

# KEY INFORMATION DOCUMENT

## Mutual Fund „Advance Eastern Europe“, Class A

ISIN BG9000016063

### PURPOSE

This document provides you with key information about this investment product. It is not marketing material. The information is required by law to help you understand the nature, risks, costs, potential gains and losses of this product and to help you compare it with other products.

### PRODUCT

**Class A of MF „Advance Eastern Europe“ („The Fund“), ISIN BG9000016063, Bulstat 175141635**, established and managed by “Karoll Capital Management” EAD Management Company (“The Management Company”). Fund manufacturer is “Karoll Capital Management” EAD, UIC 13113405, license № 11-УД / 16.02.2006, renewed with №63-УД/2019, [www.karollcapital.bg](http://www.karollcapital.bg)  
For more information call +359 4008 300

The Financial Supervision Commission (“FSC”) in its capacity as a supervisory authority is responsible for the supervision of the Management Company in relation to this key information document.

The units of the FUND are offered in the Republic of Bulgaria.

Publication Date: 30.12.2022 Latest update: 21.06.2023

### WHAT IS THIS PRODUCT

**Type:** Class of collective investment scheme, established as a mutual fund in accordance with LACISOUCI, (UCITS fund).

**Term:** The existence and activity of the Fund and class A of the Fund is not limited by a term. The manufacturer of the product can terminate it unilaterally under certain conditions, set out in the Fund’s rules.

**Investment Objectives:** The main objective of the Fund is to increase the value of the unitholders’ investment through capital income at high risk level, as well as ensuring sustainable high investment results through long-terms increase in the value of its investments. To that end, under normal market conditions at least 75% of the Fund’s assets are invested in shares of leading companies in the region of Eastern Europe. The Fund’s active management aims to achieve optimal risk-return profile by varying the portfolio structure depending on market conditions, and in addition to investments in the aforementioned instruments the Fund will also investment in equities which are not part of the main stock exchange indices but have long-term growth potential. The Fund’s performance is not assessed against any particular benchmark. The Fund reinvests its income (annual profit) in assets in accordance with its investment strategy and policy, and reinvestment decisions are made separately for each fund class. Under extraordinary market conditions related to the investments of either of the Fund’s classes, the reinvestment decisions may, as an exception, diverge from the Fund’s investment strategy and policy.

**The main categories of eligible financial instruments and other assets that are the object of investment by the Fund as a whole are as follows:**

1. Shares and rights admitted to or traded on regulated markets as per Art. 152, para. 1 and 2 of the Markets in Financial Instruments Act (MFIA) in the Republic of Bulgaria or another Member State;
2. Shares and rights traded on a regulated market, other than the ones under Art. 152, para. 1 and 2 of the MFIA, in the Republic of Bulgaria or another Member State, regularly functioning, accepted and publicly accessible;
3. Shares and rights admitted to trading on an official Stock Exchange market or traded on other regulated markets in a third country, regularly functioning, accepted and publicly accessible, which are included in a list approved by the Financial Supervision Commission (FSC) at the proposal of the Deputy Chairperson or are stipulated in the Fund Rules;
4. Recently issued shares, the terms of issue of which includes a condition for assuming an obligation to request admission, and within a period not longer than a year after their issuance to be admitted to trading on an official stock exchange market or another regulated market, regularly functioning, accepted and publicly accessible, which are included in a list approved by the FSC at the proposal of the Deputy Chairperson or are stipulated in the Fund Rules;
5. Bank deposits, while observing the applicable legal restrictions;
6. Financial instruments (excluding debt securities), other than the ones under Art. 38, para. 1 of LACISOUCI, including rights issued as part of capital increase by companies, in whose shares the Fund can invest according to the current asset structure, and while observing the legal restrictions that limit the maximum amount of such investment to 10% of assets.

### INTENDED RETAIL INVESTOR

“Karoll Capital Management” EAD deems that Class A of MF “Advance Eastern Europe” is suitable for investors who seek high long-term returns, are willing to accept considerable short-term price fluctuations and have high risk tolerance. The Fund is suitable for investors with basic knowledge of and some degree of experience in financial products, who are aware that they might incur a loss of investment. “Karoll Capital Management” EAD recommends a holding period of 3 years or longer to the investors in the Fund.

“Advance Eastern Europe” MF’s custodian bank is “Unicredit Bulbank” AD, UIC: 831919536

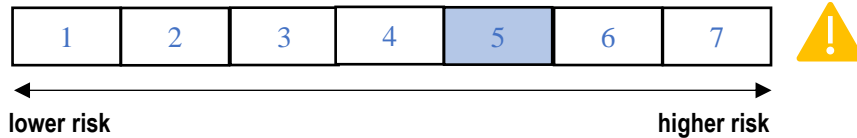
Further information as well as the Fund’s prospectus, rules, latest annual and 6 month reports can be obtained by investors free of charge each working day from 10 AM - 5 PM (Bulgarian time) at the office of “Karoll Capital Management” EAD - 1, Zlatovrah Street, or at [www.karollcapital.bg](http://www.karollcapital.bg)

Class A of the Fund is formed as of 01.01.2023, and the calculation and announcement of net asset value is resumed as of 04.01.2023. The issue and redemption of Class A units resumes on 05.01.2023

The Fund's Issue Price and Redemption Price, and the procedure for submission of subscription and redemption orders are announced on the website of the fund-manufacturer: <https://www.karollcapital.bg/bg/fondove/2-advans-iztochna-evropa>

## WHAT ARE THE RISKS AND WHAT COULD I GET IN RETURN?

### Summary risk indicator (SRI)



The risk indicator is based on the assumption that investment in the product is maintained for 3 years. The actual risk can vary substantially if you exit early, and the return can be lower as well.

The SRI is a guide to the level of risk of this product compared to other products. It shows how likely it is that the product will lose money because of market dynamics, or because we may not be able to pay out. We have classified this product as 5 out of 7 which is a medium risk class. This rates the potential losses from future performance at a medium level and poor market conditions could impact our capacity to pay you.

The lowest category does not represent a riskless investment. This product does not include any protection from future market performance so you could lose some or all of your investment. If we are not able to pay you what is owed, you could lose your entire investment. The units and their return can decrease in value, profit is not guaranteed and investors carry the risk of not being able to recover the full amount of their investments.

**Be aware that there is currency risk. You will receive payments in a different currency, as a result of which the final return will depend on the exchange rate between the two currencies. This risk is not included in the above indicator.**

Significant risks not covered by the SRI are interest, liquidity, credit, operational and settlement risk, legal and price risk, concentration risk and the risk of physical interference.

## PERFORMANCE SCENARIOS

The figures shown include all the costs of the product itself, including the fees of your consultant or the person offering you the product. The figures do not take into account your personal tax situation, which may affect your return. What you will get from this product depends on future market performance. Market developments in the future are uncertain and cannot be accurately predicted. The unfavorable, moderate, and favorable scenarios shown are illustrations using the worst, average, and best performance of the product over the last 10 years. The scenarios shown are illustrations based on results from the past and on certain assumptions. Future market dynamics may be very different from the previously observed.

Recommended holding period		3 years	
Example investment		EUR 10 000	
Minimum return		You could lose some or all of your investment.	
		If you exit after 1 year	If you exit after 3 years
<b>Stress</b>	<b>What you might get back after costs</b>	EUR 1 220	EUR 1 960
	Average return each year	-87.78%	-41.93%
<b>Unfavorable*</b>	<b>What you might get back after costs</b>	EUR 5 840	EUR 5 780
	Average return each year	-41.56%	-16.68%
<b>Moderate*</b>	<b>What you might get back after costs</b>	EUR 9 590	EUR 10 070
	Average return each year	-4.06%	0.22%
<b>Favorable*</b>	<b>What you might get back after costs</b>	EUR 15 840	EUR 15 560
	Average return each year	58.43%	15.89%

The stress scenario shows what you might get back in extreme market circumstances.  
 The unfavorable scenario occurred for an investment between 29.10.2021 и 31.05.2023.  
 The moderate scenario occurred for an investment between 31.03.2014 и 31.03.2017.  
 The favorable scenario occurred for an investment between 31.10.2018 и 31.10.2021.

## WHAT HAPPENS IF THE MANAGEMENT COMPANY IS UNABLE TO PAY OUT?

The Fund’s assets are kept separate from the assets of the Management Company, and the assets of the custodian bank. In case the license of the Management Company is revoked, in case of its termination or insolvency, a new Management Company is appointed to take over the management of the Fund or transform it. Otherwise, the Fund is terminated. The custodian bank cannot satisfy creditor claims with the Fund’s assets. In case of insolvency of the custodian bank or an equivalent procedure, as well as in cases when the custodian bank is placed under

special supervision, the Fund's assets cannot be distributed or liquidated to the benefit of the custodian bank's creditors, and are instead transferred to a new custodian bank. The investor can incur a financial loss. The product is not covered by any investment protection scheme.

## WHAT ARE THE COSTS?

The person offering you this product or consulting you on it may charge different fees. In that case that person shall inform you of these fees and demonstrate how they affect your investment.

### Costs over time

The table displays the amounts deducted from your investment for covering the various costs. These amounts depend on how much you invest, how long is your holding period and what are the investment results. The amounts given are for illustration purposes and are calculated based on an example investment amount and different possible investment periods. We have assumed:

- in the first year you would get back the invested amount (0% annual return); for the following holding periods we have assumed that the product results are as given under the moderate scenario
- the amount invested is EUR 10 000

Costs over time	If you exit after 1 year	If you exit after 3 years
<b>Total costs</b>	EUR 388	EUR 873
<b>Annual cost impact*</b>	3,9%	2,9% each year

\*This illustrates how costs reduce your return each year over the holding period. For example it shows that if you exit at the recommended holding period your average return per year is projected to be 3,2% before costs and 0,2% after costs.

### Composition of costs

One-time costs – subscription and redemption fees		If you exit after 1 year
<b>Subscription fee*</b>	1,5% This is the maximum amount that may be deducted from your funds before they are invested in the Fund. This fee is already included in the issue price of the units. *The fee varies depending on the amount invested.	EUR 148
<b>Redemption fee</b>	We do not charge a redemption fee for this investment.	none
Ongoing costs (taken each year)		
<b>Management fees and other administrative or operating costs</b>	2% of the value of your investment per annum. This is an estimate based on the actual costs over the last year.	EUR 197
<b>Transaction costs</b>	0,4% of the value of your investment per annum. This is an estimate of the costs incurred when we buy and sell the underlying investments for the product. The actual amount will vary depending on how much we buy and sell.	EUR 43
Incidental costs taken under specific conditions		
<b>Performance fees</b>	There is no performance fee for this product	none

## HOW LONG SHOULD I HOLD THE INVESTMENT AND CAN I TAKE MONEY OUT EARLY?

The recommended holding period for the investment is 3 years. Investments for periods longer than 3 years in practice are considered long-term. Long-term investment horizon for risk assets leads to lower volatility of returns. With longer holding periods there is higher chance for investments to generate positive return, thus compensating for the short-term risks. The investment can be redeemed at any time without any penalty fees even before the end of the recommended holding period.

## HOW CAN I COMPLAIN?

You can submit a complaint directly to the fund manufacturer in writing at the following address: Sofia, 1, Zlatovrah Street, as well as online: [kcm@karoll.bg](mailto:kcm@karoll.bg), and also to the relevant supervisory authority – the Financial Supervision Commission at the following address: Sofia, 16, Budapeshta Street, or online: <https://apply.fsc.bg/bg/forms/complaints>

## OTHER RELEVANT INFORMATION

Information about the Fund's performance over the last 10 years, as well as information about scenarios for past periods, calculated and published monthly, is available at the Management Company's website under Section Documents, Subsection Reports of the respective Fund: <https://www.karollcapital.bg/bg/fondove/2-advans-iztochna-evropa>