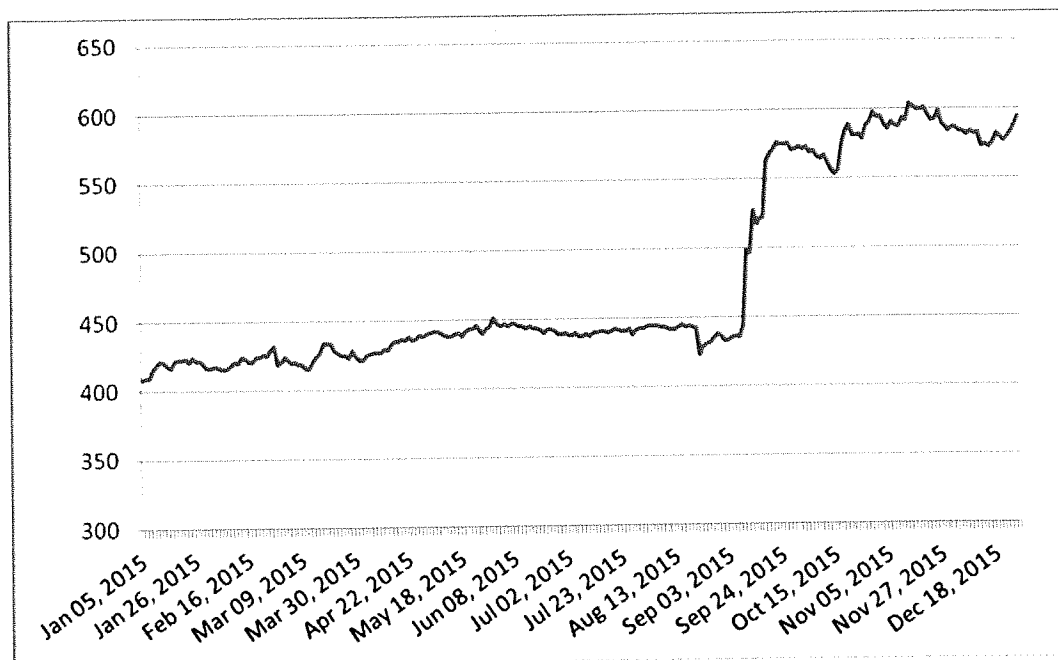
Compared with the previous two quarters of 2015 the growth of the Lithuanian economy strengthened in the third quarter - to 1.7% on an annual basis, but remained below the levels of 2014, due to shrinking exports. For the whole year we expect GDP growth to fall to 1.8% (compared to 2.9% in 2014) given the high share of exports to Russia and the deteriorating situation there. However, forecasts are that internal demand will boost and lead to increased growth in 2016.

Improved corporate results reflected in a decline in average P / E for the market, which as at the end of the year was 10.7x.

Latvia

The Latvian market was the second best performing market worldwide in 2015 with growth of the main index of 45.7%.

Movement of OMX Riga in 2015



Latvian economy also suffered from the decline in Russian economy, but unlike the other two Baltic states, managed to implement policies to diversify exports, which is why the effects were less visible. Thus, GDP growth strengthened to 3.3% in the third quarter of 2015.

Although the growth of the Latvian index looks impressive, one should take into account the fact that the basis for this sharp increase is mainly one company - Ventspils Nafta Transzits, the price of which has tripled as a result of news on its acquisition and was subsequently delisted.

As of the end of 2015 Latvian shares were traded at P / E of just under 20x.

2.2 Changes in the portfolio of MF Advance Emerging Europe Opportunities, and operating results in 2015

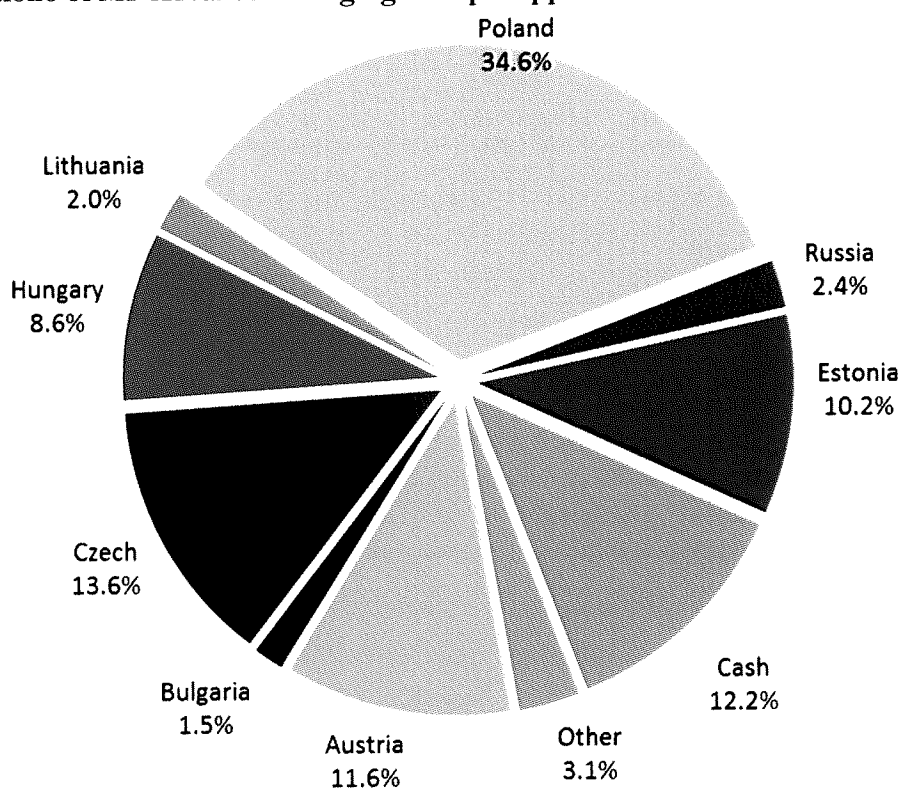
In 2015, the portfolio of MF Advance Emerging Europe Opportunities was significantly restructured, as a result of announced earlier this year changes in Fund's strategy. As announced then, Karoll Capital Management carefully has been analyzing the situation and perspectives of the segment of initial public offerings in Central and Eastern Europe, which were the focus of the fund. Preserving confidence that in the long run IPOs in the region have strong potential, has been decided that strict adherence to this strategy in the current market conditions will lead to the omission of attractive opportunities. For this reason, the Board of Directors of the Management Company decided to change the name of the Fund, while modifying its investment focus, with a view to seek for new opportunities and add value for investors. Following the decision of the Board of Directors, the Fund currently invests in equities of companies from Central and Eastern Europe, primarily in Poland, Czech Republic, Hungary and the Baltic States. The Fund also has the right to invest in Austrian companies whose revenues are substantially generated in the region of Central and Eastern Europe.

The Fund also reserves its intention to participate in IPO deals, and at the discretion of the Management Company may participate in IPO deals in other countries in Central and Eastern Europe, with the aim to take advantage of attractive opportunities, and in this case, the rule for short-term holding of investments shall be applied (up to several months).

After obtaining approval from the Financial Supervision Commission to change the name of the Fund and the rules according to which it operates, with regard to the new strategy, restructuring of the portfolio was initiated at the end of February 2015. It was implemented gradually, as in view of the previous focus of the fund, it was associated with sale of a large part of the portfolio and the addition new positions.

Given the increased levels of political risk in Poland, during the second half of 2015 we reduced the weight of Polish equities.

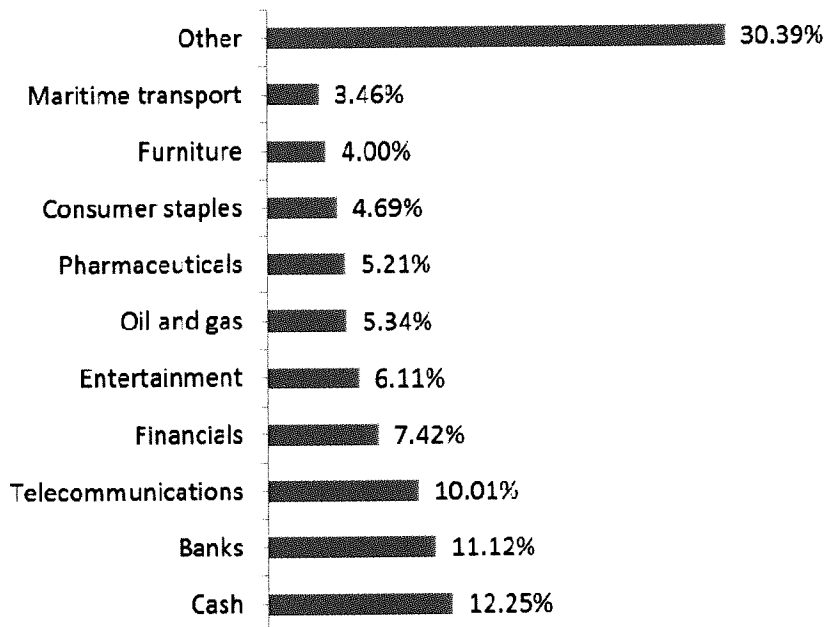
Portfolio of MF Advance Emerging Europe Opportunities as at 31.12. 2015.



Sector distribution of the assets in the portfolio of MC Advance Emerging Europe Opportunities as at 31.12.2015.

In terms of sectoral distribution – the most significant changes during the second half of 2015 were associated with substantial decrease in the share of equities of energy companies, with regard to the downfall of this sector in Poland, due to planned reforms by the new government.

Sector allocation



Leading positions in the portfolio as proportion from total assets as at 31.12.2015

Company	% of the assets
ERSTE GROUP BANK AG (Austria), Banks	5.05%
KRUK S.A. (Poland), Financial services	4.69%
CENTRAL EUROPEAN MEDIA ENTERPRISES LTD (Czech Republic), Media	3.66%
OMV AG (Austria), Petrol	3.51%
TALLINK GRP (Estonia), Sea transportation	3.46%

3. Financial result for 2015

The financial result of MF Advance Emerging Europe Opportunities as at 31 December 2015 is loss at the amount of BGN 69 thousand.

Revenues, generated by the Fund amounting to BGN 5 227 thousand consist of financial revenues as follows:

- Dividend income – BGN 75 thousand;
- Revenue from operations with financial assets – BGN 4 371 thousand;
- Interest income – BGN 2 thousand;
- Foreign currency exchange gains – BGN 829 thousand.

Financial costs, incurred by the Fund in 2015 amounting to BGN 5 241 thousand mainly consist of negative differences from operations from financial assets – BGN 4 448 thousand and foreign currency exchange losses amounting to BGN 793 thousand.

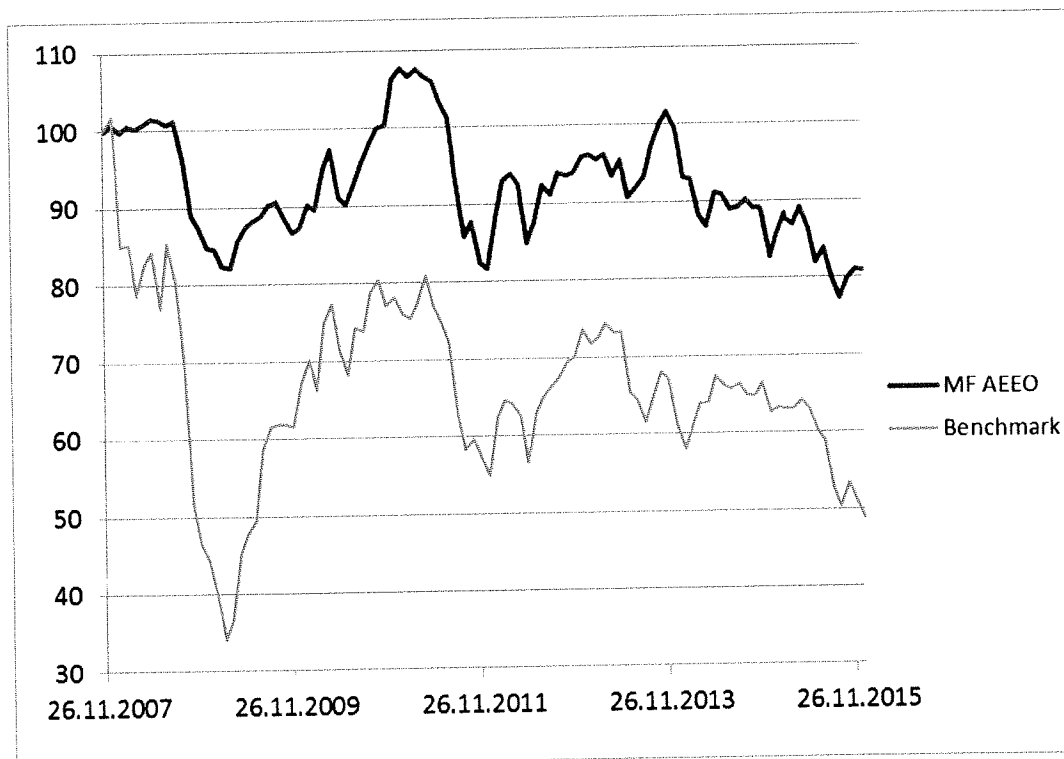
Non-financial expenses of the Fund, amounting to BGN 105 thousand represent costs, related to the Fund's activity, and as at 31 December 2015 are 3.36% of the average annual net asset value of the Fund. Management Company's remuneration, pursuant to Fund's rules are BGN 78 thousand.

4. Changes in the price of the fund's shares

Principal indicator of the management effectiveness of MF Advance Emerging Europe Opportunities is the change in the price of the Fund's shares, calculated based on the net asset value. Net assets value per share dropped to 0.8086 EUR as at 31 December 2015, compared to 0.8274 EUR as at 31 December 2014.

During 2015, the Fund managed to overachieve, compared to the benchmark used, and maintained its much better performance since incorporation.

Comparison between the performances of MF Advance Emerging Europe Opportunities and the benchmark, since Fund's inception



Benchmark: MSCI EFM Europe + CIS ex RU

5. Expected risks associated with the investments and techniques for their management

The risks associated with the investments of MF Advance Emerging Europe Opportunities are:

a) *Market risk* - the possibility of incurring losses due to adverse changes in the prices of securities, market interest rates, exchange rates and others. Components of the market risk are:

- interest rate risk - the risk of decrease in the value of an investment in a security due to changes in interest rates. The Management Company measures interest rate risk by calculating duration. Duration is a measure of the sensitivity of a security to the level of interest rates. The Management company uses the method of modified duration to measure interest rate risk associated with each security based on interest rates as bonds, interest rate swaps, futures on interest rates and futures on bonds;

- currency risk - the risk that the value of an investment in a security or a deposit denominated in a currency other than the EURO or BGN, because of a change in the exchange rate between that currency and the BGN or EURO. Currency risk is measured using the historical volatility of the exchange rate of the BGN currency to the EURO or to the net currency exposure;

- price risk associated with investment in shares or other equity securities - the risk of decrease in the value of an investment in a security due to adverse changes in market prices. The Management Company measures the price risk associated with investing in stocks by tracking historical volatility measured by the standard deviation or calculating the β -coefficients to the appropriate index.

b) *Credit risk* – the possibility of reducing the value of the position in a financial instrument due to unexpected credit events relating to issuers of financial instruments, the counterparty in exchange and OTC transactions, as well as countries in which they operate. There are three types of credit risk:

- counterparty risk is the risk of default by the counterparty to the OTC deal;

- settlement risk is the risk that mutual funds may not receive the cash or securities from a counterparty on the settlement date, after they have fulfilled their obligations arising from that trade. The Management Company measures this risk by value of all trades with a counterparty as a percentage of the value of the portfolio. Transactions concluded on condition of DVP (delivery versus payment) and markets with a clearing house are not included;

- investment credit risk is the risk of reducing the value of an investment in a debt security due to a credit event with the issuer of the instrument. Credit event includes bankruptcy, insolvency or significant change in the capital structure, reducing the credit rating and others.

c) *Operational risk* – the possibility of incurring losses, errors or flaws in the organization, inadequately trained personnel, adverse external non-financial events, including legal risk. Operational risks are internal - related to the work of the management company in the management of Advance Emerging Europe Opportunities and external - related to macroeconomic, political and other factors that influence and / or may affect the business of the management company in relation to management of the fund. Internal operational risks include risks related to staff and technological risks, and external debt - risk environment and risk of physical interference. Assessment of the operational risks associated with the activities of Advance Emerging Europe Opportunities is conducted by the Department for internal control.

d) *Liquidity risk* – risk arising from possible losses due to sales of assets in adverse market conditions to meet unexpected short-term obligations..

e) *Concentration risk* – the possibility of loss due to inadequate diversification of exposures to customers, groups of connected clients, clients from the same industry, geographic region or arising from the same activity, which may cause significant losses, and the risk associated with large indirect credit exposures

II. IMPORTANT EVENTS THAT HAVE OCCURRED AFTER THE DATE OF COMPLETEION OF THE ANNUAL FINANCIAL STATEMENTS

After the date of completion of this report there have been no significant events that could lead to its alteration or to changes in the reporting

III. EXPECTED DEVELOPMENT OF THE FUND

In 2016, the management company will continue to apply the approach of stock-picking among the seven markets in which the Fund invests. In order to reduce the risks on a ongoing basis, a restructuring of the portfolio is probable, with reduction of the share of Polish securities, due to, on one side increased risks associated with political changes, and measures, taken by the new government, that will affect results of the companies in a number of sectors. On the other hand, given the size of the market and the significant presence of foreign investors in it, it is highly correlated with the major developed markets - the current uncertainty and risks of further declines also justify a lower exposure in the Polish market. Sectors that will suffer the most from the planned reforms are energy and mining, and we will avoid them, as well as companies, managing supermarket stores. In the short term it is possible that bank stocks also will suffer a decline, in the light of additional taxes imposed on the credit institutions - this factor, however, is to a considerable extent consumed, as in view of the good perspectives for the development of the Polish economy, our expectations for the year are, that this sector will perform strongly. The focus on Polish market will be on the chemical, IT and construction sector. Positive expectations for the economic development of other countries in which the Fund invests, determine the positive expectations of the Management Company for the banking sector in the region, and as a result we will retain or increase exposure to these stocks in Hungary, Czech Republic and Austria. Higher share of consumer companies will be maintained at the Baltic markets, as it is expected for them to benefit from the improving internal demand.

Overall, the region has a favorable position at the moment with regard to its weak dependence on China and therefore is less directly vulnerable to the slowdown of the Chinese economy. On the other hand, the strong decline in commodity prices affected even favorably, as countries in the region are net importers of raw materials. At the same time the region has not been spared from the sell-offs in last year. This, combined with improving corporate results, makes the present assessment ratios in a significant part of the companies – attractive.

Given the current risks of further volatility on the global marketplace, which will affect the CEE region, in the short term the weight of shares in the portfolio will be maintained around 80% of total assets, while if appear indications for reaching a bottom, it will be gradually increased.

IV. RESEARCH AND DEVELOPMENT

The specificity of the activities of the Fund does not involve research and development.

V. INFORMATION UNDER ART. 187D AND ART. 247 OF THE COMMERCIAL LAW

The Fund's equity as at 31 December 2015 consist of 1,836,255.5678 shares with par value of 1 euro per share. In 2015 the Fund has issued 769.6543 shares and has repurchased 134,208.9138 shares. The number of share owners has changed to 161 as at the end of 2015, and from the total number – 152 are individuals and 9 are legal entities.


Equity at the amount of BGN 2, 903 thousand comprises of:

- Share capital – BGN 3,591 thousand;
- Premium reserve from share emission – BGN 790 thousand;
- Accumulated loss from prior periods – BGN (3,220) thousand;
- Retained earnings from prior periods – BGN 1,811 thousand;
- Financial result from the current year (loss) – BGN (69) thousand.

The Fund has not distributed dividends, and does not have registered branches. There are no restrictions on the Board members to purchase shares of the Fund. As at 31 December 2015 Nadya Stefanova Nedelcheva owns 2,240.5428 shares of the Fund.

In 2015, the Management Company elects specialized auditing company Grant Thornton OOD, reg Number 032 to audit the annual financial statements for 2015. The remuneration is BGN 2,625.00 without VAT and is fully paid for independent financial audit.

2.03.2016

Daniel Ganev: 
Chief Executive Officer
MC Karoll Capital Management EAD



Grant Thornton Ltd.
26, Cherni Vrah Blvd, 1421 Sofia
4, Paraskva Nikolau Str., 9000 Varna

T (+3592) 987 28 79, (+35952) 69 55 44
F (+3592) 980 48 24, (+35952) 69 55 33
E office@gtbulgaria.com
W www.gtbulgaria.com

INDEPENDENT AUDITOR'S REPORT

To the shareholders of
Mutual Fund Advance Emerging Europe Opportunities
1 Zlatovryh Str., Sofia, Bulgaria

Report on the Financial Statements

We have audited the accompanying financial statements of Mutual Fund Advance Emerging Europe Opportunities, which comprise the statement of financial position as of 31 December 2015, and the statement of profit or loss and other comprehensive income for the year ended 31 December 2015, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, as adopted by EU and Bulgarian legislation 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Mutual Fund Advance Emerging Europe Opportunities as of 31 December 2015, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by EU and Bulgarian legislation.

Report on Other Legal and Regulatory Requirements – Management's report for the year ended 31 December 2015

We have reviewed the management's report for the year ended 31 December 2015 of Mutual Fund Advance Emerging Europe Opportunities, which is not part of the financial statements. The historical financial information in the management's report complies in its main aspects with the financial information, presented in the financial statements for the year ended 31 December 2015, prepared in accordance with International Financial Reporting Standards, as adopted by EU and Bulgarian legislation. The preparation of the management's report is responsibility of the management.

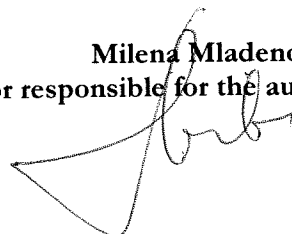
Mariy Apostolov
Managing partner

Grant Thornton Ltd.
Auditing Company

25 March 2016
Bulgaria, Sofia



Milena Mladenova
Registered auditor responsible for the audit




MF ADVANCE EMERGING EUROPE OPPORTUNITIES
STATEMENT OF FINANCIAL POSITION

31 December 2015

All amounts are presented in BGN'000, unless otherwise stated

	Note	As at 31.12.2015	As at 31.12.2014
Assets			
Current assets			
Financial assets at fair value through profit or loss	5	2,554	2,848
Cash and cash equivalents	6	356	347
Total assets		2,910	3,195
Net assets, belonging to the shareholders			
Share capital	7.1	3,591	3,852
Premium reserve	7.2	790	744
Accumulated loss		(1,478)	(1,409)
Total net assets, belonging to the shareholders		2,903	3,187
Liabilities			
Current liabilities			
Related party payables	11.2	6	7
Current payables	8	1	1
Total liabilities		7	8
Total net assets, belonging to shareholders and liabilities		2,910	3,195

Daniel Ganev: 
Chief Executive Officer
MC Karoll Capital Management EAD

Stoyka Koritarova: 
Chief Accountant
MC Karoll Capital Management EAD

Date: 19.02.2016

Audited, according to auditor's report, dated 25.03.2016

Milena Mladenova
Registered auditor, responsible for the audit

Mariy Apostolov 
Managing Partner
Grant Thornton OOD - Specialized auditing company



The accompanying notes on pages from 5 to 33 form an integral part of the financial statements.

MF ADVANCE EMERGING EUROPE OPPORTUNITIES
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR
ENDED 31 DECEMBER

All amounts are presented in BGN'000, unless otherwise stated

	Note	For the year ended 31.12.2015	For the year ended 31.12.2014
Dividend income	9.1	75	106
Loss from operations with investments, net	9.2	(77)	(714)
Profit from foreign currency exchange, net	9.3	36	48
Interest income	9.4	2	2
Net profit / (loss) from financial assets		36	(558)
Hired services expenses	10	(105)	(115)
Other expenses (incl. financial)		-	(1)
Total operating expenses		(105)	(116)
Loss for the period		(69)	(674)
Total comprehensive loss		(69)	(674)

Daniel Ganev:
Chief Executive Officer

MC Karoll Capital Management EAD

Stoyka Koritarova:
Chief Accountant

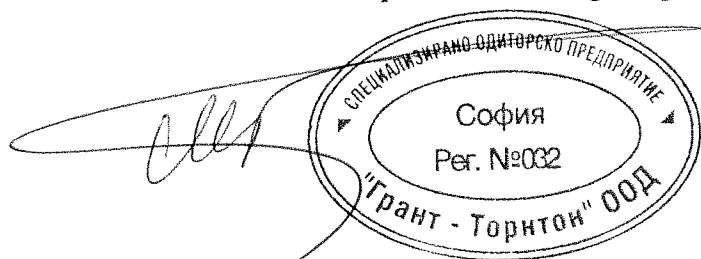
MC Karoll Capital Management EAD

Date: 19.02.2016

Audited, according to auditor's report, dated 25.03.2016

Milena Mladenova
Registered auditor, responsible for the audit

Mariy Apostolov
Managing Partner
Grant Thornton OOD - Specialized auditing company



The accompanying notes on pages from 5 to 33 form an integral part of the financial statements..

MF ADVANCE EMERGING EUROPE OPPORTUNITIES
STATEMENT OF CASH FLOWS

31 December 2015

All amounts are presented in BGN'000, unless otherwise stated

	For the year ended 31.12.2015	For the year ended 31.12.2014
Cash flows from investing activities		
Cash payments for financial assets acquisition	(2,315)	(328)
Proceeds from sale of financial assets	2,570	762
Interest received	2	2
Dividends received	73	100
Payments, related to currency exchange differences	-	(4)
Net cash flow from investing activities	330	532
Cash flows from non-specialized investment activity		
Cash payments related to trade contractors	(27)	(22)
Cash payments related to the Management Company	(79)	(95)
Other cash flows from main activity	-	(1)
Net cash flow from non-specialized investing activities	(106)	(118)
Cash flows from financing activities		
Proceeds from shares issue	1	12
Payment for share repurchase	(216)	(378)
Net cash flow from financing activities	(215)	(366)
Net increase in cash and cash equivalents	9	48
Cash and cash equivalents at the beginning of the year (note 6)	347	299
Cash and cash equivalents at the end of the year (note 6)	356	347

Daniel Ganev:
Chief Executive Officer
MC Karoll Capital Management EAD

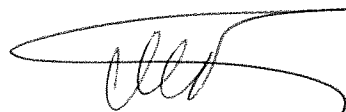
Stoyka Koritarova:
Chief Accountant
MC Karoll Capital Management EAD

Date: 19.02.2016

Audited, according to auditor's report, dated 25.03.2016

Milena Mladenova
Registered auditor, responsible for the audit

Mariy Apostolov
Managing Partner
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The accompanying notes on pages from 5 to 33 form an integral part of the financial statements.

MF ADVANCE EMERGING EUROPE OPPORTUNITIES
STATEMENT OF CHANGES IN NET ASSETS, BELONGING TO SHAREHOLDERS
31 December 2015

All amounts are presented in BGN'000, unless otherwise stated

	Share capital	Premium reserve	Accumulated loss	Total
Balance at 1 January 2014	4,258	705	(735)	4,228
Issue of shares	12	40	-	52
Share repurchase	(418)	(1)	-	(419)
Transactions with shareholders	(406)	39	-	(367)
Loss for the year	-	-	(674)	(674)
Total comprehensive loss for the year	-	-	(674)	(674)
Balance at 31 December 2014	3,852	744	(1,409)	3,187
Issue of shares	2	46	-	48
Share repurchase	(263)	-	-	(263)
Transactions with shareholders	(261)	46	-	(215)
Loss for the year	-	-	(69)	(69)
Total comprehensive loss for the year	-	-	(69)	(69)
Balance as at 31 December 2015	3,591	790	(1,478)	2,903

Daniel Ganey: 
Chief Executive Officer
MC Karoll Capital Management EAD

Stoyka Koritarova: 
Chief Accountant
MC Karoll Capital Management EAD

Date: 19.02.2016

Audited, according to auditor's report, dated 25.03.2016

Milena Mladenova
Registered auditor, responsible for the audit

Mariy Apostolov
Managing Partner
Grant Thornton OOD - Specialized auditing company



The accompanying notes on pages from 5 to 33 form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

MF Advance Emerging Europe Opportunities (the Fund) is a collective investment scheme of an open type that operates following the principle of distribution of the risk. The Mutual Fund is organized and managed by MC Karoll Capital Management EAD that has received a license with a decision 328 – UD of 21 August 2003 of FSC for realizing its activity within the meaning of the Public Offering of Securities Act. The license is supplemented with a decision 115 – UD of 14 February 2006 of SFC on the order of the amendments in the Public Offering of Securities Act with a subject of activity management of the activity of the collective investment schemes and collective investment schemes of a closed type and management of individual portfolios and providing investment consultations regarding securities.

MC Karoll Capital Management EAD has received a license № 742 – MF/30.08.2006 of SFC to organize and manage MF Advance Emerging Europe Opportunities. The Fund has been registered in the register according to art. 30, para 1, pt 5 of SFCA

The Fund is subject to regulation by the Financial Supervision Commission. The special legislation concerning the activity of the Fund is contained and arises mainly from the Act on the activities of collective investment schemes and other collective investment undertakings (ZDKISDPKI) and regulations related. MC Karoll Capital Management EAD, acting on behalf of MF Advance Emerging Europe Opportunities chooses UniCredit Bulbank AD as a custodian bank that will hold dematerialized securities and cash of the Fund.

The public offering of the shares of MF Advance Emerging Europe Opportunities started on 23 November 2007. Its shares are denominated in euro, with par value of 1 euro per share.

The fund capital is a variable and may vary depending on the number of issued and offered for redemption shares, but is always equal to the net asset value of the Fund. The number of shares in circulation as at 31 December 2015 and 2014 is respectively 1,836,255.5678 and 1,969,694.8273.

1.1. Investment strategy of the Fund

The Fund is an open collective scheme for investing in shares of companies from Central and Eastern Europe at the time of the IPO, and in shares of companies in the same region that have implemented IPO no later than one year as at the time of the investment.

MF ADVANCE EMERGING EUROPE OPPORTUNITIES
NOTES TO THE FINANCIAL STATEMENTS

31 December 2015

All amounts are presented in thousand Bulgarian leva (BGN'000), unless otherwise stated

In 2015, the Management Company changed the name and investment policy of its Fund under management – MF Advance IPO Fund. The name is changed from MF Advance IPO Fund to MF Advance Emerging Europe Opportunities. The strategy of the collective investment scheme also changed, as to include exposures in equities of companies from Central and Eastern Europe, primarily from Poland, Czech Republic, Hungary, Estonia, Lithuania, Latvia. The Fund may also invest in equities of Austrian companies, whose revenues are mainly generated in the mentioned region. Furthermore, the Fund will seek to participate actively in IPO deals, and after assessment of the Management Company, even in IPOs in countries outside of the region of Central and Eastern Europe. In cases of investments in countries different from Poland, Czech Republic, Hungary and the Baltic republics, the objective is to benefit from attractive opportunities, applying a short-term horizon rule for investing (they will be held for not more than a few months). Investments on the regulated markets of Romania, Russia, Slovenia, Serbia, Croatia, Bulgaria, Turkey, Kazakhstan, Macedonia, Ukraine, are also permitted. The Fund also may invest in equities of companies from Central and Eastern Europe, that are traded on foreign stock markets.

The main goal is to increase the value of investments of the shares of the Fund by realizing capital gains by assuming a moderate to high level of risk, and providing investment results through long-term growth in the value of its investments.

Risk management is controlled by diversification of assets, such as the Management Company may apply appropriate strategies to avoid various risks when necessary.

The Fund will pursue an aggressive strategy in the event of more significant market disruptions or the risk of such management company can significantly reduce the weight of shares in the portfolio by maintaining higher balances in cash and bank deposits.

2. BASIS FOR PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and approved by the European Union (EU).

The financial statements are presented in Bulgarian leva (BGN), which is also the functional currency of the Company. All amounts are presented in thousand Bulgarian leva (BGN'000) (including comparative information for 2014) unless otherwise stated.

The financial statements are prepared under the going concern principle.

At the date of preparation of these financial statements, the management of the Management Company has assessed the ability of the Fund to continue as a going concern on the basis of the available information for the foreseeable future. Following a review of the Fund's management expects that the Fund has sufficient financial resources to continue its operational activities in the near future and continue to apply the principle of going concern when preparing financial statements.

All amounts are presented in thousand Bulgarian leva (BGN'000), unless otherwise stated

3. CHANGES IN ACCOUNTING POLICY

3.1. New standards, amendments and interpretations to IFRS that are effective for annual periods beginning on or after 1 January 2015

The Fund has adopted the following new interpretations, revisions and amendments to IFRS issued by the International Accounting Standards Board, which are relevant to and effective for the Funds's financial statements for the annual period beginning 1 January 2015:

Annual Improvements to IFRSs 2012 effective from 1 July 2014, adopted by the EU for annual periods on or after 1 February 2015.

These amendments include changes from the 2010-12 cycle of the annual improvements project that affect 7 standards, from which, the following affect the Fund.

- IFRS 13, 'Fair value measurement';
- Consequential amendments to IFRS 9, 'Financial instruments', IAS 37, 'Provisions, contingent liabilities and contingent assets';
- IAS 39, Financial instruments – Recognition and measurement'.

Annual Improvements to IFRSs 2013 effective from 1 July 2014, adopted by the EU for annual periods on or after 1 January 2015

The amendments include changes from the 2010-12 cycle of the annual improvements project that affect 4 standards, from which only IFRS 13 "Fair value measurement" is expected to affect the financial statements of the Fund.

- The amendments to IAS 19 "Employee Benefits" (amended) – Employee Contributions, effective from 1 July 2014, adopted by the EU for annual periods on or after 1 February 2015 are mandatory for the annual period beginning on 1 January 2014 but do not affect the financial statements of the Fund.

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

The following new standards, amendments and interpretations to existing standards have been issued, but are not effective for the financial year beginning 1 January 2015 and have not been early adopted:

IFRS 9 "Financial Instruments" effective from 1 January 2018, not yet adopted by the EU
The IASB recently released IFRS 9 'Financial Instruments' (2014), representing the completion of its project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. The new standard introduces extensive changes to IAS 39's guidance on the classification and measurement of financial assets and introduces a new 'expected credit loss' model for the impairment of financial assets. IFRS 9 also provides new guidance on the application of hedge accounting. The Company's management have yet to assess the impact of IFRS 9 on these consolidated financial statements.

IAS 1 “Presentation of financial statements” (amended) – Disclosure Initiative, effective from 1 January 2016, not yet adopted by the EU

These amendments are as part of the IASB initiative to improve presentation and disclosure in financial reports. They clarify guidance in IAS 1 on materiality and aggregation, the presentation of subtotals, the structure of financial statements and the disclosure of accounting policies.

The Managing company’s officials are still assessing the possible effects of future implementation of the new standards, interpretations and amendments.

The following new standards and interpretations were issued, which are not relevant to and effective for the Company's financial statements:

- IFRS 9 “Financial Instruments” (amended) – Hedge accounting, effective from 1 January 2018, not yet adopted by the EU
- IFRS 10 “Consolidated financial statements” and IAS 28 “Investments in associates and joint ventures” (amended), effective from 1 January 2016, not yet adopted by the EU
- IFRS 10 “Consolidated financial statements”, IFRS 12 “Disclosures of interests in other entities” and IAS 28 “Investments in associates and joint ventures” - Investment Entities: Applying the Consolidation Exception (amended), effective from 1 January 2016, not yet adopted by the EU
- IFRS 11 “Joint Arrangements” (amended) – Acquisition of an Interest in a Joint Operation, effective from 1 January 2016, not yet adopted by the EU
- IFRS 14 “Regulatory deferral accounts” effective from 1 January 2016, not yet adopted by the EU
- IFRS 15 “Revenue from Contracts with Customers” effective from 1 January 2018, not yet adopted by the EU
- IAS 16 “Property, plant and equipment” and IAS 38 “Intangible Assets” (amended), effective from 1 January 2016, not yet adopted by the EU
- IAS 16 “Property, plant and equipment” and IAS 41 “Agriculture” (amended) - Bearer Plants, effective from 1 January 2016, not yet adopted by the EU
- IAS 27 “Separate financial statements” (amended), effective from 1 January 2016, not yet adopted by the EU;
- Annual Improvements to IFRSs 2014 effective from 1 January 2016, not yet adopted by the EU

4. SUMMARY OF ACCOUNTING POLICIES

4.1. Overall considerations

The significant accounting policies that have been used in the preparation of these financial statements are summarized below.

The financial statements have been prepared using the measurement bases specified by IFRS for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies below.

It should be noted that accounting estimates and assumptions are used for the preparation of the financial statements. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

All amounts are presented in thousand Bulgarian leva (BGN'000), unless otherwise stated

4.2. Presentation of financial statements

The financial statements are presented in accordance with IAS 1 "Presentation of Financial Statements" (revised 2007). The Fund has elected to present the statement of profit or loss and other comprehensive income in two statements: a statement of profit or loss and a statement of comprehensive income.

Two comparative periods are presented for the statement of financial position when the Company:

- (i) applies an accounting policy retrospectively,
- (ii) makes a retrospective restatement of items in its financial statements, or
- (iii) reclassifies items in the financial statements

The Fund has none of the above conditions for the presentation of two comparative periods so the financial statements are therefore presented with a single comparative period.

4.3. Foreign currency transactions

Foreign currency transactions are translated into the functional currency, using the exchange rates prevailing at the dates of the transactions (spot exchange rate as published by the Bulgarian National Bank). Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-measurement of monetary items at year-end exchange rates are recognized in profit or loss.

Non-monetary items measured at historical cost are translated using the exchange rates at the date of the transaction (not retranslated). Non-monetary items measured at fair value are translated using the exchange rates at the date when fair value was determined.

4.4. Segment reporting

With Part III of the Listing Rules now being effective and by decision of the Board of Directors of Bulgarian Stock Exchange - Sofia AD and Protocol № 26/09 May 2014, the registration of all issues admitted to trading on the Segment for collective investment schemes is terminated, effective from 12 May 2014. As at 31 December 2015, the shares of the Fund are not traded on a regulated market. The Fund operates in a single economic sector because of legal restrictions and the purpose for which it was created. For these reasons no information will be presented regarding various sectors.

4.5. Revenue

The main financial revenue of the Fund comprises revaluation of securities, realized gains or losses from transactions with securities, interest income on deposits and interest-bearing securities and from dividends.

4.5.1. Interest income

Interest income from bank deposits is recognized in the Statement of profit or loss and other comprehensive income of the Fund, according to the terms of the contracts. Interest income is recognized on an accrual basis.

Interest received on bank deposits is presented in the statement of cash flows as interest income.

Dividend income is recognized in profit or loss at the time of origination of the right to receive payment.

4.5.2. Net income from investment operations

Subsequent measurement, due to changes in the market (fair) value of securities is presented in the statement of profit or loss and other comprehensive income of the Fund as net income from investment operations.

Differences from changes in the value of financial instruments are reported as current income or expense from revaluation of financial assets when those assets are held for trade and in equity as revaluation reserves when these assets are available for sale.

The difference between the revalued amount and the price of the financial instruments, when sold is recognized as current revenue or expense from operations with financial instruments.

4.5.3. Net income from foreign exchange operations

Foreign currency transactions are recognized in BGN by applying the exchange rate of the Bulgarian National Bank (BNB) as of the date of the respective transaction. Assets and liabilities denominated in foreign currency are reported by applying the closing exchange rate of BNB at the date of preparation of the statement of financial position.

Gains and losses from exchange rate differences and from trade with currency are reported in the Statement of profit or loss and other comprehensive income in the period of their occurrence.

The subsequent measurement, due to changes in foreign exchange rates are reflected in the statement of profit or loss and other comprehensive income as net income from foreign exchange operations. The effects of changes in exchange rates in the subsequent measurement of financial assets denominated in foreign currencies at fair value through profit or loss, are recognized after taking into account changes in the market prices in original currencies.

4.6. Expenses

Expenses associated with the operations of the Fund are recognized in profit or loss in the statement of profit or loss and other comprehensive income following the accrual basis. The annual operating expenses of the Fund cannot exceed 4.00% of the average annual net asset value of the Fund. The percentage is determined by the management of the Management Company, as it is set in the Prospectus of the Fund and approved by the Financial Supervision Commission. Costs relating to the activities that are borne indirectly by all its shareholders, including management fee and remuneration of the depository bank are accrued daily, under contracts with the Management Company and Depository bank.

Costs associated with the investment in units of the Fund costs are borne directly by the individual investor / shareholder.

All amounts are presented in thousand Bulgarian leva (BGN'000), unless otherwise stated

The Fund's shares are purchased at their issue price, which is equal to the net asset value per share plus the cost of issuance, calculated as a percentage of net asset value per share as follows:

- 1.5% (1.5 percent) of the net asset value per unit for orders up to EUR 50,000.0 euro;
- 1.0% (1.0 percent) of the net asset value per unit for orders from EUR 50,000.01 to EUR 250,000;
- 0.5% (0.5 percent) of the net asset value per unit for orders of EUR 250,000.01 to EUR 500,000;
- For orders above EUR 500,000– no expenses on issuance, as well as for orders on behalf of institutional investors, and orders on behalf of investors, resulting from, and empowered by a contract for portfolio management with MC Karoll Capital Management EAD.

Shareholders do not pay expenses for redemption of shares of the Fund.

These expenses are payable by the Fund to the Management Company and are due until the 5th of following month.

4.7. Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to contractual agreements, which include financial instruments.

Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred.

A financial liability is derecognized when it is extinguished, discharged, cancelled or expires. Financial assets and financial liabilities are measured initially at fair value plus transactions costs, except for financial assets and financial liabilities carried at fair value through profit or loss, which are measured initially at fair value.

All financial assets are recognized on their settlement date

Financial assets and financial liabilities are subsequently measured as described below.

4.7.1. Financial assets

For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments are classified into the following categories upon initial recognition:

- loans and receivables;
- financial assets at fair value through profit or loss;
- investments, held to maturity;
- available-for-sale financial assets

Financial assets are assigned to the different categories, depending on the purpose for which the investments were acquired. The category determines subsequent measurement and whether any resulting income and expense is recognized in profit or loss or in other comprehensive income. All financial assets except for those at fair value through profit or loss are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment is applied for each category of financial assets, which is described below.

All income and expenses relating to financial assets are recognized in profit or loss upon receipt, regardless of how the carrying value of the financial assets to which they relate is estimated, is presented in the statement of profit or loss and other comprehensive income within "Gains / (losses) from operations with investments, net", except for impairment of trade receivables which is presented within 'Other expenses/income (including financial)'.

Financial assets held by the Fund are:

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed payments that are not quoted in an active market. After initial recognition these are measured at amortized cost using the effective interest rate method, less provision for impairment.

Any change in their value is recognized in profit or loss in the current period. The Fund's cash and cash equivalents, trade and most of other receivables fall into this category of financial instruments. Discounting is omitted where the effect of discounting is immaterial. Current receivables are measured at their expected realizable value. Individually significant receivables are tested for impairment when they are past due or when there is objective evidence that a specific counterparty will default. All other receivables are reviewed for impairment in groups, which are determined by reference to the industry and region of a counterparty and other available feature of shared credit risk characteristics. The impairment percentage is then based on recent historical counterparty default rates for each identified group. Impairment of trade receivables is presented within 'Other expenses/income (including financial)'.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets that are either classified as held for trading or that meet certain conditions and are designated at fair value through profit or loss upon initial recognition. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments. Assets in this category are measured at fair value with gains or losses recognized in profit or loss. The fair values of derivative financial instruments are determined by reference to active market transactions or using a valuation technique where no active market exists.

Subsequent daily valuation of financial instruments is carried out according to the accounting policy for valuation complying with the rules of portfolio valuation and determination of the net assets value of MF Advance Emerging Europe Opportunities, under Regulation №44 from 20 October 2011 for operation requirements for collective investment schemes, and closed-type investment companies and management companies (NIDKISIDZTUD), which are approved by the Financial Supervision Commission. Rules can be found on the website of the Fund - <http://www.karollcapital.bg>.

In assessing the assets the Fund is guided by the following principles:

- Financial assets held for trading are measured at fair value, which is their market price in all cases where they have such;
- when assets have no market price, fair value is determined using valuation models;
- • the main criteria for establishing whether an asset has a market price is its liquidity.

Cash is measured at their nominal value

Financial liabilities

Financial liabilities of the Fund include trade and other payables. Financial liabilities are recognized when there is a contractual obligation to deliver cash or another financial asset to another entity or a contractual obligation to exchange financial instruments with another company under potentially adverse conditions. All costs associated with changes in fair value of financial instruments are recognized in profit or loss.

Trade payables are recognized initially at their nominal value and subsequently measured at amortized cost, less payments on debt settlement.

4.9. Cash and cash equivalents

The Fund accounts for cash and cash equivalents available in cash and cash in bank accounts.

4.10. Income taxes

According to the Corporate Income Tax Art. 174 Collective investment schemes that are admitted for public offering in Bulgaria and licensed investment companies of closed type under the Public Offering of Securities are not subject to corporate tax.

4.11. Net assets, attributable to shareholders

The Fund is a mutual fund that issued its "capital" instruments and then has the responsibility for their repurchase. The funds raised - face value and reserves and issuing financial result determined net asset value belonging to investors.

Objectives, policies and processes for managing its obligation to the Fund to redeem the instruments when the holders of these instruments require this are set out in note 15 "Risks associated with financial instruments."

The estimation of the net asset value of the Fund shall be under the rules for determining the net asset value of the Fund, approved Resolution № 748 - DF of 30 August 2006 of the Financial Supervision Commission. In 2013 MC "Karoll Capital Management" EAD amended rules for valuation and determination of the net asset value of the Fund pursuant to Ordinance 44 on the activities of collective investment schemes and other undertakings for collective investment. The changes were approved by Decision № 976-DF from 16.12.2013 of the Commission for Financial Supervision.

The methodology for determining the net asset value is based on the legislation related to the Fund and includes the principles and methods of valuation of assets and liabilities of the Fund.

All amounts are presented in thousand Bulgarian leva (BGN'000), unless otherwise stated

The net assets value per share is the basis for determining the issue price and the repurchase of the shares of MF Advance Emerging Europe Opportunities, calculated every business day. The net assets value of the Fund is obtained by reducing the value of all assets from the value of liabilities. The net assets value of the Fund shall be declared in euro.

The methodology for determining the net asset value of the Fund is based on:

- the accounting legislation's provisions
- provisions of the activities of collective investment schemes and other collective investment undertakings (ZDKISDPKI) published on 04 October 2011
- Regulation №44 from 20 October 2011 on the requirements to collective investment schemes, investment companies and management companies (NIDKISIDZTUD);
- Rules and the Prospectus of the Fund.

Retained earnings / accumulated loss include the current financial result and retained earnings and uncovered losses from previous years.

4.12. Provisions, contingent liabilities and contingent assets

Provisions are recognized when there is a possibility of present obligations resulting from past events to lead to an outflow of resources from the Fund and can be made reliable estimate of the amount of the obligation. Timing or amount of the outflow may still be uncertain. Present obligation arises from the presence of a legal or constructive obligation as a result of past events, such as legal disputes.

Restructuring provisions are recognized only if there is a developed and implemented detailed formal restructuring plan or management has announced the main points of the restructuring plan to those affected by it. Provisions for future operating losses are not recognized.

The amount recognized as a provision is calculated based on the most reliable estimate of the expenditure required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow to settle the obligation is determined by considering the class of obligations as a whole. Provisions are discounted when the effect of the time value of money is significant.

Benefits, from third parties, in connection with obligations, to which the Fund is confident, that it would receive, are recognized as a separate assets. This asset may not exceed the value of the related provision.

Provisions are reviewed at each reporting period and their value is adjusted to reflect the current best estimate.

In cases, where it is considered unlikely, that outflow of economic resources will arise as result of a current liability, this liability is not recognized.

Possible inflows of economic benefits that do not yet meet the criteria for recognition of an asset are considered contingent assets.

4.13. Significant management judgements in applying accounting policies

Significant management judgments in applying the accounting policies of the Fund which have the most significant impact on the financial statements are described below:

- The issue and redemption price of Fund shares are based on the net asset value of the Fund at the date of determination. The Management Company is assessing the portfolio, determine the net asset value of the Fund, net asset value per unit and calculate the issue price and the redemption price under the control of the Custodian in accordance with regulatory requirements;
- The Management Company invests the Fund's assets in securities and in proportions determined in accordance with Art. 38 of the Law on the activities of collective investment schemes and other collective investment entities (ZDKISDPKI) published on 04 October 2011 and the Fund Rules;
- The subsequent valuation of the Fund's assets shall be made in accordance with the Fund's Rules and Regulation № 44/20 October 2011 on the requirements to the activities of collective investment schemes, investment companies and management companies;
- According to agreement with the Management Company and the Custodian, fees are collected daily;
- The management of the Fund is carried out by the Management Company. The Fund does not have the right, and has no tangible or intangible assets, investment property. The Fund is not entitled to be a party of lease agreements and thus no accounting policy has been adopted regarding this type of assets.
- The Fund does not have its own staff and thus no accounting policy has been adopted for pension and other employee obligations, as well as for staff remuneration based on shares..

4.14 Uncertainty in accounting estimates

4.14.1 Fair value of financial instruments

Management uses techniques to assess the fair value of financial instruments in the absence of quoted prices in an active market in accordance with the Fund's Rules and Ordinance № 44 / 20 October 2011 on the requirements to the activities of collective investment schemes, investment companies of closed-end type and management companies, which is approved by the Financial Supervision Commission.

In applying the valuation techniques, management makes maximum use of market data and assumptions that market participants would use in pricing the financial instrument. These estimates may differ from the actual prices that would be determined in a fair market transaction between knowledgeable and willing parties, in the end of the reporting period.

4.14.2 Impairment of financial assets

Management assesses at each reporting date, whether there is objective evidence, that a financial asset or group of financial assets should be impaired.

MF ADVANCE EMERGING EUROPE OPPORTUNITIES
 NOTES TO THE FINANCIAL STATEMENTS
 31 December 2015

All amounts are presented in thousand Bulgarian leva (BGN'000), unless otherwise stated

If there is objective evidence for an impairment loss from loans and receivables, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of expected future cash flows. The carrying amount of the asset is reduced either directly or through an allowance account. The amount of the loss is recognized in profit or loss.

A financial asset or group of financial assets are considered impaired and impairment losses are incurred when there is objective evidence for impairment arising from one or more events that occurred after the initial recognition of the asset (event "loss") and when this event "loss" (or events) has an effect on the estimated future cash flows from an asset or group of financial assets that can be measured reliably.

It may not be possible to identify a single event that caused the impairment. Rather, the impairment may be caused by the combined effect of several events.

Losses expected as a result of future events, no matter how likely, are not recognized.

5. FINANCIAL ASSETS AT FAIR VALUE, THROUGH PROFIT OR LOSS

	Note	Fair value As at 31.12.2015	Fair value As at 31.12.2014
Shares in BGN	5.1	45	315
Shares in foreign currency	5.2	2,509	2,442
Collective investment schemes in foreign currency	5.3	-	91
Total		2,554	2,848

5.1. Shares in BGN

Types of securities	ISIN	As at 31.12.2015		As at 31.12.2014	
			% of assets		% of assets
Syrma Group Holding AD	BG1100032140	45	1.53	-	-
Speedy AD - Sofia	BG1100007126	-	-	155	4.84
CEZ Razpredelenie Bulgaria	BG1100025110	-	-	118	3.69
Energo-Pro Mrezhi AD	BG1100026118	-	-	42	1.34
Total		45	1.53	315	9.87

MF ADVANCE EMERGING EUROPE OPPORTUNITIES

NOTES TO THE FINANCIAL STATEMENTS

31 December 2015

All amounts are presented in thousand Bulgarian leva (BGN'000), unless otherwise stated

5.2. Shares in foreign currency

	ISIN	As at		As at	
		31.12.2015	% of assets	31.12.2014	% of assets
Erste Group Bank AG	AT0000652011	147	5.05	-	-
Kruk S.A.	PLKRK0000010	136	4.69	135	4.22
Central European Media Enterprises ltd.	BMG200452024	107	3.66	-	-
OMV AG	AT0000743059	102	3.51	-	-
Tallink GRP	EE3100004466	101	3.46	-	-
Olympic Entertainment Group	EE3100084021	96	3.31	-	-
Alumetal S.A.	PLALMTL00023	94	3.22	82	2.57
Wizz Air Holdings PLC	JE00BN574F90	92	3.14	-	-
Uniqa Insurance Group AG	AT0000821103	88	3.03	-	-
Neuca	PLTRFRM00018	83	2.85	-	-
Fortuna Entertainment Group. N.V.	NL0009604859	82	2.80	-	-
Warsaw Stock Exchange	PLGPW0000017	80	2.73	100	3.13
Pegas Nonwovens SA	LU0275164910	79	2.73	-	-
Any Security Printing Go	HU0000093257	76	2.63	-	-
CEZ AS	CZ0005112300	74	2.54	-	-
Zaklady Azotowe Pulawy SA	PLZAPUL00057	72	2.49	-	-
Tallinna Kaubamaja Gruuo As	EE0000001105	72	2.49	-	-
Alior Bank S.A.	PLALIOR00045	71	2.42	99	3.10
Yandex NV	NL0009805522	70	2.42	74	2.31
Richter Gedeon Nyrt	HU0000123096	69	2.36	-	-
Amica Wronki SA	PLAMICA00010	64	2.21	-	-
Midas	PLNFI0900014	60	2.06	-	-
Apranga PVA	LT0000102337	60	2.05	-	-
Pfleiderer Grajewo SA	PLZPW0000017	59	2.02	-	-
Fabryki Mebli Forte Spolka Akcyjna	PLFORTE00012	58	1.98	-	-
PKP Cargo	PLPKPCR00011	55	1.89	66	2.07
Polski Koncern Naftowy Orlen	PLPKN0000018	53	1.83	-	-
Mol Hungarian Oil And Gas PL	HU0000068952	53	1.84	-	-
OTP Bank	HU0000061726	53	1.80	-	-
Komercni Banka	CZ0008019106	53	1.85	-	-
Cyfrowy Polsat	PLCFRPT00013	48	1.65	-	-
Action	PLACTIN00018	38	1.30	-	-
Newag SA	PLNEWAG00012	37	1.28	-	-
Tallinna Vesi	EE3100026436	27	0.93	-	-
Fondul Proprietatea S.A.	ROFPTAACNOR5	-	-	205	6.41
Aerodrom Nikola tesla	RSANTBE11090	-	-	140	4.39
Nis A.D. Novi Sad	RSNISHE79420	-	-	122	3.80
Pegasus hava Tasimaciligi S.A.	TREPEGS00016	-	-	121	3.77
Sc bursa de valori Bucuresti S.A	ROBVBAACNOR0	-	-	119	3.71
Luxoft Holding INC	VGG572791041	-	-	105	3.30
Phosagro GDR reg S.A	US71922G2093	-	-	100	3.13
Ulusoy Elektrik	TREULET00014	-	-	82	2.57

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5.2. Shares in foreign currency (continued)

		As at		As at	
	ISIN	31.12.2015	% of assets	31.12.2014	% of assets
Romgaz S.A.	ROSEGNACNOR3	-	-	77	2.42
Teknosa ic ve dis ticaret as	TRETKNO00010	-	-	77	2.42
Industrial milk Company	LU0607203980	-	-	71	2.23
Tumosan motor aktie	TRETUM000011	-	-	71	2.23
Zespol elektrowni patnow- adamow-konin	PLZEPAK00012	-	-	69	2.17
Kcell jsc	US48668G2057	-	-	63	1.97
Ros agro PLC	US7496552057	-	-	63	1.99
Megafon GDR, russia	US58517T2096	-	-	61	1.9
Mail.ru group Limited GDR	US5603172082	-	-	60	1.88
Bizim toptan satis magazalar	TREBZMT00017	-	-	59	1.85
QIWI PLC	US74735M1080	-	-	47	1.47
Moscow exchange micex-rt	RU000A0JR4A1	-	-	45	1.41
Ovostar Union nv	NL0009805613	-	-	44	1.37
S.n. Nuclearelectrica S.A.	ROSNNEACNOR8	-	-	34	1.06
Transcontainer GDR reg s	US8935561006	-	-	20	0.63
Open finances S. A.	PLOPNFN00010	-	-	17	0.52
Jastrzebska spolka weglowa S A ord br	PLJSW0000015	-	-	14	0.43
Total		2,509	86.22	2,442	76.43

Market approach has been used in determining the fair value of all shares in the Fund's portfolio as at 31 December 2015.

5.3. Collective investment schemes in foreign currency

Types of securities	ISIN	As at		As at	
		31.12.2015	% of assets	31.12.2014	% of assets
MF Advance Conservative Fund	BG9000002121	-	-	91	2.84
Total		-	-	91	2.84

Shares in collective investment schemes, owned by the Fund are valued using market approach – redemption price as per the last business day of 2014.

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Investments are allocated by countries as follows:

Country	As at		As at	
	31.12.2015	% of assets	31.12.2014	% of assets
Poland	1,008	34.63	697	21.81
Czech Republic	395	13.58	-	-
Hungary	342	11.76	-	-
Austria	337	11.59	-	-
Estonia	297	10.19	-	-
Russia	70	2.42	639	20.01
Lithuania	60	2.05	-	-
Bulgaria	45	1.53	406	12.71
Romania	-	-	434	13.59
Turkey	-	-	410	12.83
Serbia	-	-	262	8.19
Total	2,554	87.75	2,848	89.14

Sector distribution of investments:

	As at		As at	
	31.12.2015	% of assets	31.12.2014	% of assets
Banks	324	11.13	99	3.10
Telecommunications	291	10.00	124	3.88
Financial services and real estate	216	7.42	370	11.58
Leisure	178	6.12	-	-
Petrol	155	5.33	-	-
Farmacy	152	5.22	-	-
Consumer goods	137	4.71	136	4.26
Furniture production	117	4.02	-	-
Sea transportation	101	3.47	-	-
Commerce	97	3.33	-	-
Metallurgy	94	3.23	83	2.60
Aircraft transportation	92	3.16	121	3.79
Transportation	92	3.16	361	11.30
Insurance	88	3.02	-	-
Packing industry	79	2.71	-	-
Energy	74	2.54	422	13.21
Chemical industry	72	2.47	100	3.13
Informational services	70	2.41	286	8.95
Oil and gas	53	1.82	122	3.82
Holdings	45	1.55	205	6.41
Biotechnology	27	0.93	-	-
Food industry	-	-	107	3.35
Mutual fund	-	-	91	2.84
Agriculture	-	-	71	2.22

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Sector distribution of investments (continued)

	As at 31.12.2015		As at 31.12.2014	
		% of assets		% of assets
Machinery	-	-	71	2.22
Stocks – developing markets	-	-	45	1.41
Industrial	-	-	20	0.63
Coal mining	-	-	14	0.44
Total	2,554	87.75	2,848	89.14

6. CASH AND CASH EQUIVALENTS

	As at 31.12.2015	As at 31.12.2014
Cash on hand and in current accounts in BGN	211	129
Cash on hand and in current accounts in BGN	145	218
Total	356	347

As at 31.12.2015 the Fund does not have blocked cash and cash equivalents.

7. NET ASSETS, BELONGING TO THE SHAREHOLDERS

7.1 Number of shares in circulation

Number of shares in circulation and value of the shares

	Number of shares in EUR	Nominal value	Share capital (BGN'000)
As at 01.01.2014	2,176,997.2829	1 EUR/ЛЯЛ	4,258
Issued shares 2014	6,590.5041	1 EUR/ЛЯЛ	12
Repurchased own shares 2014	(213,892.9597)	1 EUR/ЛЯЛ	(418)
As at 31.12.2014	1,969,694.8273	1 EUR/ЛЯЛ	3,852
Issued shares 2015	769.6543	1 EUR/ЛЯЛ	2
Repurchased own shares 2015	134,208.9138	1 EUR/ЛЯЛ	(263)
As at 31.12.2015	1,836,255.5678	1 EUR/ЛЯЛ	3,591

7.2 Premium reserve

	2015 BGN'000.	2014 BGN'000
Premium reserve as at 1 January	744	705
Increase due to share emission	46	40
Decrease due to repurchase of own shares	-	(1)
Premium reserve as at 31 December	790	744

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7.3 Net asset value per share

Net asset value per share is the basis for determining the issue price and the repurchase price of shares of MF Advance Emerging Europe Opportunities, calculated every work day. Net asset value of the Fund is presented in Bulgarian Lev. The most recent calculation and announced to investors and to the FSC net asset value per share, issue price and repurchase price is as of 30 December 2015 (30 December 2014). For the purpose of these financial statements and the principles of IFRS the net asset value per share, issue price and repurchase price is calculated and presented as of 31 December 2015.

For the purposes of correct presentation of financial information, and with regard to the fact that the Fund announces its net asset value in euro, this note is presented in euro.

	31.12.2015	30.12.2015	31.12.2014	30.12.2014
Net asset value	1,484,740.97	1,478,220.33	1,629,628.30	1,629,845.48
Number of shares in circulation	1,836,255.5678	1,836,255.5678	1,969,694.8273	1,969,694.8273
Nominal value	1.0000	1.0000	1.0000	1.0000
Net asset value per share	0.8086	0.8050	0.8274	0.8275
Issue price				
orders up to EUR 50 000 after "issue fee" of 1.5% of the net asset value	0.8207	0.8171	0.8398	0.8399
orders from EUR 50 000.01 to EUR 250 000 after "issue fee" of 1.0% of net asset value	0.8167	0.8131	0.8357	0.8358
orders from EUR 250 000.01 to EUR 500 000.00 after "issue fee" of 0.5% of the net asset value	0.8126	0.8090	0.8315	0.8316
for orders above EUR 500 000.01 as well as orders from institutional investors, and orders resulting from, and empowered by a contract for portfolio management with MC Karoll Capital Management – no issuance fee.	0.8086	0.8050	0.8274	0.8275
Redemption price	0.8086	0.8050	0.8274	0.8275

8. CURRENT PAYABLES

	As at 31.12.2015	As at 31.12.2014
Payables to the depository bank	1	1
Total	1	1

9. REVENUES**9.1 Dividend income**

	For the year, ended 31.12.2015	For the year, ended 31.12.2014
Dividend income from Polish issuers	26	6
Dividend income from Estonian issuers	10	-
Dividend income from Czech issuers	10	2
Dividend income from Serbian issuers	7	11
Dividend income from Austrian issuers	7	-
Dividend income from Hungarian issuers	7	-
Dividend income from Russian issuers	5	32
Dividend income from Lithuanian issuers	3	-
Dividend income from Bulgarian issuers	-	25
Dividend income from Romanin issuers	-	25
Dividend income from Turkish issuers	-	5
Total	75	106

9.2 Loss from operations with investments, net

	For the year, ended 31.12.2015	For the year, ended 31.12.2014
Loss from operations with financial assets at fair value through profit or loss, (net)	(32)	(8)
Loss from change in fair value of financial assets, (net)	(45)	(706)
Loss from operations with investments, net	(77)	(714)

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9.3 Gain from exchange differences, net

	For the year, ended 31.12.2015	For the year, ended 31.12.2014
Gain on foreign currency revaluation of financial assets at fair value through profit or loss	825	848
Loss on foreign currency revaluation of financial assets at fair value through profit or loss	(711)	(788)
Foreign exchange operations – expense	(78)	(12)
Total	36	48

9.4 Interest income

	For the year, ended 31.12.2015	For the year, ended 31.12.2014
Interest income from deposits and current accounts	2	2
Total	2	2

10. HIRED SERVICES EXPENSES

	For the year, ended 31.12.2015	For the year, ended 31.12.2014
Remuneration of the management company	(78)	(93)
Remuneration of the custodian bank	(19)	(13)
Audit	(3)	(3)
Advertisement	(2)	(4)
Annual fees	(1)	(1)
Other	(2)	(1)
Total	(105)	(115)

Costs related to the Fund's activity represent 3.36% (2014 : 3.12%) of the average annual net asset value, according to the statement of financial position of the Fund.

These financial statements have been audited by Grant Thornton Ltd. (specialized audit company) with managing partner Mariy Apostolov and registered auditor, responsible for the audit – Milena Mladenova. The remuneration of the auditor is for independent financial audit of the financial statements. During the year, the registered auditor did not provide other services. This disclosure is in compliance with the requirements of Art. 38 para. 5 of the Accountancy Act.

11. RELATED PARTIES**11.1 Transactions during the year**

	For the year, ended 31.12.2015	For the year, ended 31.12.2014
Remuneration under contract regarding management of activities (stated in note 10)	78	93
Total	78	93

For its management activities the Management Company shall receive remuneration amounting to 2.5 % of the average annual net asset value of the Fund.

11.2 Related party balances as at year end

	As at 31.12.2015	As at 31.12.2014
Payables to the Management company	6	7
Total	6	7

Payables to the Management Company represent remuneration for the management activities for the month of December 2015 and as at the date of preparation of these financial statements are fully repaid.

12. NON-MONETARY TRANSACTIONS

During the reporting period the Fund has not carried out any investment and financial transactions, during which no cash or cash equivalents were used and which are not reflected in the statement of cash flows.

13. CONTINGENT ASSETS AND CONTINGENT LIABILITIES

The Fund has no commitments or contingent assets as at 31.12.2015.

14. CATEGORIES OF FINANCIAL ASSETS AND LIABILITIES

The carrying value of financial assets and liabilities can be presented as follows:

Financial assets	Note	As at 31.12.2015	As at 31.12.2014
<hr/>			
Financial assets at fair value through profit or loss:			
Shares	5.1, 5.2	2,554	2,757
Collective investment schemes	5.3	-	91
		<hr/> 2,554	<hr/> 2,848
Loans and receivables:			
Cash and cash equivalents	6	356	347
			<hr/> 3,195
<hr/>			
Financial liabilities	Note	As at 31.12.2015	As at 31.12.2014
<hr/>			
Financial liabilities, at amortized cost:			
Current liabilities:			
Current payables	8	1	1
Payables to related parties	11.2	6	7
			<hr/> 8
<hr/>			

See note 4.7 for information on accounting policy for each category of financial instruments and methods used to estimate fair value. Description of the policies and objectives of the risk management of the Company's financial instruments is presented in note 15.

15. RISKS, RELATED TO FINANCIAL INSTRUMENTS**Management policy and objectives regarding risk management**

For the purpose of adequate financial risk management MC Karoll Capital Management EAD has accepted Rules on risk assessment and management, on behalf of the Fund. The methods and procedures stated in the Rules have to be performed on a daily basis from the Risk Management Department of the Management Company.

The managing company applies the appropriate procedures for risk management, as it is disclosed below.

Liquidity risk

The Fund is obliged to maintain such a structure of the assets and liabilities that will enable it to carry out its activity unimpeded and to repay its payables on a timely basis at reasonable prices without the need to sell profitable assets. The Fund attracts resources by issue of own shares.

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The liquidity risk can arise as a consequence from the low liquidity on the capital market as well as when there are unusual big orders for repurchase of shares which can lead to exhausting the Fund's cash.

The Fund invests in equities, traded on an active stock market and when it is necessary it can provide cash and cash equivalents for the accepted order of repurchase of the own shares within a statutory regulated term.

The Fund manages this risk by keeping a relatively large portion of cash and highly liquid assets in its portfolio, thus reducing to a minimum the possibility of being unable to settle its liabilities on time.

According to the rules for maintenance and management of the liquid funds the Fund holds cash on term and demand deposits in order to meet liquidity needs. The portfolio manager monitors on a daily basis liquid cash as a percentage of the assets while there are controlled by the Board of Directors on a monthly basis.

The table below shows the financial liabilities of the Company, summarized in groups by maturity from the reporting date of the statement of financial to the date of repayment.

As at 31 December 2015

Under 1 month

Current liabilities

Total financial liabilities	7
Own shares in circulation measured at net value of one share as at year end	2,903

As at 31 December 2014

Current liabilities

Total financial liabilities	8
Own shares in circulation measured at net value of one share as at year end	3,187

Own shares in circulation are a subject of repurchase according to a decision of their owners.

Market risk

Market risk is a systematic (general) risk, having effect on the value of all assets. It arises from the characteristics of the macroeconomic environment and the condition of the capital market in the country. It cannot be controlled by the issuer and it cannot be diversified. Market risk consists of foreign currency risk, interest rate risk and other price risk. Basic methods for reduction of the systematic risk and its components include collecting and processing of information about the macroeconomic environment and, based on this information, forecasting and adjusting the investment policy to the expected changes in the environment.

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All investments in securities can generate risk of loss of capital. The portfolio manager manages this risk by careful selection of securities and other financial instruments within certain limits. The investment portfolio of the Fund is monitored on a daily basis by the portfolio manager and on a monthly basis by the Board of Directors.

Market risk is concentrated in the following positions:

	As at 31.12.2015		As at 31.12.2014	
	Fair value	% of net assets, measured at market price	Fair value	% of net assets, measured at market price
Financial assets at fair value through profit or loss	2,554	87.98	2,848	89.35
Total amount, exposed to market risk	2,554	87.98	2,848	89.35

Currency risk

The Fund is exposed to foreign currency risk while operating with financial instruments, denominated in foreign currency. Foreign currency transactions result in exchange rate gains and losses represented through the statement of comprehensive income. Such exposures are the monetary assets and liabilities of the Fund, denominated in currency other than BGN and EUR.

The investment strategy, that the management company followed in 2015 with respect to foreign currency risk is that the cost of hedging the currency risk in long-term investment horizon (as is the investment horizon of the Fund) rarely compensate actually realized risk of exchange rate change. This conclusion is reinforced by the observed historically low correlation of the main currencies in which the MF Advance Emerging Europe Opportunities is exposed, suggesting that long-term exchange rate movements are not bound to each other and largely neutralized.

Given these arguments, in 2015 all currency exposures of the Fund were not hedged against unfavourable change in foreign exchange rates. Despite, the Management Company acknowledges the influence that short term deviations of exchange rates have on the net asset value per share, and with the objective to protect better the shareholders, it will consider the possibility of hedging certain currency positions, but only if hedging costs are not too high.

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Concentration of assets and liabilities in foreign currency, different from euro, and recalculated in BGN as at year end:

	Short term currency risk exposure							
	Polish złota	Czech krona	Hungarian forint	British pound	US dollar	Romanian lea	Turkish lira	Serbian dinar
31 December 2015								
Financial assets	1,008	395	251	92	70			
Total currency risk exposure	1,008	395	251	92	70			
31 December 2014								
Financial assets	697	-	-	-	639	432	410	262
Total currency risk exposure	697	-	-	-	639	432	410	262

Tables, presented below, show the sensitivity of the financial result and equity to hypothetical change of the Bulgarian lev's exchange rate.

- Polish złota (+/- 2.5%)
- Czech krona (+/- 1.4%)
- Hungarian forint (+/- 2.1%)
- British pound (+/- 2.1%)
- US dollar (+/- 2%)

All other parameters are assumed constant.

These percentages are determined using averaged exchange rate for the last 12 months. The sensitivity analysis is based on the Fund's investments in foreign currency denominated assets, held as per year end.

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 31 December 2015

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31 December 2015	Increase in Bulgarian lev's exchange rate		Decrease in Bulgarian lev's exchange rate	
	Нетен финансов резултат '000 лв.	Нетни активи '000 лв.	Нетен финансов резултат '000 лв.	Нетни активи '000 лв.
Polish zlot (+/- 2.5%)	(23)	(23)	23	23
Czech krona (+/- 1.4%)	(5)	(5)	5	5
Hungarian forint (+/- 2.1%)	(5)	(5)	5	5
British pound (+/- 2.1%)	(2)	(2)	2	2
US dollar (+/- 2%)	(1)	(1)	1	1

Exposure to currency risk varies during the year, based on the volume of deals with foreign securities. Although it is assumed, that the analysis, presented above shows the level of currency risk, the Fund is exposed to.

Interest risk

Asset value of the Fund depends on the dynamics of interest rates in the economy. The activity of the Fund is subject to the risk of fluctuations in interest rates, as the cost of interest-bearing assets with fixed-rate changes as a result of change in market interest rates. On the other hand, the Fund is exposed on assets with floating interest rates, to interest rate risk, as a result of a change in the interest rate index, that is bound to the relevant financial instruments. Upon change of 0.1% in interest rates for one year, the effect on net interest income would be negligible.

As at 31 December 2015	Under 1 month	Interest free assets and liabilities	Total
ASSETS			
Cash and cash equivalents	355	1	356
Financial assets at fair value through profit or loss	-	2,554	2,554
Total assets	355	2,555	2,910
LIABILITIES			
Current payables	-	7	7
Total liabilities	-	7	7
Own shares in circulation, measured using net value per share as at year end	-	2,903	2,903
Total amount, exposed to interest rate risk	355	(355)	-

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As at 31 December 2014	Under 1 month	Interest free assets and liabilities	Total
ASSETS			
Cash and cash equivalents	346	1	347
Financial assets at fair value through profit or loss	-	2,848	2,848
Total assets	346	2,849	3,195
LIABILITIES			
Current payables	-	8	8
Total liabilities	-	8	8
Own shares in circulation, measured using net value per share as at year end	-	3,187	3,187
Total amount, exposed to interest rate risk	346	(346)	-

Other price risk

The Fund determines the price risk as the risk of decrease in the price of a financial asset, or portfolio of financial assets, due to factors other than those, arising from interest rate or currency risk.

The Management Company has adopted strict limits on the risk indicators of the positions in the investment portfolio of the Fund. These limits are approved by the Board of Directors of the Management Company, and their compliance is monitored on a daily basis by the "Risk Management" Department.

The Fund measured general price risk of the investment portfolio through the historic volatility of the net asset value per share, which is measured by the standard deviation.

As at 31 December 2015 and 31.12.2014 price risk indicators are calculated as follows:

Name	Currency	2015		2014	
		Average return (annual)	Standard deviation	Average return (annual)	Standard deviation
MF Advance Emerging Europe Opportunities	EUR	-2.36%	8.93%	-16.76%	12.34%

Credit risk

Exposure of the Fund to credit risk is limited to the carrying amount of financial assets, recognized at the reporting date, as indicated below:

Financial assets	As at 31.12.2015	As at 31.12.2014
Financial assets at fair value through profit or loss		
Shares	2,554	2,757
Collective investment schemes	-	91
	2,554	2,848
Loans and receivables:		
Cash and cash equivalents	356	347
	2,910	3,195

The Management Company believes that all of the above-described financial assets that are not impaired during the presented reporting periods, are financial assets with good credit quality, including those with maturity past due.

The Fund defines credit risk as the possibility of reduction in the value of a position in a financial instrument, due to unexpected credit events, related to issuers of financial instruments; the counterparty in exchange and OTC transactions; as well as countries in which they operate.

The Fund distinguishes, assesses and manages the following types of credit risk:

- counterparty risk: risk of default by the contracting party to the OTC deals;
- settlement risk: risk, arising from the possibility that the Fund will not receive the cash or financial instruments on the date of the settlement, after it has fulfilled its obligations, arising from that trade;
- investment credit risk: the risk of reducing the value of an investment in a debt security, due to a credit event with the issuer of the instrument. A credit event includes bankruptcy, insolvency or significant change in the capital structure, reducing the credit rating, and others.

The Management Company of the Fund measures and assesses the counterparty risk and the credit settlement risk by the value of all unconcluded transactions with certain counterparty as a percentage from the value of the investment portfolio. It manages these types of risk by setting limits regarding the value of the unconcluded transactions with certain counterparty and strictly observes them, Counterparty credit risk and the settlement risk are relatively low with respect to the transactions of the Company as most of the transactions are concluded under DVP terms of settlement.

During the period no investments have been made in debt securities that could expose it to investment credit risk.

16. FAIR VALUE MEASUREMENT OF FINANCIAL ASSETS

Financial instruments are initially measured at fair value in the statement of financial position. IFRS 7 requires disclosure of the techniques for measurement of the fair value of financial instruments, measured at fair value in the statement of the financial position, after their initial recognition. This Standard introduces a hierarchy of fair values, defined according to the degree of observation of the data used for the measurement. Observable data can be defined as market data obtained from independent sources, while data reflecting market assumptions of the company is defined as unobservable. Both data sets the three levels of the fair value hierarchy.

Financial assets and liabilities measured at fair value in the statement of financial position are grouped in three levels in accordance with the fair value hierarchy based on the significance of inputs used in measuring the fair value of the financial assets and liabilities. The fair value hierarchy has the following levels:

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

The level within which the financial asset or liability is classified, is determined based on the lowest level of significant input to the fair value measurement.

The following table provides information on financial instruments at fair value as at 31 December 2015 and 2014, presented in levels 1 to 3 of the fair value hierarchy:

As at 31.12.2015	Level 1	Total
Financial assets at fair value through profit or loss		
- Shares	2,554	2,554
Total	2,554	2,554
As at 31.12.2014	Level 1	Total
Financial assets at fair value, through profit or loss		
- Shares	2,757	2,757
- Collective investment schemes	91	91
Total	2,848	2,848

17. POLICIES AND PROCEDURES FOR MANAGEMENT OF THE NET ASSETS, BELONGING TO SHAREHOLDERS

The objectives of the Management Company regarding capital management are

- Achieve profitability with minimum risk for investors;
- Maintain high liquidity with regard to the timely repayment of obligations to investors that could arise when repurchasing shares;
- Adequate ratio between cash invested in securities and cash instruments.

Capital management of the Fund, and its use to generate income, is performed by the Management Company in accordance with the regulations, the Prospectus and the Rules of the Fund. It is made under the supervision of the "Risk Management" department, and with active cooperation with the "Accounting" department, in accordance with the internal structure rules and internal control of the Management Company.

	2015	2014
Net assets, belonging to the shareholders	2,903	3 187
Debt	7	8
- Cash and cash equivalents	(356)	(347)
Net debt	(349)	(339)
Net assets to net debt ratio	1:(0.12)	1:(0.11)

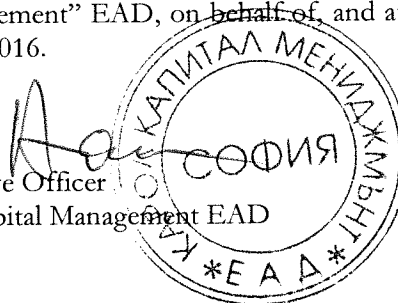
18. POST REPORTING DATE EVENTS

No adjusting or significant non-adjusting events have occurred between the reporting date and the date of authorization.

19. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements for the year ended 31 December 2015 (including comparative information) were approved by the Board of directors of the Management Company "Karoll Capital Management" EAD, on behalf of, and at the expense of MF Advance Eastern Europe, on 10 March 2016.

Daniel Ganev
Chief Executive Officer
MC Karoll Capital Management EAD



Stoyka Koritarova
Chief Accountant
MC Karoll Capital Management EAD