

KEY INFORMATION DOCUMENT

Mutual Fund “Advance Emerging Europe Opportunities”

ISIN BG9000023077



PURPOSE

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

PRODUCT

MF „Advance Emerging Europe Opportunities“ („The FUND“) ISIN BG9000023077, Bulstat 175398715, established and managed by “Karoll Capital Management” EAD Management Company (“The Management Company”). Fund manufacturer is “Karoll Capital Management” EAD, UIC 13113405, license № 11-УД / 16.02.2006, renewed with №63-УД/2019, www.karollcapital.bg

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

The units of the FUND are offered in the Republic of Bulgaria and the Swiss Confederation.

Latest update: 22.03.2024

WHAT IS THIS PRODUCT

Type: Collective investment scheme, established as a mutual fund in accordance with LACISOUCI, (UCITS fund).

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

Investment Objectives:

The main objective of the FUND is to increase the value of the investments of the FUND’s unit holders by realizing capital gains while taking on a high level of risk. The aim of the fund is to ensure long-term growth of the investment value through capital gains with high risk. To achieve the main objectives of its investment activity, the FUND pursues a policy of active investment in shares of companies from Central and Eastern Europe (CEE), primarily from Poland, the Czech Republic, Hungary, Austria (with exposure to CEE), Slovenia, Estonia, and Lithuania. The fund seeks to actively participate in IPO transactions. The FUND’s participation in IPO deals in different countries in the CEE region and beyond is at the discretion of the Management Company. In cases where IPO deals are in countries outside of the CEE, the aim is to tactically seize attractive short-term opportunities, and a shorter investment horizon is acceptable. Investments in shares of companies from Romania, Serbia, Croatia, Bulgaria, Turkey, Albania, Greece, Cyprus, Bosnia and Herzegovina, Slovakia, Kazakhstan, Montenegro, North Macedonia, Ukraine, and Latvia are also allowed. The fund may also invest in shares of companies generating revenue in the Central and Eastern Europe region, which are traded on foreign stock exchanges.

The FUND strives to achieve an optimal balance between risk and return, and the portfolio structure will be adjusted depending on market conditions. To ensure liquidity, the FUND’s portfolio may include cash. The Fund manages risk by diversifying its assets. There is no guarantee that “ADVANCE OPPORTUNITIES IN NEW EUROPE” will achieve its investment goals. The fund does not aim to achieve results tied to a specific market index. The fund will not distribute income (annual profit) on the issued units and will not pay such income or dividends to unit holders but will reinvest the income in assets in accordance with its investment strategy and policy. There is no designated benchmark with which the fund is compared. The fund is not focused on investments in a specific industrial or other market sector.

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

1. Shares admitted to or traded on regulated markets as per Art. 152, para. 1 and 2 of the Markets in Financial Instruments Act (MFIA) in the Republic of Bulgaria or another Member State;
2. Shares traded on a regulated market, other than the ones under Art. 152, para. 1 and 2 of the MFIA, in the Republic of Bulgaria or another Member State, regularly functioning, accepted and publicly accessible;
3. Shares admitted to trading on an official Stock Exchange market or traded on other regulated markets in a third country, regularly functioning, accepted and publicly accessible, which are included in a list approved by the Financial Supervision Commission (FSC) at the proposal of the Deputy Chairperson or are stipulated in the Fund Rules;
4. Recently issued shares, the terms of issue of which includes a condition for assuming an obligation to request admission, and within a period not longer than a year after their issuance to be admitted to trading on an official stock exchange market or another regulated market, regularly functioning, accepted and publicly accessible, which are included in a list approved by the FSC at the proposal of the Deputy Chairperson or are stipulated in the Fund Rules;
5. Shares of non-public companies that plan to conduct an initial public offering (IPO) in the future (pre-IPO transactions)
6. Deposits with credit institutions, payable on demand or which carry the right to be withdrawn at any time and with a maturity date not more than 12 months ahead; the credit institutions in a third country must follow rules and be subject to supervision that the FSC, at the proposal of the Deputy Chairperson, considers equivalent to the ones contained in the EU legislation;
7. Cash resources and other financial instruments, in addition to those mentioned above, if provided for in the asset structure, while observing the legal restrictions.

INTENDED RETAIL INVESTOR

The investment policy of "Advance Emerging Europe Opportunities" MF presupposes investing predominantly in shares of leading companies in the emerging markets of Central and Eastern Europe. This means that the Fund will aim to achieve superior results by assuming high risk. In addition, developing markets carry relatively higher risk. For this reason, "Karoll Capital Management" EAD deems the Fund to be suitable for investors seeking high long-term returns and willing to accept considerable short-term price fluctuations. The Fund is suitable for investors with basic knowledge of and some degree of experience with financial products, who are aware that they might incur a loss of investment. In order to reduce the risk of short-term price fluctuations "Karoll Capital Management" EAD recommends a holding period of 3 years or longer to the investors in the Fund.

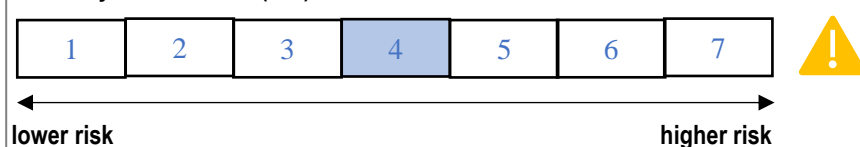
"Advance Emerging Europe Opportunities" MF's custodian bank is "Unicredit Bulbank" AD, UIC: 831919536

Further information as well as the Fund's prospectus, rules, latest annual and 6 month reports can be obtained by investors free of charge each working day from 10 AM - 5 PM (Bulgarian time) at the office of "Karoll Capital Management" EAD - 1, Zlatovrah Street, or at <https://karollcapital.bg/bg/fondove/3-advans-vazmozhnosti-v-nova-evropa>

The Fund's Issue Price and Redemption Price, and the procedure for submission of subscription and redemption orders are announced on the website of the fund-manufacturer: <https://karollcapital.bg/bg/fondove/3-advans-vazmozhnosti-v-nova-evropa>

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

Summary risk indicator (SRI)



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

The SRI is a guide to the level of risk of this product compared to other products. It shows how likely it is that the product will lose money because of market dynamics, or because we may not be able to pay out. We have classified this product as 4 out of 7 which is a medium risk class. This rates the potential losses from future performance at a medium level and poor market conditions could impact our capacity to pay you.

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

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

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

PERFORMANCE SCENARIOS

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

Recommended holding period		3 years	
Example investment		EUR 10 000	
Minimum return		You could lose some or all of your investment.	
		If you exit after 1 year	If you exit after 3 years
Stress	What you might get back after costs	EUR 2 450	EUR 3 690
	Average return each year	-75.49%	-28.28%
Unfavorable*	What you might get back after costs	EUR 7 050	EUR 7 060
	Average return each year	-29.52%	-10.96%
Moderate*	What you might get back after costs	EUR 9 760	EUR 11 340
	Average return each year	-2.41%	4.28%
Favorable*	What you might get back after costs	EUR 15 070	EUR 14 700
	Average return each year	50.70%	13.70%

The stress scenario shows what you might get back in extreme market circumstances.
 The unfavorable scenario occurred for an investment between 31.10.2017 and 30.10.2020.
 The moderate scenario occurred for an investment between 30.09.2018 и 30.09.2021
 The favorable scenario occurred for an investment between 31.10.2020 and 31.10.2023.

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

The Fund's assets are kept separate from the assets of the Management Company, and the assets of the custodian bank. In case the license of the Management Company is revoked, in case of its termination or insolvency, a new Management Company is appointed to take over the management of the Fund or transform it. Otherwise, the Fund is terminated. The custodian bank cannot satisfy creditor claims with the Fund's assets. In case of insolvency of the custodian bank or an equivalent procedure, as well as in cases when the custodian bank is placed under special supervision, the Fund's assets cannot be distributed or liquidated to the benefit of the custodian bank's creditors, and are instead transferred to a new custodian bank. The investor can incur a financial loss. The product is not covered by any investment protection scheme.

WHAT ARE THE COSTS?

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

Costs over time

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

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

Costs over time	If you exit after 1 year	If you exit after 3 years
Total costs	EUR 299	EUR 747
Annual cost impact*	3,0%	2,4% each year

*This illustrates how costs reduce your return each year over the holding period. For example it shows that if you exit at the recommended holding period your average return per year is projected to be 6,7 % before costs and 4,3 % after costs.

Composition of costs

One-time costs – subscription and redemption fees		If you exit after 1 year
Subscription fee*	0,9% This is the maximum amount that may be deducted from your funds before they are invested in the Fund. This fee is already included in the issue price of the units. *The fee varies depending on the amount invested.	EUR 89
Redemption fee	We do not charge a redemption fee for this investment.	None
Ongoing costs (taken each year)		
Management fees and other administrative or operating costs	1,9% of the value of your investment per annum. This is an estimate based on the actual costs over the last year.	EUR 192
Transaction costs	0,2% of the value of your investment per annum. This is an estimate of the costs incurred when we buy and sell the underlying investments for the product. The actual amount will vary depending on how much we buy and sell.	EUR 18
Incidental costs taken under specific conditions		
Performance fees	There is no performance fee for this product	None

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

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

HOW CAN I COMPLAIN?

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

OTHER RELEVANT INFORMATION

Information about the Fund's performance over the last 10 years, as well as information about scenarios for past periods, calculated and published monthly, is available at the Management Company's website under Section Documents, Subsection Reports of the respective Fund: <https://karollcapital.bg/bg/fondove/3-advans-vazmozhnosti-v-nova-evropa>

