Annual Management Report
Independent Auditor's Report
Financial Statements

Mutual Fund
Advance Emerging Europe Opportunities

31 December 2020

advance emerging europe
opportunities
KAROLL CAPITAL MANAGEMENT

Contents

ANNUAL MANAGEMENT REPORT OF MUTUAL FUND ADVANCE EMERGING EUROPE OPPORTUNITIES FOR 2020

1. Development, operating results and status of the mutual fund, description of main risks

1.1. Registration and licensing

MF Advance Emerging Europe Opportunities is an open-end collective investment scheme, which invests in securities, by raising money through public offering of its own units. MF Advance Emerging Europe Opportunities (formerly MF Advance IPO Fund) is organized by Management Company Karoll Capital Management EAD in 2007. The overall activities of the Fund are administered by the Management Company Karoll Capital Management EAD. The Company has a Board of Directors consisting of three directors. In 2020, the Company replaced the Deputy Chairman of the Board of Directors, electing Nadia Nedelcheva and appointing Bistra Kotseva as Procurator. The changes were approved by the FSC and were entered in the Commercial Register. The company is represented jointly by the Chief Executive Officer and the Procurator. As of 31.12.2020 the members of the Board of Directors are: Stanimir Karolev - Chairman of the Board of Directors, Nadia Nedelcheva - Deputy Chairman of the Board of Directors and Daniel Ganev – Chief Executive Officer. The sole owner of the Management company's capital is Stanimir Karolev. On March 12, 2021, the sole owner of the Management company decided to replace the Deputy Chairman of the Board of Directors with Konstantin Prodanov. He will not have executive functions and will not represent the company. The decision shall be enforced from the date of approval by the FSC of the newly elected member of the management body.

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

The units of the Fund are denominated in EUR, and the nominal value of one unit is EUR 1. The capital of the Fund is variable and may change depending on the number of units issued and redeemed, but it is always equal to the net asset value of the Fund.

1.2.Investment activity in 2020

Year 2020 was extremely challenging for global capital markets - one of the most volatile in financial markets in decades. It started optimistically, but everything changed in February, when the spread of COVID-19 and quarantine measures led to panic selloff of all major asset classes - the fastest and steepest decline in history. The failure of negotiations between the OPEC countries and Russia had an additional negative effect, which led to a serious decline in oil and stock prices. This indicated a forced liquidation of positions by large investors with significant leverage in their portfolios.

Soon after, a stabilisation of the markets occurred, and then a serious rebound from the bottom. In the following quarter, the indices managed to compensate for a large part of the losses led by the technology sector. The turnaround was due mainly to the rapid and large-scale response of central banks and governments. A €750 billion recovery package was adopted in the EU; part of it will be financed through common COVID-19 bonds, backed by the entire EU, to counteract the concerns about the individual indebtedness of certain countries such as Italy, for example.

In addition to fiscal support, central banks initiated unprecedented monetary incentives in order to provide sufficient liquidity in the financial system, to prevent blockage and implosion of certain key segments that were under pressure due to forced sales. In fact, the central banks took on the role of not just a lender of last resort, but a buyer of last resort, for a lot of the financial assets.

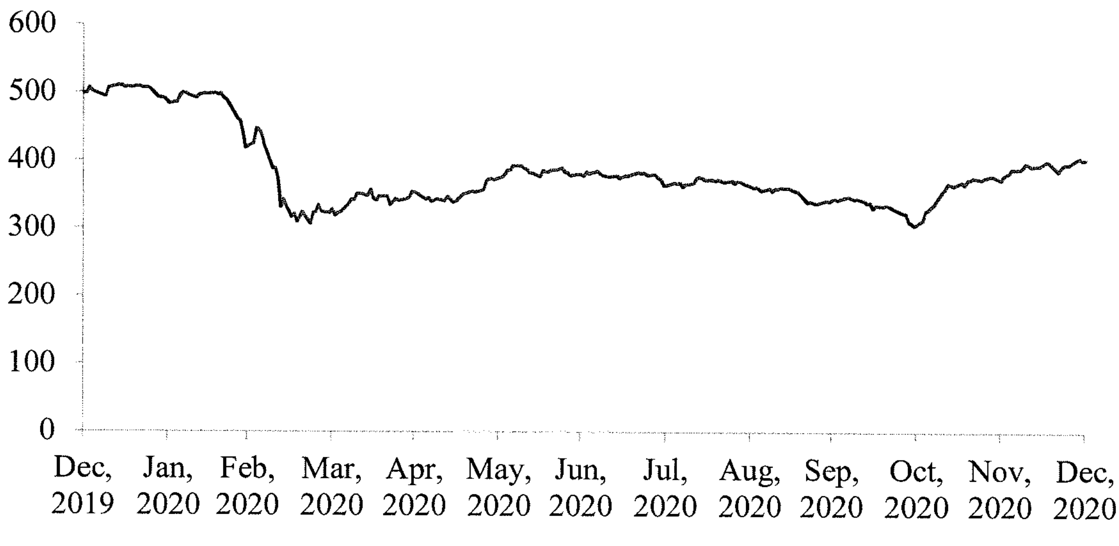
These trends continued in the second semester. In November, markets received a new impetus following the news of the development of effective vaccines against COVID-19, as well as the results of the US presidential election, which brought optimism to brighten US-China trade relations and new fiscal measures to support the economy by the Joe Biden's administration. As a result, global indices continued their upward movement in the last six weeks of the year and at the same time started a rotation from previous technology favorites to the value sectors - finance, industrial production, mining and energy - due to the clearer prospects for real economic recovery. This led to a growing interest toward emerging markets in general, which had lagged behind the developed ones, and in November and December they began to gradually bridge the gap.

The MSCI World Index ended the year with a rise of 4.64% (in EUR), led by the US market, which reported a new historic high, gaining 8.6% (in EUR). MSCI Emerging Markets almost overcame the lag and finished up by 6.28% (in EUR), mainly due to China's good performance, where early strict pandemic mitigation measures and government support for the economy had a positive effect. At the same time, other emerging markets continued to suffer from lower liquidity, weak local currencies, and the overall risk attitude of the global investment community.

For this reason, the region of Central and Eastern Europe lagged significantly in its annual performance and ended the year with a decline of almost 22.3% in euro, despite a significant rebound in the last quarter. In the region of developing Europe, the strongest performers for the year were Turkey (+ 29%) thanks to government initiatives and the support of local investors, and Russia (+ 8%), as a result of the technology sector and the recovery of energy companies. However, the other countries in the region failed to climb into positive territory. Greece was among the most affected (-11.7%) due to the large share of tourism, which suffered the most serious disturbances.

The economic growth in the region recovered significantly in the third quarter, outpacing preliminary forecasts, showing once again the resilience of local economies and their ability to withstand external disturbences. The impact on export was not as strong as expected and fiscal and monetary stimulus at national and EU level has been able to protect most of employment and support private consumption. Nevertheless, the private investments remained low and are likely to take longer to recover due to the effect of second quarantine measures in the last quarter.

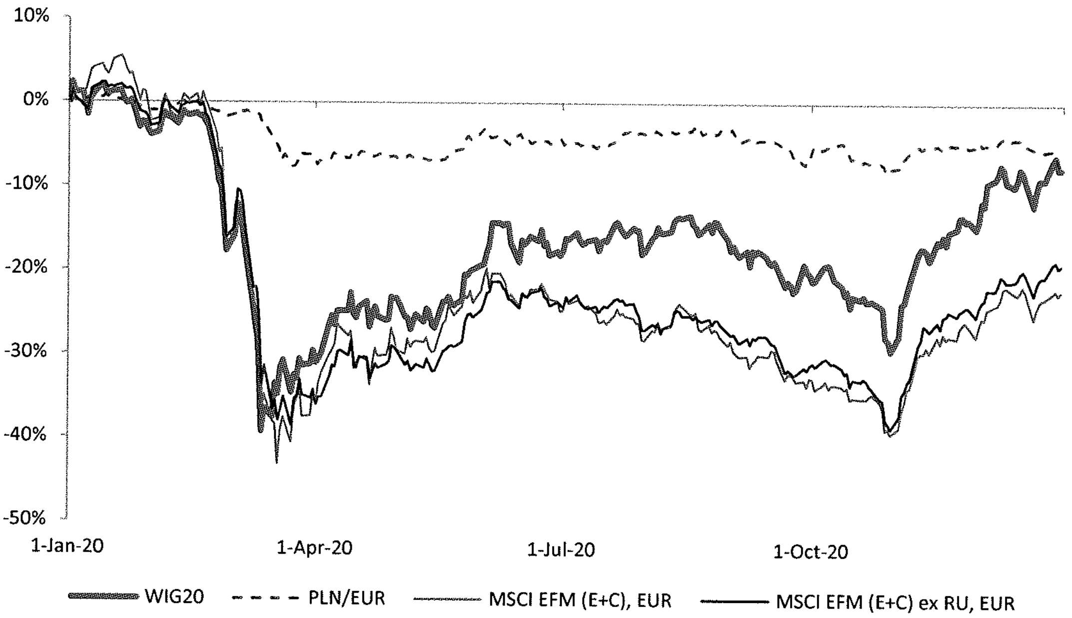
MSCI EFM Europe+CIS (E+C) ex RU in 2020, measured in EUR



Overview of the markets included in the Fund's portfolio

Poland

WIG 20 in 2020

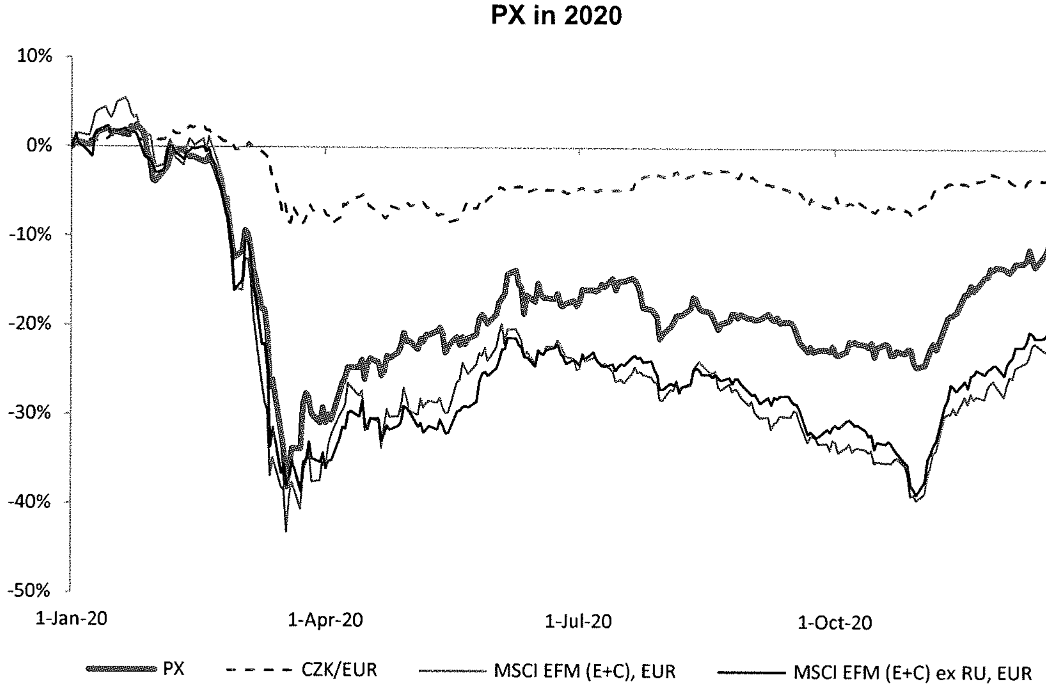


In 2020, the Polish economy failed to continue its growth, which lasted more than 30-years, falling into a recession. This was the result of restrictive measures imposed by all governments to tackle the epidemiological crisis, which froze the economic activity in the spring. Thanks to the timely response of the Polish government, during the first wave, the country managed to limit the spread of the infection and became one of the good examples in Europe. In addition, a number of fiscal and monetary measures were taken to accelerate the recovery process in the second half of the year. The fiscal stimulus reached approximately PLN 180 billion (over 8% of GDP), and the Central bank bought bonds worth a total of PLN 107 billion (4.6% of GDP). At the same time, the key interest rate remained extremely low at 0.1%, after a reduction from 1.5%. On this foundation, the damage to the Polish economy ended up significantly lower than the European average level and once again stood out as one of the best performing economies. In the third quarter, the recovery was faster than expected. GDP growth reached 7.9% compared to the previous three months and this came as a result of the releasing some of the restrictive measures, which in turn led to massive domestic consumption and a significant improvement in exports. The second wave of the virus infection provoked new tightening of measures at the end of autumn and this has deteriorated the country's prospects. However, the negative effects on the economy are expected to be significantly weaker, as this time the measures were more selective and businesses were better prepared. We expect a more serious recovery to begin after the end of the first quarter of 2021, which will subsequently be helped by a mass vaccination process. According to the IMF, GDP growth in 2021 will be 4.6%, and in 2020 is expected to decline by 3.6%.

The main Polish index WIG20 performed extremely well in the last two months of 2020, but still failed to completely erase the losses from the first half of the year, ending with a decline of 7.7%. The growth in recent months has been provoked by positive news related to the vaccines, which has led to increased investors interest in more cyclical positions (mostly banks and energy companies), which prevail in WIG20. In the meantime, the smaller companies in the MWIG40 and SWIG80 indices managed to maintain their better performance during the year, recording growth of 1.8% and 33.6%. Our positions in Poland also achieved a positive return of 2.6% (in EUR). Our achievement is due to our good selection in the technology sector, where our largest position LiveChat Software gained over 132% (in euros), as well as our lower exposure to lagging sectors - banks (-30% in 2020 for WIG-Banks) and energy (-24% for WIG - Oil & Gas). The materials and healthcare sectors also made a positive contribution. In 2021, we expect the rally to continue in recent months, as we believe that the prospects for emerging markets remain extremely good against the background of economic recovery, ultra-expansive central bank policies and expectations for a more predictable US foreign policy.

As a result of the severely loosened monetary policy of the central bank and the undertaken interventions to weaken the currency at the end of December, in 2020 the Polish zloty depreciated by 6.7% against the euro.

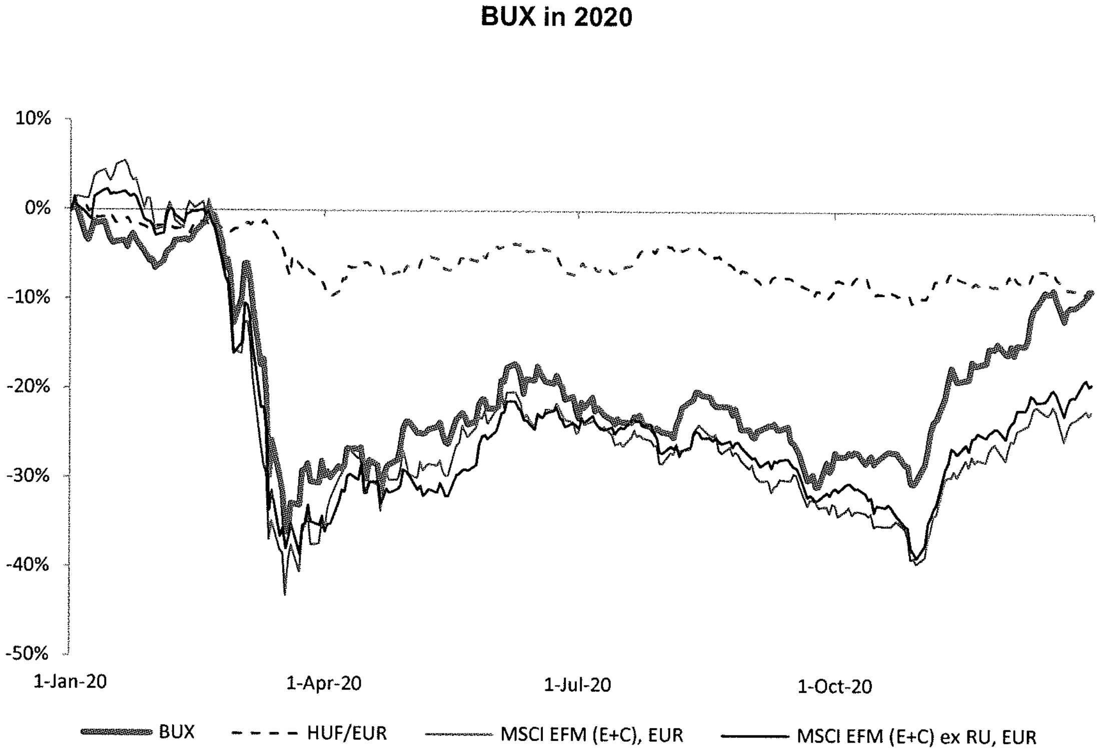
Czech Republic



On the grounds of a positive market sentiment in the last two months of the year, Czech shares managed to recover significantly from previous losses. The high exposure to the banking sector (nearly 45% of the index) had a negative impact on the main PX index, as the shares of financial companies were among the biggest laggards. As a result, the index fell by 7.9% on an annual basis. In the second half of the year we decided to take advantage of the declines in bank shares and partially increased our positions in Moneta Money Bank and Komercni Bank. Our main arguments for this were the good operating results in the second and third quarters, the high quality of loan portfolios and our expectations for a faster return to normality. In addition, banks published quite optimistic medium-term targets (2023-25E ROTE of over 17% for Moneta Money Bank and 2025E ROE of over 15% for Komercni Bank), which exceeded market expectations. In 2020, they remained extremely well capitalised and it is expected to pay high dividends for 2019-20 after receiving permission from the local central bank. From our positions outside the banking sector, the shares of the antivirus company Avast performed the strongest (+ 15.1% in EUR). CEZ shares gained + 4.7% in EUR. In anticipation of the payment of additional dividends after the sale of their assets in Bulgaria and Romania, as well as higher electricity prices, in the second half of 2020, we increased our position in the company. The Czech krona (CZK) also suffered from deteriorating prospects for the region, as well as lower interest rates and decreased by 3% against the euro in 2020.

Our expectations for the recovery of the Czech economy slightly declined since the second wave of the virus in the autumn. In response to the new epidemiological crisis, which was more severe than in the spring, the government was forced to introduce new restrictive measures. Our opinion is that this will mainly affect private consumption, but other components of GDP will also suffer. Unlike in the spring, the industry has now continued to operate as supply chains were less affected. For this reason, the decline in economic activity will be less. But this will slow the recovery and, in our view, GDP will reach pre-pandemic levels no earlier than 2023 (instead of 2022). The IMF expects a decline of 6.5% in 2020 and growth of 5.1% in 2021.

Hungary



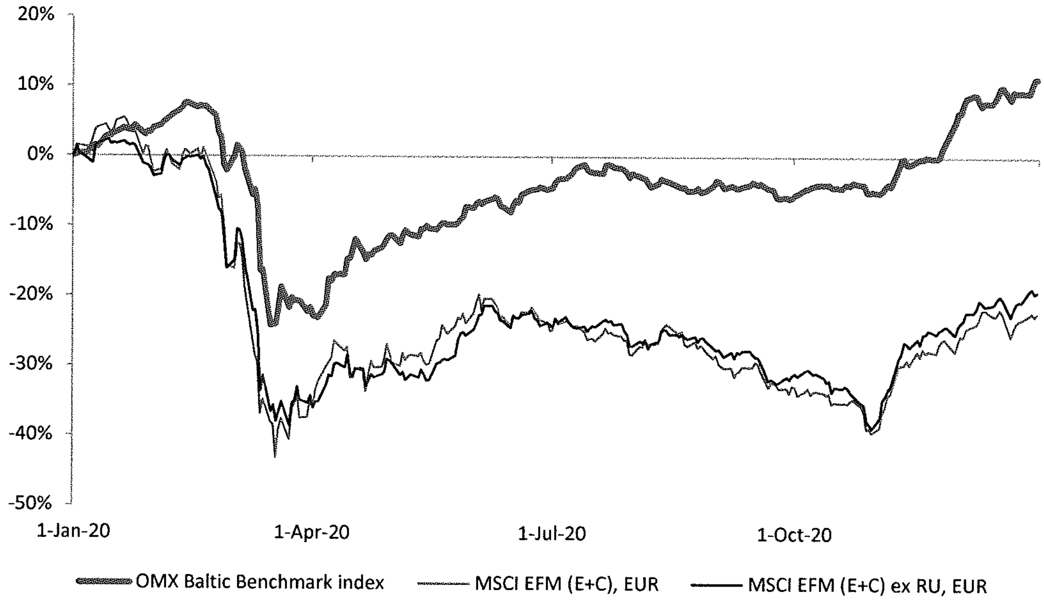
Hungarian shares from the main BUX index lagged slightly behind the main indices from Central Europe, ending the year with a decline of 8.6%. Our lower exposure to energy and financial companies, as well as the inclusion of items that are not part of the index (Wizz Air) had a positive impact on the portfolio and led to a stronger performance of our positions. In addition, one of our largest positions in the fund - the pharmaceutical company Richter Gedeon (+ 6.6% in EUR), recorded a significantly better result from the market, due to strong sales of one of their medicines. In the second half of 2020 we took advantage of the declines in the shares of the main positions in the index - OTP Bank and the energy company MOL and increased our exposure to them. Despite the extremely unfavorable environment in 2020, the companies managed to achieve strong operating results and remain with better prospects compared to most of their competitors in the region. We expect them to be among the main winners during the economic recovery. Meanwhile, the Hungarian shares trade at a discount of about 30% (measured in 2021 P / E of BUX) compared to other emerging markets (MSCI EM), which we believe, makes them attractive.

In 2020, the Hungarian forint depreciated by 8.8% against the euro. In 2021 we believe that the development of the pandemic will be the most decisive factor in the development of the exchange rate, but we still believe that there is reason for the forint to rise slightly against the euro as part of the economic recovery.

The closure of the economy in the second quarter led to a larger than expected decline in economic activity (-13.5% on an annual basis). Over the next three months, there was a significant recovery, with GDP growth reaching 11.4% compared to the previous quarter. This was based on strong exports and improved private consumption. Due to the imposition of new restrictive measures in November, we expect a temporary decline in GDP, which will be followed by a more lasting recovery as the vaccination process becomes more pervasive. Expansive fiscal and monetary policies, as well as significant inflows of EU funds, are expected to further support growth.

Baltic Republics

OMX Baltic Benchmark in 2020



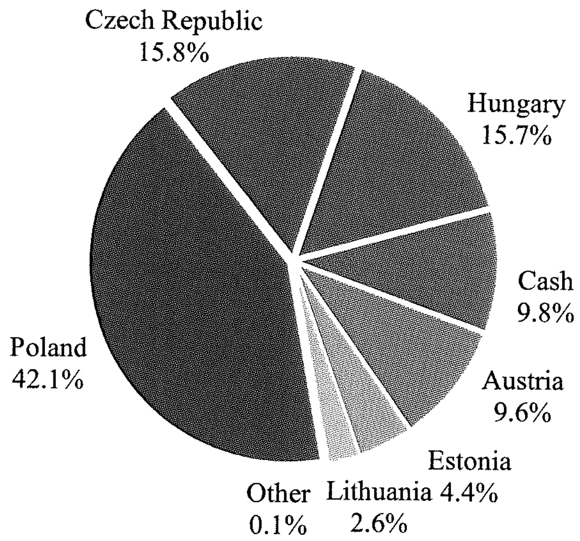
The Baltic stock markets were one of the few in Europe that managed to completely erase the losses from March, ending the year with a positive return. With growth of 11.3% in 2020, the main benchmark index for the region - OMX Baltic reached a new peak. One of the main reasons for the good results is the low exposure of the indices to the most affected sectors of the pandemic - energy and financial services. In addition, local banks performed significantly better than the European industry average. Thanks to the increase in operating results, the shares of the Estonian financial company LHV Group recorded an impressive annual growth of 65%. Our position in the sector - Šiaulių Bankas also surprised with very good results, which led to a rise in shares in the last quarter and annual decline by 1.6% for 2020 (compared to -24% at EURO STOXX Banks). At the same time, the year was not so positive for the blue chips from Estonia - Tallink and Tallinna Sadam, and they suffered significantly from the imposed restrictions on tourism. With acceleration of the vaccination process, we expect their prospects to improve.

In economic terms, the performance of the Baltic States was also better than the European average, in contrast to the previous global financial crisis in 2008-09, when they have experienced a significant decline in economic activity. Among the main reasons for this were their more balanced economies at the moment, as well as the timely reactions of governments to rescue programs. This led to significantly less-than-expected GDP decline in the second quarter, when Lithuania's economy shrunk by 4.6% on an annual basis, and Estonia's by 5.4%. After relaxing some measures, the recovery started relatively quickly in the third quarter, and Lithuania's GDP expanded by 3.8% vs. the previous quarter, and Estonia's by 3.3%.

Changes in the portfolio of MF Advance Emerging Europe Opportunities, and operating results in the second half of 2020

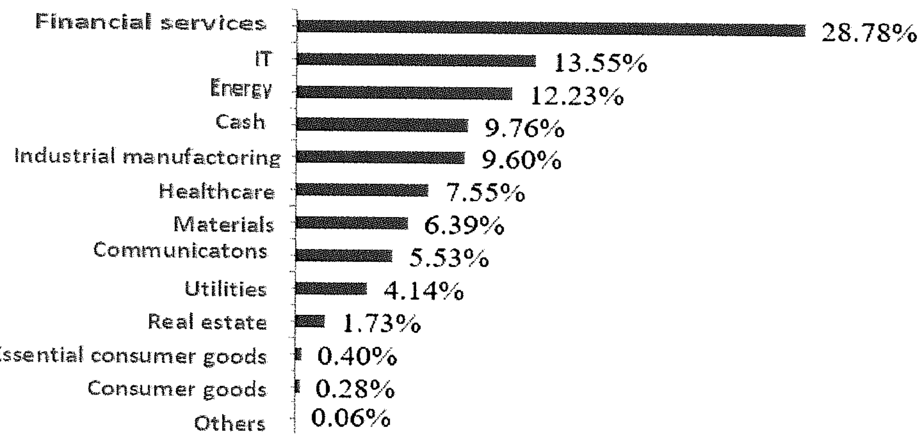
In the second half of 2020, Poland continued to be the leading market with a weight of 42.1%, followed by the Czech Republic (15.8%) and Hungary (15.7%). The weight of Poland increased slightly since the middle of the year due to the inclusion of the IT company Comarch in the portfolio. It is characterised by very good product diversification and exposure to sectors with great prospects (incl. 5G). We also increased our positions in Pekao Bank and the energy company PKN Orlen, as we expect their share prices to increase as the risks to the economy decreases. In the meantime, we reduced the weight of our biggest position by the middle of the year - CD Projekt and locked some of our profits after the premiere of their long-awaited video game. In the Czech Republic, we increased the number of our shares in Moneta Money Bank and Komercni based on their good results, optimistic mid-term management goals and expectations for high dividends. We also increased the weight of CEZ. In October, we sold our shares in the media company CETV, as the merger deal with the PPF group was approved and trading in its shares was suspended. In Hungary, we also increased our exposure to banks and energy companies, which was at the expense of further reducing our position in Wizz Air, where we decided to take a profit following significant appreciation. We did not made any changes in Austria or the Baltic Republics. We reduced the level of cash to 9.8%. Net value of the fund's assets increased to BGN 19.1 million, mainly as a result of the positive return on the markets.

Portfolio of MF Advance Emerging Europe Opportunities as at 31.12.2020



Sector distribution of the assets in the portfolio of MF Advance Emerging Europe Opportunities as at 31.12.2020

The financial sector continued to be the leading industry in the portfolio. In the second half of 2020, we increased our exposure to the sector to 28.8%, increasing the weight of some of the banks in the fund. The weight of the IT sector continued to grow and reached 13.5%. This was due to the inclusion of a new position in the portfolio - Comarch, as well as the serious growth in shares of LiveChat Software (+ 132% in euros in 2020). We took advantage of the reductions in the share prices of energy companies and increased the weight of the sector to 12.2%, as we decided that most of the negative news had already been reflected. At the same time, with the sale of part of our shares in CD Projekt and the liquidation of our positions in the Czech media company CETV, we reduced the weight of the communications services sector to 5.5%. In the medium term, we intend to increase its weight. The consumer goods sectors remained with the smallest weight in the portfolio. Despite the good prospects for some of the companies there, we felt that market valuations exceeded their fair value.



Main exposures in the portfolio as proportion of total assets as at 31.12.2020

Company	% of total assets
LIVECHAT SOFTWARE SA (Poland), IT	7.4%
CEZ AS (Czech Republic), Utilities	4.1%
AVAST PLC ORD (Czech Republic), IT	4.0%
MONETA MONEY BANK (Czech Republic), Financial services	4.0%
MOL HUNGARIAN OIL AND GAS PL (Hungary), Energy	3.9%

1.3. Financial result for 2020

The financial result of MF Advance Emerging Europe Opportunities as at 31 December 2020 is a loss of BGN 1 991 thousand. The result for the period is formed by net loss from operations with financial assets in the amount of BGN 1 659 thousand and non-financial expenses in the amount of BGN 332 thousand.

The net loss from operations with financial assets consists of dividend income in the amount of BGN 169 thousand, net loss from investment operations in the amount of BGN 989 thousand and currency revaluation gain in the amount of BGN 838 thousand andother financial expenses in the amount of BGN 1 thousand.

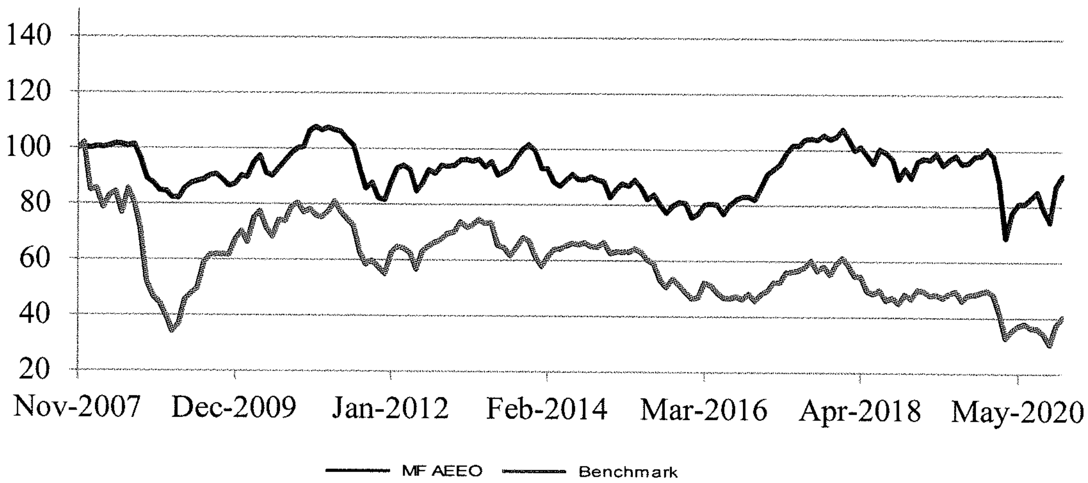
The non-financial expenses of the Fund consist of expenses related to the Fund's operations, and as of 31 December 2020 they amount to 1.87% of the average annual net asset value. The remuneration for management payable to the Management Company according to the rules of the Fund is BGN 265 thousand.

1.4. Changes in the unit price of MF Advance Emerging Europe Opportunities for the period

The principle indicator of the effectiveness of the management of MF Advance Emerging Europe Opportunities is the change in the price of the Fund's units, calculated on the basis of the NAV. The NAV per share increased to EUR 0.9116 as at 31.12.2020 compared to EUR 1.0056 a year earlier.

The performance of the Fund remains significantly better than that of the benchmark.

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



Benchmark: MSCI EFM Europe + CIS ex RU

Performance as at 31.12.2020	Fund	Benchmark
Since the beginning of the year	-9.3%	-19.2%
3 years, annualized	-4.6%	-11.9%
5 years, annualized	2.4%	-3.8%
Since the Fund's inception (annualized)	-0.7%	-6.7%

1.5. Financial risks related to the investment portfolio and techniques for their management

The process of identifying, managing and monitoring the risks in the operating activities of MF Advance Emerging Europe Opportunities aims to reduce the impact of external and internal risk factors on investments, including risks arising from the macroeconomic environment.

Risk management procedures include:
(a) risk identification;
(b) risk assessment;
(c) selection of a risk strategy;
(d) selection of ways to reduce the level of risk;
(e) control of the level of risk.
The assessment, analysis and monitoring of risk factors is performed daily by employees in the risk management departments.

The Management Company identifies and measures all risk factors related to the individual instruments in the portfolio of MF Advance Emerging Europe Opportunities, then measures the total portfolio exposure to these factors and makes decisions on limits, tolerance and risk management at the portfolio level.

The risk factors that has effect on the investments of MF Advance Emerging Europe Opportunities are::

a) market risk - the possibility of incurring losses due to adverse changes in securities prices, market interest rates, exchange rates and others. The components of market risk are:
• interest rate risk - the risk of a decrease in the value of an investment in a security due to a change in the level of interest rates.
• currency risk - the risk of a decrease in the value of an investment in a security or deposit denominated in a currency other than lev and euro due to a change in the exchange rate between that currency and the lev or the euro..
• price risk associated with investment in shares or other equity securities – the risk of a decrease in the value of an investment in a security in the event of adverse changes in market price levels.

b) credit risk - the possibility of reducing the value of the position in a financial instrument due to unexpected events of credit nature related to the issuers of financial instruments, the counterparty to exchange and over-the-counter transactions, as well as the countries in which they operate;

c) operational risk - the possibility of realizing losses related to errors or imperfections in the organization's system, insufficiently qualified staff, adverse external events of a non-financial nature, including legal risk;

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 improper diversification of exposures to customers, groups of related customers, customers from the same industry, geographical area or arising from the same activity, which may cause significant losses, as well as the risk associated with large indirect credit exposures.

The specific methods and organization for management of the above risks are regulated in the Rules for risk assessment and management of MF Advance Emerging Europe Opportunities. The last update of the Risk Management Rules was made on 20.11.2020 and have been approved by the Financial Supervision Commission with Decision № 879 - SF / 30.11.2020.

2. Effects of COVID - 19 pandemic in 2020

State of emergency in Bulgaria from March 13, 2020 to May 13, 2020

During the reporting period, the Company's activities were affected by the global Covid-19 pandemic. In early 2020, due to the spread of the novel coronavirus (COVID-19), difficulties appeared worldwide in the business and economic activity of a number of enterprises and entire industries. On 11 March 2020, the World Health Organization also announced the presence of a coronavirus (COVID-19) pandemic. On 13.03.2020 the Bulgarian government declared a state of emergency for one month and introduced strict measures for people and business. On March 24, 2020, the Parliament adopted the Law on Measures and Actions during the State of Emergency, announced by a decision of the National Assembly of March 13, 2020, and on overcoming the consequences (SP No. 44 of 2020, effective from 14.05.2020) ". Subsequently, the state of emergency was extended for another month and remained in force until 13 May 2020.

Epidemic emergency in Bulgaria from 14 May 2020 until 30 April 2021.

On 13 May 2020, the Council of Ministers in Bulgaria declared an epidemic emergency as of 14 May 2020, which was extended periodically before its expiry. As of the date of preparation of these financial statements, the period of the epidemic emergency has been extended by the government until 30 April 2021.

The COVID-19 pandemic, unfolded in early 2020 and the subsequent mass restrictions caused problems for the functioning of the real economy on a global scale. The financial markets declined sharply in March 2020, with stock exchanges in the region of Central and Eastern Europe followed the massive declines in world stock indices, which led to a devaluation of the Fund's investments.

The investment strategy of MF Advance Emerging Europe Opportunities was reviewed and were analysed in detail the possibilities for limiting the negative effects of the coronavirus on the already realised investments, part of the fund's portfolio. It was decided to maintain a stable level of liquidity (the Fund increased the total share of cash to over 10%). Due to the uncertainty of situation, we have taken a number of measures to limit the negative effects of the crisis - we have reduced our positions in companies that we expect to be more affected by the crisis, kept lower weight (relative to the benchmark) to the most affected sectors of the economy - financial services and energy and we have increased the proportion of cash. At the same time, the Fund's exposure continued to be mainly to more liquid positions, which can be liquidated within one day, if necessary.

The Management Company has taken measures to improve the efficiency of the work process, in compliance with the prescriptions of the health authorities, focusing on the goal of retaining the staff. Measures have also been taken to optimise the Fund's costs. As a result of the measures taken in general, Advance Emerging Europe Opportunities is in a good and stable position and has sufficient liquidity to service its operational activities and obligations.

Managament of Karoll Capital Management closely monitors the situation and is looking for ways to reduce its impact on the Fund, but the decline in share prices of investments held on stock exchanges could affect the fair value of investments of Advance Emerging Europe Opportunities if the negative macroeconomic trend persisted.

Management of Karoll Capital Management closely monitors the pandemic situation and is ready to take all possible steps to mitigate potential future negative effects.

3. Important post reporting date events

No adjusting or significant non-adjusting events and circumstances have occurred after the reporting date until the date of the drafting of the financial statements, except for the following non-adjusting event:
In relation to the continuing global pandemic of Covid-19, with a Decision of the Council of Ministers № 72 of 26.01.2021, the term of the emergency epidemic situation in Bulgaria was extended until 30 April 2021.

The legislative, economic and medical measures taken by the government, incl. the started process of vaccination of the population gives grounds to expect normalisation of the economic and in other sectors of life and reaching the pre-crisis levels by the end of 2021. The management believes that based on the current development of the crisis in the country and worldwide, the peak has been overcome and the economy will return to normal functioning. The effect of the COVID-19 crisis will reduce its impact and the volatility of market and price risk associated with managed and distributed assets will decrease, but adverse developments may have a negative effect on its performance and results.

4. Expected future development of the Fund

The new portion of restrictive measures introduced in the fourth quarter in most countries was not as wide-ranging as in the first quarantine, but rather precisely targeted and localised. Therefore, their effect, although significant enough to lower the forecasts for Q4 2020 and Q1 2021, in our opinion will not derail the recovery, which we expect to start gaining momentum again from Q2 2021. In the absence of significant new escalation of the pandemic or any other unforeseen adverse circumstances, the economy of developing Europe will return to its pre-crisis trend levels by the end of 2021, although in some countries such as Croatia and Greece, which are heavily dependent on tourism, this process will take longer. Turkey, after recent reshuffles at the top of finance ministry and central bank, gives indications about policies that will be based on more sustainable growth and predictability. In Russia, supporting monetary policies and stabilizing oil prices will help the recovery, and in Poland (as in fact across the CEE region) the technology sector will continue to expand its global market position, taking advantage of the trends of the fourth industrial revolution in combination with the low cost of financing and the low cost of skilled labor. We also expect the near-shoring trends accelerated by the pandemic, which have so far been primarily in the planning phase, to be put into practice, which will also support the labor market, investment and domestic demand.

From Q2 2021, the shift of the global focus to value sectors, which started from the stock markets in November and December, is expected to be seen in the real economy, combined with the positive effects of the EU's 750 billion recovery plan. The low level of indebtedness (50% debt / GDP versus 90% for the Eurozone; private indebtedness of 92.7% (vs. 161.2% for the Eurozone), along with fiscal measures to support the economy (~ 9% of GDP in Central Europe, which is the most the high percentage of GDP in Europe and Central Asia) and the 100 billion from the EU Recovery Fund will also be a major catalyst for economic growth. All these factors make us to be optimistic about the economic prospects for Emerging Europe in 2021.

With regard to financial markets, we believe that the rotation to value shares has the potential to continue, supported by several key factors that work in favor of emerging markets, and above all Russia. First, the spread of vaccines will be a catalyst for global growth and commodity prices, and hence for asset prices in emerging markets. Withdrawal of monetary stimulus, which has historically been one of the most serious threats to them, is not on the agenda. The major central banks have repeatedly confirmed that they will continue to support financial markets in the foreseeable future because of the fears that economic recovery will not develop smoothly and at the same pace in different sectors and regions. As a result, over $18 trillion worth of bonds currently trade at negative nominal yields, creating an environment of abundant liquidity in an active search for positive returns, and this will remain a leading investment driver in 2021, driving interest to emerging markets.

The US dollar is also expected to continue showing weaknesses, combined with a recovery in oil prices. Historically, a weakness of 1% in the dollar usually leads to an increase in share prices in developed markets by an average of 3.5%. Meanwhile, it should be noted that there is likely to be a serious discrepancy in the performance of different emerging economies and markets, depending on the levels of indebtedness, the arsenal of fiscal measures available and the extent to which they rely on sectors such as tourism, international transport, etc. In view of all the above, we believe that emerging Europe is in an excellent position to be one of the best performing regions in global emerging markets. The main catalyst for local stock markets is expected to be the global rotation to value sectors, as in emerging Europe they occupy a particularly massive share (75% -80%). This, combined with attractive valuation ratios (average P / E ~ 9.5x versus 21.1x for developed markets and 15.8x, for global emerging markets (discount of 55% and 40% respectively), and the highest dividend yield (approx. 6%) will put the region at the center of investor interest, especially given the fact that it is currently at historically very low levels as a weight in the portfolios of the global investment community. The good price impulse gained in the last quarter of 2020 from the local stock markets (+ 15.5%), when globally they were second only to Latin America, is also indicative of a return to interest in them. The local technology sector also continues to give much cause for optimism, due to its demonstrated ability to grow rapidly, both in terms of profits and market share.

At the moment, we still maintain a slightly higher level of cash, but as economic risks subside, we intend to reduce its level, as we would directing them mainly in two directions - increasing exposures to value sectors (industrial production, energy and mining) and participation in technology IPOs, which have been particularly positive in recent months.

5. Research and developments activities

The specifics of the activities of the Fund does not imply research and development in the traditional sense of the term.

6. Information pursuant to Art. 187d and art. 247 of the Commerce Act

The Fund's equity as at 31 December 2020 consists of 10,708,026.5185 units with a par value of EUR 1 per unit. In 2020, the Fund issued 24,103.0051 units and repurchased 90,653.5024 units. The number of unit holders during the year changed to 239 as at the end of 2020, of which 214 individuals and 25 legal entities.

The equity in the amount of BGN 19,091 thousand consists of:
- Share capital: BGN 20,943 thousand;
- Share premium: BGN 336 thousand;
- Accumulated loss from prior periods: BGN 197 thousand;
- Current period result: profit of BGN 1,991 thousand.

The fund do not distribute dividends. The fund has no registered branches. There are no restrictions on the rights of the members of the Board of Directors of the Management Company with respect to the acquisition of units of the Fund. As of 31 December 2020, Daniel Ganev owns 11,539.2626 units of the Fund and Bistra Kotseva owns 759.2414 units and Nadya Stefanova Nedelcheva owns 2,240.5428 units.. UD Karoll Capital Management EAD owns 348,636.2601 units.

In 2020, the Management company elects the audit firm Grant Thornton OOD with registration number 032 to audit the annual financial statements for 202020. The agreed remuneration amounts to BGN 8,000 without VAT.

7. Changes in net assets and net asset value per share

	31.12.2020 EUR	31.12.2019 EUR	31.12.2018 EUR
Net assets	9,761,149.87	10,834,804.85	3,691,264.82
Net asset value per share	0.9116	1.0056	0.9034

8. Remuneration policy of the Management company

The Management Company discloses to all interested parties details regarding the applied remuneration policy and any subsequent changes in it, without disclosing information that is legally protected.

The remuneration policy covers all forms of remuneration paid by the Management Company, as well as all amounts paid directly by the managed collective investment schemes, including:
- wages;
- any financial incentives, incl. performance bonuses;
- other material incentives, incl. any transfer of units or shares in collective investment schemes to the employees subject to this policy and to the benefit of any other employee whose total remuneration is comparable to the remuneration of those employees and whose professional activities have an impact on the risk profile of the collective investment schemes, managed by the Management Company;
- remunerations related to pension or health insurance.

The remuneration policy applies to the remuneration of the following categories of staff:
- management;
- employees whose duties are associated with taking risks;
- employees whose duties are associated with internal control activities;
- all other employees whose total remuneration is comparable to the remuneration of management and those employees whose professional activities have an impact on the risk profile of the collective investment schemes, managed by the Management Company.

Where the remuneration is tied to performance, its overall amount is based on a combination of the performance appraisal of the individual and of the organizational unit in which he works or the relevant collective investment scheme or other investment product, taking into account their risk profile , as well as the overall performance of the Management Company.

For the purposes of determining the variable remuneration of its employees, the Management Company has performed an assessment of the results of the company's activities as a whole and a thorough analysis of the results of the management of collective investment schemes, the results of management of individual portfolios as a trustee, the activity of providing investment advice and the activity of distribution of collective investment schemes managed by other management companies.

There are no remunerations paid directly by the collective investment scheme itself, including a performance fee. The Management Company has paid annual variable remuneration to employees on managerial positions, with a total amount per person not exceeding 30 percent of his total permanent remuneration and not exceeding BGN 30 000. The Management Company has made changes to the remuneration policy adopted on 4 February 2020, 5 May 2020 and 9 September 2020.

From the adopted amendments, the Management Company considers the following to be significant changes:

- With the amendments of 27.05.2020 it will be provided for periodic reviews by members of the Board of Directors of the Management Company, who are not entrusted with the management, for compliance of the Remuneration Policy with the requirements of the law as well as by the head of the Legal Compliance Department for the observance and application of the rules provided for in the Remuneration Policy.

- With the amendments of 29.09.2020 a specific hypotheses are implemented about cases when the variable remuneration may not be paid; the list of quantitative criteria for evaluation of the results of the activity of the Management Company has been expanded; the elements of the information to be disclosed by the Management Company regarding the Remuneration Policy are specified.

A review of the Remuneration Policy was performed on 20 January 2021 by two members of the Board of Directors who have not been assigned management roles and who have experience in risk and remuneration management. As a result of this review, it was concluded that the implemented rules for the Remuneration Policy are applied and comply with the requirements of the law. A periodic review was also performed by the Head of the Regulatory Compliance Department, during which it was established that the rules set out in the Remuneration Policy are observed and applied by the responsible employees.

Total gross remuneration for the financial year paid by the Management Company to its employees:

Staff category	Average staff	Fixed remuneration BGN'000	Variable remuneration BGN'000	Pension and health insurance
Management	9	452	42	4
Employees involved in risk taking	6	138	4	4
Employees exercising control functions	2	33	-	1
Employees whose remuneration is commensurate with the remuneration of managerial employees and employees whose activities involve risk-taking and whose professional activities affect the risk profile of the Fund	1	7	-	-
Other	4	53	-	3

9. Information on the method for calculating the total risk exposure of the Fund

In 2020, the Management Company identifies and measures all risk factors associated with the individual instruments in the Fund's portfolio, then measures the total exposure of the portfolio to these factors and takes decisions on limits, tolerance and risk management at portfolio level. The Fund's total risk exposure is calculated daily. The risk management department calculates the measurement and market risk assessment indicators.

The Management Company measures the market risk associated with a decrease in the value of the investments through one of the quantitative methods applicable to the relevant securities market:

1. Historical volatility measured by standard deviation.
2. β-coefficient to indices of the respective markets (the relationship between the price of the individual share and the price of the market as a whole).
3. If it is not possible to apply points 1 and 2, the management company shall use the standard deviation of the selected index of the regulated market on which the given shares are traded as a substitute in the overall analysis of the portfolios; β coefficient to the indices of the respective markets / the relationship between the price of the individual share and the price of the market as a whole.

In calculating the Fund's overall risk exposure, the Management Company may consider netting and hedging agreements if these agreements do not disclose obvious and significant risks and lead to a clear reduction in risk exposure.

As of 31.12.2020 the total risk of the Fund's portfolio, measured by the standard deviation is 32.26%. The total portfolio risk of MF Advance Emerging Europe Opportunities is measured by the historical volatility of a unit price, measured by the standard deviation.

In 2020, the management company amended the Risk Management Rules of the MF Advance Emerging Europe Opportunities. The changes were approved by decision № 879 - SF/30.11.2020 of the FSC and are applied after this date.

The Risk Management Department performed a re-test of the validity of the risk assessment and forecasting model, measured by the NAV Standard Deviation approach, in order to verify the sustainability of the Fund's price risk assessment model, as of 08 January 2021 has compiled a report covering the period 01.01.2020 – 31.12.2020.

The report, adopted by the Board of Directors on 08.01.2021, states that under standard market conditions the model is sufficiently precise in forecasting the maximum allowable monthly loss with a 99% confidence interval, and the exceedances found during the retest period are compared to the forecast maximum loss.as a result of non-market factors of a catastrophic nature, in particular the pandemic COVID-19 and related restrictions on global economic activity. In conclusion of the analysis, the Management Company has decided that there is no need to review the used model for maximum value at risk and the parameters used for its application.

Sofia,
April 22, 2021

Daniel Ganev: ____________
Chief Executive Officer

Bistra Kotseva: ____________
Procurator
Karoll Capital Management EAD

КАРОЛ КАПИТАЛ МЕНИДЖМЪНТ
СОФИЯ
ЕАД

Grant Thornton

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **Mutual Fund Advance Emerging Europe Opportunities** (the Fund), which comprise the statement of financial position as at 31 December 2020 and the statement of profit or loss and other comprehensive income, statement of changes in net assets belonging to shareholders and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at 31 December 2020 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU and Bulgarian legislation.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Fund, in accordance with the International Code of Ethics for Professional Accountants (including International Independent Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code), together with the ethical requirements of Bulgarian Independent Financial Audit Act, and we have fulfilled our other responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter

We draw attention to Notes 2 and 4.12 of the financial statements, which describe the effect of the coronavirus pandemic (Covid-19) on the financial condition and performance of the Fund, during the reporting period, and the uncertainty that the continuing pandemic creates on financial market volatility and hence – the future results of the Fund. The executive officers of the Fund's management company Karoll Capital Management EAD closely monitor the situation and look for ways to reduce its impact on the Fund, but a decline in share prices of investments held on stock exchanges could affect the fair value of investments of Advance Eastern Europe, if the negative macroeconomic trend continues. Our opinion is not modified in respect of this matter.

Other matters

The Fund's management company found insignificant technical errors in the financial statements issued with an audit report dated March 29, 2021, which is why it prepared these corrected statements. The adjustments are reflected as follows:

- On page 10 of the Annual Activity Report of the Fund, in item 1.3. Financial result for 2020 in the last paragraph it is disclosed that the non-financial expenses of the Fund as at December 31, 2020. are 1.87%, instead of 1.89%, disclosed in the previous report.

- On page 22 of the notes to the financial statement of the Fund, in item 11. Hired services expenses, at the end it is disclosed that the expenses related to the activity of the Fund for 2020 represent 1.87% of the average annual net asset value of the Fund's financial statements, instead of 1.89%, disclosed in the previous report.

- In Note 11 Hired services expenses, Remuneration to the depository bank - in the amount of BGN 35 thousand has been disclosed, instead of the BGN 36 thousand indicated in the previous report and Annual fees in the amount of BGN 2 thousand instead of BGN 1 thousand, disclosed in the previous report.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the annual management report, prepared in accordance with Bulgarian Accountancy Act, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or whether our knowledge obtained in the audit may indicate that there is a material misstatement or otherwise the other information appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards (IFRS), as adopted by the 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.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and Bulgarian Independent Financial Audit Act will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

In addition to our responsibilities for reporting under ISAs, described above in section "Information Other than the Financial Statements and Auditor's Report Thereon", regarding annual management report, we have performed the additional procedures contained in the Guidelines of the professional organisation of certified public accountants and registered auditors in Bulgaria - Institute of Certified Public Accountants (ICPA). The procedures on the existence, form and contents of the other information have been carried out in order to state whether the other information includes the elements and disclosures in accordance with Chapter Seven of Bulgarian Accountancy Act.

Statement Pursuant to Article 37, Paragraph (6) of Bulgarian Accountancy Act

Based on the procedures performed, we describe the outcome of our work:

(a) the information in the management report is consistent with the financial statements for the same reporting period;

(b) the management report is prepared in accordance with the applicable legal requirements; and

(c) as a result of the acquired knowledge and understanding of the activities of the Fund and the environment in which it operates, we have found no cases of material misrepresentation in the management report.

Mariy Apostolov
Managing partner

Grant Thornton Ltd.
Audit firm

Silvia Dinova
Registered auditor responsible for the audit

Одиторско дружество
София
Рег. № 032
Грант Торнтон ООД

April 26, 2021
Bulgaria, Sofia, 26 Cherni Vrah Blvd.

MF ADVANCE EMERGING EUROPE OPPORTUNITIES
STATEMENT OF FINANCIAL POSITION
31 DECEMBER 2020
ALL AMOUNTS ARE IN BGN THOUSAND, UNLESS OTHERWISE STATED

	Note	31.12.2020	31.12.2019
Assets			
Current assets			
Financial assets at fair value through profit or loss	5	17,241	19,562
Cash and cash equivalents	6	1,866	1,650
Current receivables	7	11	7
Total assets		**19,118**	**21,219**
Net assets, belonging to the shareholders			
Share capital	8.1	20,943	21,073
Premium reserve	8.2	336	315
Accumulated loss		(2,188)	(197)
Total net assets, belonging to the shareholders		**19,091**	**21,191**
Liabilities			
Current liabilities			
Related party payables	12.2	23	24
Current payables	9	4	4
Total liabilities		**27**	**28**
Total net assets, belonging to shareholders and liabilities		**19,118**	**21,219**

Daniel Ganev: ____________
Chief Executive Officer
Karoll Capital Management EAD

Stoyka Koritarova: ____________
Chief Accountant
Karoll Capital Management EAD

Bistra Kotseva: ____________
Procurator
Karoll Capital Management EAD

КАРОЛ КАПИТАЛ МЕНИДЖМЪНТ
СОФИЯ
ЕАД

Date: 22.04.2021

Audited, according to auditor's report, dated 26.04.2021

Silvia Dinova
Registered auditor, responsible for the audit

Mariy Apostolov
Manager – Grant Thornton
Audit company

ОДИТОРСКО ДРУЖЕСТВО
София
Рег. № 032
ГРАНТ ТОРНТОН ООД

All amounts are in BGN thousand, unless otherwise stated

	Note	For the year ending 31.12.2020	For the year ending 31.12.2019
Dividend income	10.1	169	252
(Loss) / gain from operations with investments, net	10.2	(989)	1,559
(Loss) / gain from foreign currency exchange differences, net	10.3	(838)	26
Other finance costs		(1)	(1)
Net (loss) / gain from financial assets		**(1,659)**	**1,836**
Hired services expenses	11	(332)	(218)
Total operating expenses		**(332)**	**(218)**
(Loss) / profit for the year		**(1,991)**	**1,618**
Total comprehensive (loss) / income		**(1,991)**	**1,618**

Daniel Ganev: __________
Chief Executive Officer
Karoll Capital Management EAD

Stoyka Koritarova: __________
Chief Accountant
Karoll Capital Management EAD

Bistra Kotseva: __________
Procurator
Karoll Capital Management EAD

КАРОЛ КАПИТАЛ МЕНИДЖМЪНТ
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София
Рег. № 032
ГРАНТ ТОРНТОН ООД

The accompanying notes on pages from 5 to 26 form an integral part of the financial statements.

MF ADVANCE EMERGING EUROPE OPPORTUNITIES
STATEMENT OF CASH FLOWS
31 December 2020
All amounts are in BGN thousand, unless otherwise stated

	Note	For the year ending 31.12.2020	For the year ending 31.12.2019
Cash flows from operating activities			
Cash payments for financial assets acquisition		(1,193)	(12,287)
Proceeds from sale of financial assets		1,716	1,116
Dividends received		164	242
Cash payments related to foreign currency operations		(60)	(7)
Cash proceeds related to foreign currency		31	-
Cash payments related to trade counterparties		(66)	(58)
Cash payments related to the management company		(267)	(146)
Other		(1)	-
Net cash flow from operating activities		**324**	**(11,140)**
Cash flows from financing activities			
Proceeds from units issue		40	14,743
Payment for units repurchase		(148)	(2,387)
Net cash flow from financing activities		**(108)**	**12,356**
Net increase in cash and cash equivalents		**216**	**1,216**
Cash and cash equivalents at the beginning of the year	6	**1,650**	**434**
Cash and cash equivalents at the end of the year	6	**1,866**	**1,650**

Daniel Ganev:
Chief Executive Officer
Karoll Capital Management EAD

Stoyka Koritarova:
Chief Accountant
Karoll Capital Management EAD

Bistra Kotseva:
Procurator
Karoll Capital Management EAD

КАРОЛ КАПИТАЛ МЕНИДЖМЪНТ
СОФИЯ
ЕАД

Date: 22.04.2021

Audited, according to auditor's report, dated 26.04.2021

Silvia Dinova
Registered auditor, responsible for the audit

Mariy Apostolov
Manager – Grant Thornton
Audit company

ОДИТОРСКО ДРУЖЕСТВО
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All amounts are in BGN thousand, unless otherwise stated

	Share capital	Premium reserve	Accumulated loss	Total
Balance as at 1 January 2019	**7,991**	**1,044**	**(1,815)**	**7,220**
Issue of units	15,547	(807)	-	14,740
Repurchase of units	(2,465)	78	-	(2,387)
Transactions with shareholders	13,082	(729)	-	12,353
Profit for the year	-	-	1,618	1,618
Total comprehensive income for the year	-	-	1,618	1,618
Balance as at 31 December 2019	**21,073**	**315**	**(197)**	**21,191**
Issue of units	48	(9)	-	39
Repurchase of units	(178)	30	-	(148)
Transactions with shareholders	(130)	21	-	(109)
Loss for the period	-	-	(1,991)	(1,991)
Total comprehensive loss for the year	-	-	(1,991)	(1,991)
Balance as at 31 December 2020	**20,943**	**336**	**(2,188)**	**19,091**

Daniel Ganev: ______________
Chief Executive Officer
Karoll Capital Management EAD

Stoyka Koritarova: ______________
Chief Accountant
Karoll Capital Management EAD

Bistra Kotseva: ______________
Procurator
Karoll Capital Management EAD

КАРОЛ КАПИТАЛ МЕНИДЖМЪНТ
София
ЕАД

Date: 22.04.2021

Audited, according to auditor's report, dated 26.04.2021

Silvia Dinova
Registered auditor, responsible for the audit

Mariy Apostolov
Manager – Grant Thornton
Audit company

ОДИТОРСКО ДРУЖЕСТВО
София
Рег. № 032
ГРАНТ ТОРНТОН ООД

The accompanying notes on pages from 5 to 26 form an integral part of the financial statements.

Notes to the financial statements

1. General information

MF Advance Emerging Europe Opportunities (the Fund) is an open-end collective investment scheme that operates following the principle of distribution of the risk. The Mutual Fund is organized and managed by Karoll Capital Management EAD (the Management Company) that has a license following decision 328 – UD from 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 FSC 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.

Karoll Capital Management EAD has received a license № 1410 – MF/7.11.2007 of FSC to organize and manage mutual fund Advance Emerging Europe Opportunities. The Fund has been registered in the register according to art. 30, para 1, pt. 5 of FSCA. In 2015 the name of MF Advance IPO Fund has changed to MF Advance Emerging Europe Opportunities, with Decision №112-MF/23.02.2015, Decision №113-MF/23.02.2015 and №114-MF/23.02.2015.

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 related regulations. In conjunction with the above, the Fund is subject to regulation by the Financial Supervision Commission (FSC). According to the requirements of ZDKISDPKI, the Management Company chooses UniCredit Bulbank AD as a custodian bank that will hold dematerialised securities and cash of the Fund.

The public offering of units of MF Advance Emerging Europe Opportunities started on 23 November 2007. They are denominated in euro, with par value of 1 euro per unit.

The fund capital is a variable and may vary depending on the number of issued and offered for redemption units, but is always equal to the net asset value of the Fund. The number of units in circulation as at 31 December 2020 and 2019 is respectively 10,708,026.5185 and 10,774,577.0158.

1.1. Investing strategy of the Fund

The main goal is to increase the value of investments of the units of the Fund by realizing capital gains by assuming a moderate to high level of risk.

The Fund's investment portfolio is structured based on an active approach, on the grounds of investments in companies from the region of Central and Eastern Europe, primarily 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. The policy of the Fund provides for active management of the portfolio of financial instruments and cash, investing in financial assets that can be purchased or sold, easily and without significant loss of value, as well as achieving sustainable and optimal growth in combination with risk mitigation. The investment strategy involves providing income in the form of capital gains and dividends. The Fund does not target specific industrial sector for its investments, and do not pursue result linked to some those of any market indexes.

Risk management is conducted 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 Fund 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 Fund. All amounts are presented in thousand Bulgarian leva (BGN'000) (including comparative information for 2019) unless otherwise state.

State of emergency in Bulgaria from March 13, 2020 to May 13, 2020

During the reporting period, the Company's activities were affected by the global Covid-19 pandemic. In early 2020, due to the spread of the novel coronavirus (COVID-19), difficulties appeared worldwide in the business and economic activity of a number of enterprises and entire industries. On 11 March 2020, the World Health Organization also announced the presence of a coronavirus (COVID-19) pandemic. On 13.03.2020 the Bulgarian government declared a state of emergency for one month and introduced strict measures for people and business. On March 24, 2020, the Parliament adopted the Law of Measures and Actions during the State of Emergency, announced by a decision of the Parliament of March 13, 2020, and on overcoming the consequences (SP No. 44 of 2020, effective from 14.05.2020)". Subsequently, the state of emergency was extended for another month and remained in force until 13 May 2020.

Emergency epidemic situation in Bulgaria from 14 May 2020 until 30 April 2021.

On 13 May 2020, the Council of Ministers declared an epidemic emergency situation as of 14 May 2020, which was extended periodically before its expiry. As of the date of preparation of these financial statements, the period of the epidemic emergency has been extended by the government until 30 April 2021.

Effect of COVID-19 on the Fund 's financial statements for 2020.

The investment strategy of MF Advance Emerging Europe Opportunities was reviewed and were analysed in detail the possibilities for limiting the negative effects of the coronavirus on the already realised investments, part of the fund's portfolio. It was decided to maintain a stable level of liquidity (the Fund increased the total share of cash to over 10%). Due to the uncertainty of situation, we have taken a number of measures to limit the negative effects of the crisis - we have reduced our positions in companies that we expect to be more affected by the crisis, kept lower weight (relative to the benchmark) to the most affected sectors of the economy - financial services and energy and we have increased the proportion of cash. At the same time, the Fund's exposure continued to be mainly to more liquid positions, which can be liquidated within one day if necessary.

The Management Company has taken measures to improve the efficiency of the work process, in compliance with the prescriptions of the health authorities, focusing on the goal of retaining the staff. Measures have also been taken to optimise the Fund's costs. As a result of the measures taken in general, Advance Emerging Europe Opportunities is in a good and stable position and has sufficient liquidity to service its operational activities and obligations.

Managament of Karoll Capital Management closely monitors the situation and is looking for ways to reduce its impact on the Fund, but the decline in share prices of investments held on stock exchanges could affect the fair value of investments of Advance Emerging Europe Opportunities if the negative macroeconomic trend persisted.

Management of Karoll Capital Management closely monitors the pandemic situation and is ready to take all possible steps to mitigate potential future negative effects.

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.

3. Changes in accounting policies

3.1. New standards, amendments and interpretations of the IFRS effective as of 1 January 2020.

The Fund has adopted the following new standards, revisions and amendments, which came into force this year and are as follows:

IAS 1 and IAS 8 (amended) - Definition of Material, effective from 1 January 2020, adopted by the EU

The amendments aim to use a consistent definition of materiality throughout International Financial Reporting Standards and the Conceptual Framework for Financial Reporting. The amendments clarify:

- that the reference to obscuring information addresses situations in which the effect is similar to omitting or misstating that information, and that an entity assesses materiality in the context of the financial statements as a whole, and
- the meaning of 'primary users of general purpose financial statements' to whom those financial statements are directed, by defining them as 'existing and potential investors, lenders and other creditors' that must rely on general purpose financial statements for much of the financial information they need.

Amendments to References to the Conceptual Framework in IFRS Standards, effective from 1 January 2020, adopted by the EU

The IASB has issued a revised Conceptual Framework which will be used in standard-setting decisions with immediate effect. No changes will be made to any of the current accounting standards. However, entities that rely on the Framework in determining their accounting policies for transactions, events or conditions that are not otherwise dealt with under the accounting standards will need to apply the revised Framework from 1 January 2020. These entities will need to consider whether their accounting policies are still appropriate under the revised Framework. Key changes include:

- increasing the prominence of stewardship in the objective of financial reporting ;
- reinstating prudence as a component of neutrality ;
- defining a reporting entity, which may be a legal entity, or a portion of an entity
- revising the definitions of an asset and a liability ;
- removing the probability threshold for recognition and adding guidance on derecognition
- adding guidance on different measurement basis and stating that profit or loss is the primary performance indicator and that, in principle, income and expenses in other comprehensive income should be recycled where this enhances the relevance or faithful representation of the financial statements.

Amendments to IFRS 9, IAS 39 and IFRS 7: Interest Rate Benchmark Reform, effective from 1 January 2020, adopted by the EU

The proposed update includes elements to reflect the new disclosure requirements introduced by the amendments to IFRS 9, IAS 39 and IFRS 7.

The Fund has applied the following new standards, amendments and interpretations to IFRS, developed and published by the International Accounting Standards Board, which are mandatory for application from the annual period beginning on January 1, 2020, but do not have a significant effect of their application on the financial result and the financial condition of the Company:

- IFRS 3 (amended) - Business Definition effective from 1 January 2020, not yet adopted by the EU;

Amendments to IFRS 16 rent reductions related to Covid-19, effective from 1 June 2020, adopted by the EU.

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

At the date of authorisation of these financial statements, certain new standards, amendments and interpretations to existing standards have been issued, but are not effective or adopted by the EU for the financial year beginning on 1 January 2020 and have not been adopted early by the Fund. Information on those expected to be relevant to the Fund's management company financial statements is provided below. Management anticipates that all relevant pronouncements will be adopted in the Fund's accounting policies for the first period beginning after the effective date of the pronouncement.

The changes are related to the following standards:

- Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current effective from 1 January 2023 not yet adopted by the EU;
- Amendments to IFRS 3 Business Combinations, IAS 16 Property, Plant and Equipment IAS 37 Provisions, Contingent Liabilities and Contingent Assets effective from 1 January 2022 not yet adopted by the EU;
- Annual Improvements 2018-2020 effective from 1 January 2022 not yet adopted by the EU;
- Amendments to IFRS 4 Insurance Contracts – deferral of IFRS 9 effective from 1 January 2021 not yet adopted by the EU;
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2 effective from 1 January 2021 not adopted by the EU;
- IFRS 14 "Regulatory deferral accounts" effective from 1 January 2016, not adopted by the EU;
- IFRS 17 "Insurance Contracts" effective from 1 January 2023, not yet adopted by the EU;

4. Significant 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 estimate.

4.2. Presentation of financial statements

The financial statements are presented in accordance with IAS 1 "Presentation of Financial Statements". The Fund has elected to present the statement of profit or loss and other comprehensive income as a single statement.

Two comparative periods are presented for the statement of financial position when the Fund applies an accounting policy retrospectively, makes a retrospective restatement of items in its financial statements, or reclassifies items in the financial statements and this has a material impact on the statement of financial position at the beginning of the preceding period.

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. 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.

4.4.1. Interest income

Interest income on bank deposits is reported on an accrual basis to the statement of profit or loss and other comprehensive income of the Fund, in accordance with the contract's terms. Interest income is recognized on an accrual basis.

Dividend income is recognised to the profit or loss at the time the right to receive payment is established.

4.4.2. Net income from foreign exchange 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.
The difference between the revalued amount and the price of the financial instruments, when sold is recognised as current revenue or expense from operations with financial instruments.

4.4.3. Net income from foreign exchange operations

Foreign currency transactions are recognised 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 recognised after taking into account changes in the market prices in original currencies.

4.5. Expenses

Expenses related to the Fund's activities are recognized in profit or loss in the statement of profit and loss and other comprehensive income, following the accrual basis. The annual operating expenses of the Fund shall not exceed 2.50% of the annual average 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 is approved by the Financial Supervision Commission. Operating expenses, which are indirectly borne by all its unit-holders, including Management and remuneration fees of the Custodian Bank shall be charged daily, in accordance with the concluded agreements with the Management Company and the Custodian Bank.

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

The Fund's units 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.
- 1% (1.0 per cent) of the net asset value per unit for orders from EUR 50 000.01 to EUR 250 000.
- 0.5% (0.5 per cent) of the net asset value per unit for orders from 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.

Unitholders do not pay expenses for redemption of units of the Fund.

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

4.6. Financial instruments

4.6.1. Recognition and derecognition

Financial assets and financial liabilities are recognised when the Fund becomes a party to the contractual provisions of the financial instrument.

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

A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

4.6.2. Classification, initial reporting and subsequent measurement

Depending on the method of subsequent measurement, financial assets are classified into the following categories:

- Debt instruments at amortised cost;
- Financial assets at fair value through profit or loss (FVTPL);
- Financial assets at fair value through other comprehensive income (FVOCI) with or without reclassification in profit or loss, depending on whether they are debt or equity instruments.

Financial assets at fair value through profit or loss

The Fund classifies its investments on the basis of both the business model for their management and the contractual cash flow characteristics of the financial asset. The Fund's investment portfolio is managed and its presentation is evaluated on the basis of fair value information. The Management Company of the Fund is focused on information about the fair values of its financial assets and uses this information to make a decision and evaluate the performance of the assets.

The Fund has not chosen to irrevocably classify equity instruments as measured at fair value through other comprehensive income.

The contractual cash flows of the Fund's debt instruments include only interest and principal payments but these securities are neither held for the purpose of collecting the contractual cash flows nor for the purpose of collecting the contractual cash flows and sales. The collection of contractual cash flows is incidental and not essential to achieving the objectives of the Fund's business model.

All investments of the Fund are subsequently measured at fair value through profit or loss.

Receivables

The Fund's receivables arise mainly from the reported dividends and receivables related to operations with financial instruments such as participation in capital increases and maturing principal and interest on bonds. These financial instruments are initially classified as a debt instruments at amortized cost and are held by the Fund for the purpose of collecting the contractual cash flows.

Receivables are subsequently measured at amortized cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial.

4.6.3. Subsequent measurement of financial assets

Debt instruments at amortized cost

Financial assets are measured at amortized cost if they meet the following criteria and are not qualified for measurement at fair value through profit or loss:

- The Fund manages assets within a business model that aims to hold the financial assets and collect their contractual cash flows;
- under the contractual terms of the financial asset, cash flows arise on a specific dates, which are only principal payments and interest on the outstanding amount of the principal.

This category includes non-derivative financial assets as loans and receivables with fixed or determinable payments that are not quoted in an active market. After initial recognition, they are measured at amortized cost using the effective interest method. Discounting is not performed when the effect is insignificant. The Fund classifies in this category its receivables, as well as cash and cash equivalents.

Receivables

Receivables, which are initially occured in the Fund are non-derivative financial instruments with fixed payments that are not traded on an active market. Usually they are due for short-term settlement and are therefore classified as current. Receivables are initially recognised in the amount of unconditional remuneration, unless they contain significant components of financing. The Fund holds receivables for the purpose of collecting contractual cash flows and therefore measures them at amortized cost using the effective interest method. Discounting is not performed when the effect is insignificant.

Financial assets at fair value through profit or loss

Financial assets, for which the business models 'held for collection of contractual cash flows' or 'held for collection and sale' are not applicable , as well as financial assets whose contractual cash flows are not merely principal and interest payments, are reported at fair value through profit or loss.

This category includes investments in equity instruments. The Fund has not chosen to irrevocably report the investments at fair value through other comprehensive income and report at fair value through profit or loss.

All changes in the fair value of assets in this category are recognised in profit or loss. The fair value of financial assets in this category is determined by quoted prices in an active market or by using valuation techniques in case of absence of an active market.

4.6.4. Impairemnt of financial assets

IFRS 9's impairment requirements use forward-looking information to recognise expected credit losses.

The "expected credit loss" model applies to all debt assets, except those measured at fair value through profit or loss.

Recognition of credit losses is no longer dependent on the Fund first identifying a credit loss event. Instead the Fund considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk (Stage 1) and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low (Stage 2)
- Stage 3 would cover financial assets that have objective evidence of impairment at the reporting date.

"12-month expected credit losses" are recognised for the first category while "lifetime expected credit losses" are recognised for the second category. Expected credit losses are determined as the difference between all contractual cash flows attributable to the Fund and the cash flows it is actually expected to receive ("cash shortfall"). This difference is discounted at the original effective interest rate (or credit adjusted effective interest rate).

The calculation of expected credit losses is determined on the basis of the probabilistic weighted estimation of credit losses over the expected maturity of financial instruments.

As at the reporting date, the leadership of the Management Company has made an approximate assessment of the impairment of receivables based on the expected credit losses and has concluded that it is insignificant, respectively it is not accounted for and presented in the financial statements.

4.6.5. Classification, initial reporting and subsequent measurement of the financial liabilities

The Fund's financial liabilities include payables to the Management Company which represent trade payables and are initially measured at fair value.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method.

The Fund does not measure its financial liabilities at fair value through profit or loss.

4.7. Cash and cash equivalents

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

In the proceeds from the issue of own units in the Cash Flow Statement, the Fund presents the gross amount received from the client on subscription orders for units, including the issuance costs, which are addressed directly by the specific investor and paid to the management company.

4.8. Income taxes

According to the Corporate Income Tax, collective investment schemes that are admitted for public offering in Bulgaria, and the national investment funds under the Activity of Collective Investment Schemes and Other Collective Investment Entities Act, are not subject to corporate tax.

4.9. Net assets, belonging to unitholders

The Fund is an open type collective investment scheme 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 18.

The estimation of the net asset value of the Fund shall be under the rules for determining the net asset value of MF Advance Emerging Europe Opportunities, approved by the Financial Supervision Commission.

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.

The net assets value per unit is the basis for determining the issue price and the repurchase of the units 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 provisions of the accounting legislations;
- the provisions of the Act for the activities of collective investment schemes and other collective investment entities (ZDKISDPKI);
- Ordinance №44 - 20 October 2011 for the requirement for the activities of collective investment schemes, close-end investment entities and management companies (NIDKISIDZTUD);

- the rules and prospectus of the Fund.

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

4.10. Provisions, contingent liabilities and contingent assets

Provisions are recognised 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 recognised 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 recognised.

The amount recognised 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, considering the risks and uncertainties associated with the present obligation. Where there are several 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 recognised as an asset. 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 recognised.

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

4.11 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 units 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 bank in accordance with regulatory requirements;

- The Management Company invests the Fund's assets in securities and in proportions determined in accordance with the Activity of Collective Investment Schemes and Other Collective Investment Entities Act (ZDKISDPKI) and the Fund Rules;

- The subsequent valuation of the Fund's assets shall be made in accordance with the Fund's Rules and Ordinance № 44 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.

All amounts are in BGN thousand, unless otherwise stated

4.12. Uncertainty of the accounting estimates

4.12.1 Fair value of financial instruments

Management uses techniques as "net asset value", „market comparables method" and "discounted expected cash flows method" 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 on the requirements to the activities of collective investment schemes, investment companies of closed-end type and management companies.

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.

4.12.2 Measurement of expected credit losses

Credit losses represent the difference between all contractual cash flows due to the Fund and all cash flows that the Fund expects to receive. Expected credit losses are probability weighted assessment of credit losses, that require judgment from the Management's company officers.

Expected credit losses are discounted with the initial effective interest rate (or with adjustments to the loan effective interest rate for purchased or initially created financial assets with credit impairment).

5 Financial assets at fair value through profit or loss

Type of security	ISIN	As at 31.12.2020	% of total assets	As at 31.12.2019	% of total assets
LIVECHAT SOFTWARE SA	PLLVTSF00010	1419	7.42	627	2.95
CEZ AS	CZ0005112300	792	4.14	766	3.61
Moneta Money Bank	CZ0008040318	766	4.01	830	3.91
AVAST PLC ORD	GB00BDD85M81	766	4.00	696	3.28
Mol Hungarian Oil And Gas PL	HU0000153937	753	3.94	857	4.04
Richter Gedeon Nyrt	HU0000123096	725	3.79	687	3.24
KGHM POLSKA MIEDZ SA	PLKGHM000017	716	3.75	401	1.89
Komercni Banka	CZ0008019106	692	3.62	772	3.64
Polskie Gornictwo Naftowe I Gazownictwo Spolka AKC	PLPGNIG00014	655	3.42	548	2.58
Cyfrowy Polsat	PLCFRPT00013	650	3.40	642	3.03
OTP Bank	HU0000061726	646	3.38	707	3.33
Bank PEKAO SA	PLPEKAO00016	573	2.99	679	3.20
Erste Group Bank AG	AT0000652011	557	2.91	749	3.53
Powszechny Zaklad Ubezpieczen Spolka Akcyjna	PLPZU0000011	524	2.74	695	3.27
Kruk S.A.	PLKRK0000010	478	2.50	613	2.89
Polski Koncern Naftowy Orlen	PLPKN0000018	476	2.49	539	2.54
OMV AG	AT0000743059	454	2.38	689	3.25
Wizz Air Holdings PLC	JE00BN574F90	451	2.36	867	4.09
Uniqa Insurance Group AG	AT0000821103	440	2.30	625	2.94
SIAULIU Bankas	LT0000102253	436	2.28	443	2.09
Any Security Printing Go	HU0000093257	422	2.21	496	2.34
Neuca	PLTRFRM00018	422	2.21	262	1.24
AS Tallinna Sadam	EE3100021635	411	2.15	453	2.14
CD PROJEKT SA	PLOPTTC00011	407	2.13	1234	5.81
Comarch	PLCOMAR00012	405	2.12	-	-
RAIFFEISEN BANK INTERNAT. AG	AT0000606306	392	2.05	526	2.48
Ciech Spolka Akcyjna	PLCIECH00018	371	1.94	491	2.31
Tallink GRP	EE3100004466	355	1.86	469	2.21

All amounts are in BGN thousand, unless otherwise stated

Financial assets at fair value through profit or loss (continued)

Type of security	ISIN	As at 31.12.2020	% of total assets	As at 31.12.2019	% of total assets
Globe Trade Centre Spolka Akcyjna	PLGTC0000037	330	1.73	475	2.24
Celon Pharma SA	PLCLNPH00015	297	1.55	312	1.47
FAMUR SPOLK Akcyjna	PLFAMUR00012	196	1.03	278	1.31
Alumetal S.A.	PLALMTL00023	133	0.70	122	0.57
Tallinna Kaubamaja Gruoo As	EE0000001105	77	0.40	75	0.35
Apranga PVA	LT0000102337	54	0.28	63	0.30
Central European Media Enterprises	BMG200452024	-	-	470	2.21
Alior Bank S.A.	PLALIOR00045	-	-	404	1.91
TOTAL		**17,241**	**90.18%**	**19,562**	**92.19**

For all shares as of December 31, 2020 the method of valuation of their fair value was based on directly observable quotations from active markets, except for GETBACK SA (PLGTBCK00297), which completely devaluated.
Investments are allocated by countries are follows:

Country	As at 31.12.2020	% of total assets	As at 31.12.2019	% of total assets
Poland	8,053	42.12	8,322	39.21
Czech Republic	3,015	15.77	3,534	16.65
Hungary	2,998	15.68	3,614	17.04
Austria	1,842	9.63	2,589	12.20
Estonia	843	4.41	997	4.70
Lithuania	490	2.56	506	2.39
Total	**17,241**	**90.18**	**19,562**	**92.19**

Investments are allocated by sectors are follows:

Sector	As at 31.12.2020	% of total assets	As at 31.12.2019	% of total assets
Financial services	5,502	28.78	7,043	33.19
IT	2,590	13.55	1,323	6.23
Energy	2,338	12.23	2,633	12.41
Industrial manufacturing	1,835	9.60	2,563	12.09
Healthcare	1,444	7.55	1,261	5.95
Materials	1,221	6.39	1,014	4.77
Communication services	1,057	5.53	2,346	11.05
Utilities	792	4.14	766	3.61
Real estate	330	1.73	475	2.24
Essential consumer goods	77	0.40	75	0.35
Consumer goods	54	0.28	63	0.30
TOTAL	**17,241**	**90.18**	**19,562**	**92.19**

All amounts are in BGN thousand, unless otherwise stated

Invetsments are allocated by currency:

Currency		As at 31.12.2020	% of total assets	As at 31.12.2019	% of total assets
Polish zloty	PLN	8,053	42.12	8,323	39.22
Euro	EUR	3,175	16.61	4,092	19.29
Hungarian forint	HUF	2,547	13.32	2,747	12.95
Czech krona	CZK	2,249	11.77	2,837	13.37
British pound	GBP	1,217	6.37	1,563	7.36
TOTAL		**17,241**	**90.18**	**19,562**	**92.19**

Allocation of intevstements by trading market:

Market	As at 31.12.2020	% of total assets	As at 31.12.2019	% of total assets
Warsaw Stock Exchange	8,053	42.12	8,322	39.21
Budapest Stock Exchange	2,547	13.32	2,747	12.95
Prague Stock Exchange	2,249	11.77	2,838	13.37
Wiener Boerse Ag	1,842	9.63	2,589	12.20
London Stock Exchange	1,217	6.37	1,563	7.37
NASDAQ Tallinn As	843	4.41	997	4.70
Ab Nasdaq Vilnius	490	2.56	506	2.39
TOTAL	**17,241**	**90.18**	**19,562**	**92.19**

6 Cash and cash equivalents

	As at 31.12.2020	As at 31.12.2019
Cash on hand and in current accounts in BGN	473	844
Cash on hand and in current accounts in foreign currency	1,393	806
Total	**1,866**	**1,650**

The Fund has evaluated the expected credit losses on cash and cash equivalents.

The estimated amount is less than 0.1% of the gross amount of cash deposited in financial institutions, which is therefore considered to be immaterial and has not been accounted for in the financial statements of the Fund.

The Fund has no blocked cash and cash equivalents.

7 Current receivables

	As at 31.12.2020	As at 31.12.2019
Dividend receivables	11	7
TOTAL	**11**	**7**

As at 31.12.2020 the Fund has dividend receivables from CYFROWY POLSAT (Poland). The same is paid in January 2021.

8 Net assets belonging to unitholders

8.1 Number of units issued

Number and values of units issued

	Number of units EUR	Nominal value per share	Share capital BGN'000
As at 01.01.2019	**4,085,759.8945**	**1 EUR**	**7,991**
Units issued	7,948,925.1489	1 EUR	15,547
Units repurchased	(1,260,108.0276)	1 EUR	(2,465)
As at 31.12.2019	**10,774,577.0158**	**1 EUR**	**21,073**
Units issued	24,103.0051	1 EUR	47
Units repurchased	(90,653.5024)	1 EUR	(177)
As at 31.12.2020	**10,708,026.5185**	**1 EUR**	**20,943**

8.2 Share premium

	As at 31.12.2020	As at 31.12.2019
Share premium as at 1 January	315	1,044
Change due to units issued	(9)	(807)
Change due to units repurchased	30	78
Share premium as at 31 December	**336**	**315**

8.3 Net asset value per share

Net asset value per share is the basis for determining the issue price and the repurchase price of units of MF Advance Emerging Europe Opportunities, calculated every work day. Net asset value of the Fund is presented in Euro. 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 31.12.2020. For the accurate use of financial information and given that the Fund declares the net asset value in euro, this note is presented in EUR.

All amounts are in EUR	31.12.2020 NAV (IFRS)	31.12.2020 NAV (Stated)	31.12.2019 NAV (Stated)
Net asset value	9,761,149.87	9,755,312.87	10,834,804.85
Total number of units issued	10,708,026.5185	10 708 026.5185	10,774,577.0158
Nominal value	1.0000	1.0000	1.0000
Net asset value per share	0.9116	0.9110	1.0056

All amounts are in BGN thousand, unless otherwise stated

Net asset value per share (continued)

All amounts are in EUR	31.12.2020 NAV (IFRS)	31.12.2020 NAV (Stated)	31.12.2019 NAV (Stated)
Issue price			
orders up to EUR 50 000 after "issue fee" of 1.5% of the net asset value	0.9253	0.9247	1.0207
orders from EUR 50 000.01 to EUR 250 000 after "issue fee" of 1.0% of net asset value	0.9207	0.9201	1.0157
orders from EUR 250 000.01 to EUR 500 000.00 after "issue fee" of 0.5% of the net asset value	0.9162	0.9156	1.0106
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	0.9116	0.9110	1.0056
Redemption price	0.9116	0.9110	1.0056

9 Current payables

	As at 31.12.2020	As at 31.12.2019
Payables to the Custodian bank	4	4

10 Revenue

10.1 Dividend income

	For the year ended 31.12.2020	For the year ended 31.12.2019
Dividend income from Polish companies	58	87
Dividend income from Czech companies	32	52
Dividend income from Estonian companies	30	37
Dividend income from Austrian companies	26	24
Dividend income from Hungarian companies	6	32
Dividend income from British companies	17	12
Dividend income from Lithuanian companies	-	9
TOTAL	**169**	**252**

10.2 (Loss) / gain from operations with investments, net

	For the year ended 31.12.2020	For the year ended 31.12.2019
Gain from operations with financial assets at fair value through profit or loss, (net)	11	1
Financial assets transaction costs	(5)	(28)
Gain / (Loss) from change in fair value of financial assets, (net)	(995)	1,586
TOTAL	**(989)**	**1,559**

All amounts are in BGN thousand, unless otherwise stated

10.3 (Loss) / gain from exchange rate differences, net

	For the year ended 31.12.2020	For the year ended 31.12.2019
Gain on foreign currency revaluation of financial assets at fair value through profit or loss	3,394	1,720
Loss on foreign currency revaluation of financial assets at fair value through profit or loss	(4,204)	(1,588)
Foreign exchange operations – expense, net	(28)	(106)
TOTAL	**(838)**	**26**

11 Hired services expenses

	For the year ended 31.12.2020	For the year ended 31.12.2019
Remuneration of the Management company	(265)	(159)
Remuneration of the custodian bank	(35)	(40)
Advertisement	(21)	(14)
Audit	(6)	(3)
Annual fees	(2)	(1)
Others	(3)	(1)
TOTAL	**(332)**	**(218)**

Costs related to the Fund's activity for 2020 represent 1.87% (2019: 2.07%) of the average annual net asset value, according to the statement of financial position of the Fund.

12 Related parties

The Fund's related parties consist of the Management Company and the other mutual funds, manage by it, and other companies under the control of the ultimate owner of the Management Company – Stanimir Karolev.

12.1 Transactions from the period

	For the year ended 31.12.2020	For the year ended 31.12.2019
Remuneration to the Management company (incl. also in note 11)	(265)	(159)
Transactions related to units issued	(1)	(4)

The Management Company receives remuneration in the amount of 1.5% of the average annual net asset value of the Fund for the performed management actions.

For issue of units, the Fund charges an issuing fee that is income for the Management Company and initially originates in the Fund, as part of the issue value. It is subsequently paid to the Management Company without being reflected in the Fund's comprehensive income.

All amounts are in BGN thousand, unless otherwise stated

12.2 Related party balances as at year end

	As at 31.12.2020	As at 31.12.2019
Payables to the Management Company	23	24

Payables to the Management Company represent remuneration for the management activities for the month of December 2020 and as at the date of preparation of these financial statements are fully repaid.

13 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.

14 Contingent assets and contingent liabilities

The Fund has no commitments or contingent assets as at 31.12.2020.

15 Categories of financial assets and liabilities

The carrying amounts presented in the statement of financial position relate to the following categories of assets and liabilities:

Financial assets	Note	As at 31.12.2020	As at 31.12.2019
Debt instruments at amortized cost:			
Current receivables	7	11	7
Cash and cash equivalents	6	1,866	1,650
		1,877	**1,657**
Financial assets carried at fair value through profit or loss:			
Shares	5	17,241	19,562
		19,118	**21,219**

Financial liabilities	Note	As at 31.12.2020	As at 31.12.2019
Financial liabilities measured at amortized cost:			
Current liabilities:			
Current payables	9	4	4
Related party payables	12.2	23	24
		27	**28**

See note 4.6 about information related to the accounting policy for each category financial instruments and the methods which are used for assessment of fair value of financial assets and liabilities measured at fair value. Description of the risk management objectives and policies of the Fund related to the financial instruments is presented in note 16.

16 Financial instrument risk

Risk management objectives and policies

Rules on risk assessment and management, on behalf of the Fund. The methods and procedures stated in the Rules must be conducted on a daily basis from the Risk Management Department of the Management Company.
The Fund's Management 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 issueing units.

Liquidity risk can arise as a consequence from the low liquidity on the capital market as well as when there are unusualy large orders for repurchase of shares which can lead to insufficiency of 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 to repurchase own units within the statutory imposed 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 deposits and in current accounts, in order to meet liquidity needs. The portfolio manager monitors on a daily basis cash as a percentage of the assets while there are controlled by the Board of Directors on a monthly basis. Each month, a Risk Management Report of the Fund, which contains an assessment of the calculated liquidity risk indicators, is prepared and presented to the Board of Directors.
The table below shows financial liabilities of the Fund, summarised in groups by maturity from the reporting date to the date they are due.

	Until 1 month
As at 31 December 2020	
Current payables	
Total financial liabilities	27
As at 31 December 2019	
Current payables	
Total financial liabilities	28

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.

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. The Fund's risk management report is prepared on a monthly basis, which contains an assessment of the calculated market risk indicators, and it is submitted to the Board of Directors.

All amounts are in BGN thousand, unless otherwise stated

Market risk is concentrated in the following positions:

	As at 31.12.2020		As at 31.12.2019	
	Fair value	% of net assets, valued using market price	Fair value	% of net assets, valued using market price
Financial assets at fair value through profit or loss	17,241	90.31	19,562	92.31
Total amount, exposed to market risk	**17,241**	**90.31**	**19,562**	**92.31**

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 presented in the statement of profit or loss and other comprehensive income. Such exposures are the monetary assets and liabilities of the Fund, denominated in currency other than BGN and EUR.

During the reporting period the Fund did not carry out transactions with derivative instruments.

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

	Polish zloty	Czech krona	Hungarian forint	British pound
31 December 2020				
Financial assets	8,053	2,249	2,547	1,217
Total currency risk exposure	**8,053**	**2,249**	**2,547**	**1,217**

	Polish zloty	Czech krona	Hungarian forint	British pound
31 December 2019				
Financial assets	8,323	2,837	2,747	1,563
Total currency risk exposure	**8,323**	**2,837**	**2,747**	**1,563**

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

- Polish zloty (+/- 2.1%);
- Hungarian forint (+/- 2.5%);
- Czech krona (+/- 2.6%);
- British pound (+/- 2.5%).

All other parameters are assumed to be 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.

	Increased exchange rate of BGN		Decreased exchange rate of BGN	
	Net financial result BGN'000	Net assets BGN'000	Net financial result BGN'000	Net assets BGN'000
Polish zloty 2.1%)	(151)	(151)	151	151
Hungarian forint (+/- 2.5%)	(58)	(58)	58	58
Czech krona (+/- 2.6%)	(53)	(53)	53	53
British pound (+/- 2.5%)	(27)	(27)	27	27

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.

Inteterest rate 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.

During the reporting periods, the Fund did not invest in financial assets that carry a significant interest rate risk.

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 Management Company 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 31.12.2020 and 31.12.2019 price risk indicators are calculated as follows:

		2020		2019	
Name	Currency	Average return (annual.)	Standard deviation	Average return (annual.)	Standard deviation
MF Advance Emerging Europe Opportunities	EUR	-5.77%	32.26%	12.56%	10.12%

The Management Company assesses and monitors the price risk of individual positions through the historical volatility of the shares in the Fund's portfolio as measured by the standard deviation.

Credit risk

Exposure of the Fund to credit risk is limited to the carrying amount of financial assets, recognised at the reporting date, as indicated in Note 15.

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 Fund 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.

17 Fair value measurement of financial instruments

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 Fund is defined as unobservable.

Both data sets the three levels of the fair value hierarchy:
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 following table provides information on financial instruments at fair value as at 31 December 2020 and 2019, presented in levels 1 to 3:

As at 31.12.2020	**Level 1**
Financial assets at fair value through profit or loss - Equity instruments	17,241

All amounts are in BGN thousand, unless otherwise stated

As at 31.12.2019	**Level 1**
Financial assets at fair value through profit or loss	
- Equity instruments	19,562

18 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 for 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.

The Fund's net assets for the presented periods can be analysed as follows:

	As at 31.12.2020	**As at 31.12.2019**
Net assets, belonging to unitholders	19,091	21,191
Total assets	19,118	21,219
Net assets to total assets ratio	**99.86%**	**99.86%**

19 Post-reporting date events

No adjusting or significant non-adjusting events have occurred between the reporting date and the date of authorization, except for the following non-adjusting event:

In relation to the continuing global pandemic of Covid-19, with a Decision of the Council of Ministers № 72 of 26.01.2021, the term of the emergency epidemic situation in Bulgaria was extended until 30 April 2021.

The legislative, economic and medical measures taken by the government, including the started process of vaccination of the population gives grounds to expect normalisation of the economic and in other sectors of life and reaching the pre-crisis levels by the end of 2021. The management believes that based on the current development of the crisis in the country and worldwide, the peak has been overcome and the economy will return to normal functioning.

The effect of the COVID-19 crisis will reduce its impact and the volatility of market and price risk associated with managed and distributed assets will decrease, but adverse developments may have a negative effect on its performance and results.

Authorization of the financial statements

The financial statements for the year ended 31 December 2020 (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 Emerging Europe Opportunities, on 23 April 2021.

Daniel Ganev ____________________
Chief Executive Officer
Karoll Capital Management EAD

Stoyka Koritarova ____________________
Chief Accountant
Karoll Capital Management EAD

Bistra Kotseva
Procurator
Karoll Capital Management EAD

КАРОЛ КАПИТАЛ МЕНИДЖМЪНТ *ЕАД* СОФИЯ