

# ADVANCE EMERGING EUROPE OPPORTUNITIES

## Mutual Fund

### PROSPECTUS

**For public offering of units of a mutual fund investing in shares of companies from Central and Eastern Europe with the main objective to provide unit holders with an increase of their investment through capital gains by assuming high risk**

The Prospectus contains information needed by investors to perform informed assessment and take a decision on investing in the units issued by the Fund, including the risks related to the proposed investment. It is in the investors' interest to get acquainted with the Prospectus before deciding to invest in Fund units.

**THE FINANCIAL SUPERVISION COMMISSION HAS APPROVED THE PRESENT PROSPECTUS, HOWEVER, THIS DOES NOT MEAN THAT THE COMMISSION APPROVES OR DISAPPROVES THE INVESTMENT IN THE OFFERED FINANCIAL INSTRUMENTS, NOR THAT IT ASSUMES RESPONSIBILITY FOR THE AUTHENTICITY OF THE INFORMATION PROVIDED HEREIN.**

The members of Board of Directors of Karoll Capital Management EAD („Карол Капитал Мениджмънт” ЕАД) Asset Management Company shall be solely responsible for the damages caused by false, misleading or incomplete data in the Prospectus.

The persons under Art. 34, Para. 1 and Para. 2 of the Accountancy Act (the persons preparing the financial statements of the Fund) shall be jointly responsible with the persons under the previous sentence for damages caused by false, misleading or incomplete data in the financial statements of the Fund and the certified auditor – for the damages caused by the financial statements audited by him/her

Prospectus Date: 09.04.2025

## TABLE OF CONTENTS

NUMBER AND TITLE	PAGE
<b>1. INFORMATION ABOUT THE ASSET MANAGEMENT COMPANY .....</b>	<b>5</b>
<b>2. INFORMATION ABOUT THE MEMBERS OF THE BOARD OF DIRECTORS OF THE ASSET MANAGEMENT COMPANY .....</b>	<b>6</b>
<b>3. MUTUAL FUND DATA .....</b>	<b>7</b>
<b>4. PLACE WHERE THE RULES OF THE MUTUAL FUND, THE PRESENT PROSPECTUS, THE KEY INFORMATION DOCUMENT AND THE REGULAR REPORTS OF THE FUND WILL BE AVAILABLE TO INVESTORS .....</b>	<b>7</b>
<b>5. TAX REGIME .....</b>	<b>7</b>
<b>6. ACCOUNTING DATES AND INCOME ALLOCATION DATES .....</b>	<b>8</b>
<b>7. INFORMATION ABOUT THE AUDITORS .....</b>	<b>8</b>
<b>8. NUMBER AND FACE VALUE OF THE FUND UNITS .....</b>	<b>8</b>
<b>9. TYPE OF UNITS AND RIGHTS UNDER THEM .....</b>	<b>8</b>
<b>10. TERMINATION OF THE FUND .....</b>	<b>9</b>
<b>11. REGULATED MARKETS, AT WHICH THE FUND UNITS ARE ACCEPTED TO BE TRADED .....</b>	<b>10</b>
<b>12. PROCEDURE FOR TRANSFERRING UNITS AT SECONDARY TRADE .....</b>	<b>10</b>
<b>13. TERMS AND PROCEDURE FOR ISSUANCE AND SALE OF UNITS .....</b>	<b>10</b>
<b>13.1. Places for submission of written orders for subscription to Fund units .....</b>	<b>10</b>
<b>13.2. Terms and conditions for purchasing units .....</b>	<b>10</b>
<b>13.3. Conditions and term for execution of the unit purchase orders .....</b>	<b>12</b>
<b>13.3.1. Calculation of the total number of purchased units .....</b>	<b>12</b>
<b>13.3.2. Execution term for unit purchase orders .....</b>	<b>12</b>
<b>13.4. Confirmation of executed unit purchase orders .....</b>	<b>12</b>
<b>14. TERMS AND PROCEDURE FOR REDEMPTION OF UNITS AND CIRCUMSTANCES, AT WHICH REDEMPTION MAY BE SUSPENDED .....</b>	<b>13</b>
<b>14.1. Redemption obligation .....</b>	<b>13</b>
<b>14.2. Terms and procedure for temporary suspension of the redemption .....</b>	<b>13</b>
<b>14.3. Conditions for redemption of units .....</b>	<b>14</b>
<b>14.4. Redemption price of fund units .....</b>	<b>14</b>
<b>14.5. Places for submission of written orders for redemption of Fund units .....</b>	<b>15</b>
<b>14.6. Conditions and term for execution of the unit redemption orders .....</b>	<b>15</b>
<b>14.6.1. Calculation of the total value of the order .....</b>	<b>15</b>
<b>14.6.2. Execution term for unit redemption orders and method of payment of the amounts due .....</b>	<b>15</b>
<b>14.7. Confirmation of executed unit redemption orders .....</b>	<b>15</b>
<b>15. DESCRIPTION OF THE RULES FOR DETERMINING THE INCOME .....</b>	<b>16</b>
<b>16. DESCRIPTION OF THE INVESTMENT OBJECTIVES, INVESTMENT POLICY AND INVESTMENT RESTRICTIONS OF THE MUTUAL FUND. TECHNIQUES AND INSTRUMENTS FOR EFFICIENT PORTFOLIO MANAGEMENT. USING A LOAN .....</b>	<b>16</b>
<b>16.1. INVESTMENT OBJECTIVES OF THE FUND .....</b>	<b>16</b>
<b>16.2. INVESTMENT POLICY OF THE FUND .....</b>	<b>16</b>
<b>16.2.1. Main investment strategy .....</b>	<b>16</b>
<b>16.2.2. Other investment strategies, techniques and instruments .....</b>	<b>20</b>
<b>16.2.3. LIMITATIONS ON THE ASSET STRUCTURE AND THE RELATIVE SHARES IN FINANCIAL INSTRUMENTS OF ONE TYPE OR ANOTHER .....</b>	<b>20</b>
<b>16.2.4. OTHER RESTRICTIONS. USING A LOAN .....</b>	<b>21</b>
<b>17.1. RISK PROFILE .....</b>	<b>22</b>
<b>17.2. EXPECTED RISKS RELATED TO THE INVESTMENT PORTFOLIO. METHODS FOR MANAGING SUCH RISKS .....</b>	<b>22</b>

<b>18. ASSET VALUATION RULES .....</b>	<b>24</b>
<b>19. TERMS AND PROCEDURE FOR DETERMINING THE UNIT ISSUE PRICE AND REDEMPTION PRICE.....</b>	<b>24</b>
<b>20. FEES AND COMMISSIONS AT PURCHASE AND SALE OF UNITS .....</b>	<b>25</b>
<b>21. EXPENSES AND FEES. DIFFERENTIATION BETWEEN EXPENSES AND FEES PAYABLE BY UNIT-HOLDERS AND THOSE PAYABLE USING FUND RESOURCES ....</b>	<b>26</b>
<b>21.1. TRANSACTION COSTS FOR INVESTORS/UNIT HOLDERS.....</b>	<b>26</b>
<b>21.2. ANNUAL OPERATIONAL COSTS.....</b>	<b>27</b>
<b>22. INFORMATION ABOUT THE DEPOSITARY BANK .....</b>	<b>28</b>
<b>23. INFORMATION ABOUT THE CONSULTING COMPANIES OR EXTERNAL CONSULTANTS PROVIDING ADVICE AT CONTRACTUAL TERMS WHOSE REMUNERATION IS PAID FROM THE FUND ASSETS.....</b>	<b>29</b>
<b>24. RESULTS OF THE FUND ACTIVITY .....</b>	<b>29</b>
<b>26. PROFILE OF THE TYPICAL INVESTOR FOR WHOM THE MUTUAL FUND IS INTENDED AND TO WHOM THE FUND ACTIVITY IS TARGETED .....</b>	<b>31</b>
<b>27. INFORMATION ABOUT THE PLACE, TIME AND METHOD OF RECEIVING ADDITIONAL FUND INFORMATION AND DOCUMENTS .....</b>	<b>31</b>
<b>28. SUPERVISORY STATE INSTITUTION. NUMBER AND DATE OF THE PERMIT FOR ORGANISING AND MANAGING THE MUTUAL FUND .....</b>	<b>32</b>
<b>29. DATE OF PROSPECTUS UPDATE .....</b>	<b>32</b>

Potential investors may receive the Prospectus, the Fund Rules, the Key Information Document, the annual and 6-month report, as well as any additional information every business day from 10:00 to 17:00 hours (Bulgarian time) at the office of Karoll Capital Management EAD Asset Management Company at the following address: Sofia, 1 Zlatovrah St., tel.: (+359 2) 4008 300

The Prospectus, the Fund Rules, the Key Information Document, the annual and 6-month report are available through the web site of the Asset Management Company at [www.karollcapital.bg](http://www.karollcapital.bg)

Karoll Capital Management EAD Asset Management Company informs the potential investors that the investment in the offered units of ADVANCE EMERGING EUROPE OPPORTUNITIES Mutual Fund implies certain risks described in detail on p. 23 -26 under item 17 of the present Prospectus.

## 1. INFORMATION ABOUT THE ASSET MANAGEMENT COMPANY

**Name:** Karoll Capital Management EAD

**Seat:** Republic of Bulgaria, Sofia

**Registered address:** Republic of Bulgaria, Sofia, Sofia Municipality, Vazrazhdane District, 57 Hristo Botev Blvd.

**UIC:** 131134055

**Telephone:** (+359 2) 4008 300

**Fax:** (+359 2) 4008 426

**E-mail:** [KCM@karoll.bg](mailto:KCM@karoll.bg)

**Web site:** [www.karollcapital.bg](http://www.karollcapital.bg)

**Date of establishment:** 21 April 2003

**Name and date of the licence issued by the Financial Supervision Commission:** No. 328-УД of 21 August 2003, re-licensed by decision No. 11-УД / 16.02.2006.

**Registered and paid-in capital:** BGN 900,000

**Short information about the company professional experience:** In addition to the ADVANCE EMERGING EUROPE OPPORTUNITIES MF, Karoll Capital Management EAD Management Company is currently managing also Advance Invest MF, Advance Eastern Europe MF and Advance Global Trends MF.

**Country of origin:** The country of origin of ADVANCE EMERGING EUROPE OPPORTUNITIES Mutual Fund, organised and managed by Karoll Capital Management EAD Management Company, and of Karoll Capital Management EAD Management Company, is the Republic of Bulgaria.

### **Current Remuneration Policy of the Management Company**

The Remuneration Policy of Karoll Capital Management EAD Management Company has been developed in pursuance of the normative provisions on the remuneration of the personnel categories stated in the LACISOUCI. The Remuneration Policy complies with the principles of reasonable and efficient risk management, while not encouraging assumption of risks, which are not consistent with the risk profiles, the rules and the prospects of the managed collective investment schemes. The Remuneration Policy corresponds to the investment strategy and objectives of the Management Company and of the collective investment schemes managed by it. The Remuneration Policy of Karoll Capital Management EAD can be accessed via the web site of the company [www.karollcapital.bg](http://www.karollcapital.bg), and a paper copy of the document can be obtained free of charge at the company office upon request.

Karoll Capital Management EAD Management Company implements a policy of integrating sustainability risks in the process of making investment decisions (“Sustainable Finance Policy”) to ensure responsible investing by the Management Company and to determine the way it considers the sustainability risks in the process of making investment decisions, while taking into account the main unfavourable impacts of the investment decisions on the sustainability factors.

The “sustainability risk” represents an event of environmental, social and corporate governance (ESG) nature, which, if occurred, would have substantial negative impact on the value and/or the financial return of an investment. The Management Company takes into account that the securities of companies, which do not adhere to the standards of environmental, social and corporate governance nature, bring additional risk that can affect negatively the value of the investment in them and/or its financial return.

Karoll Capital Management EAD Management Company applies the principles of responsible investment and sustainability in asset management. The Management Company invests with a long-term horizon and reckons that the factors related to environment protection, social responsibility and good corporate governance (ESG) to a great extent affect the risk related to the investment and their return, respectively. Accounting for these factors leads to much greater precision in calculating the actual value of the investment.

The Management Company observes the following principles of the UN of responsible investment.

1. Incorporating ESG issues into investment analysis and decision-making processes.

2. Active and responsible attitude toward ESG issues in its own corporate practices.
3. Searching for adequate application of the ESG principles by the companies, in which it intends to invest.
4. Working toward acceptance and implementation of the principles within the investment industry.
5. Uniting efforts to enhance the effectiveness in implementing the principles.
6. Reporting on the activities and the progress towards implementing the principles.

Karoll Capital Management EAD Management Company has adopted and implements a commitment policy because it considers responsible investment an integral part of its investment approach. While implementing this policy, the Management Company actively searches for contacts with the companies, in which it invests, in order to tackle complex environmental, social and corporate governance challenges that are in line with the best long-term interests of its clients.

The Management Company interacts with the companies, in whose equity it has invested, in order to monitor essential aspects, including the company strategy, business model, capital structure, corporate governance, that are likely to influence substantially the company's ability to create long-term value, as well as its social and environmental impact.

## **2. INFORMATION ABOUT THE MEMBERS OF THE BOARD OF DIRECTORS OF THE ASSET MANAGEMENT COMPANY**

### **STANIMIR MARINOV KAROLEV – Chairman of the Board of Directors**

Stanimir Karolev is founder and Chairman of the Board of Directors of Karoll AD, one of the leading non-banking financial institutions in Bulgaria with leading positions in investment services and asset management. Under his management the company has won numerous awards of the market institutions and gained the respect of the investment community in Bulgaria and abroad. Mr. Karolev is also a member of the Board of Directors of Karoll Investment EAD – a company providing consulting and analyses on the financing of the activity of other companies, their shareholder structure, market strategy, company transformation, acquisition transactions and mergers, etc. During his long professional practice, Mr. Karolev has supported the development of the financial markets in Bulgaria. Being one of the pioneers in this field, he participates in the drafting of important normative acts defining the development of the capital markets and infrastructure. Mr. Karolev holds a Master's degree in Macroeconomics from the University of National and World Economy. He has attended post-graduate specialisations in finance and investment in the USA and the United Kingdom. He has participated in a number of international conferences, trainings and seminars on topics related to the capital market development in the region.

### **DANIEL YOVCHEV GANEV – Managing Director**

Daniel Ganev is Managing Director of Karoll Capital Management EAD and in this capacity he oversees the administrative functions of the firm, the overall business strategy and product development, and serves on several investment committees. He is responsible for the strategic partnership of the company with international institutions like Schrodgers, UK, as well as other European, American and Asian partners. In 2003, Daniel pioneered the launch of the first local equity fund – Advance Invest Mutual Fund, and became its Portfolio Manager. Before this project, Daniel worked at the Karoll Financial Group as a Capital Markets Analyst. Prior to joining the firm, Daniel Ganev received professional training at Merrill Lynch, SG Cowen New York and Sony Electronics. Daniel holds a degree in Business Administration from the William Paterson University - USA and an MBA from the University of Cambridge - UK, and an Investment Consultant licence by the Financial Supervision Commission. Mr. Ganev is a member of the Board of Directors of the Bulgarian Association of Asset Management Companies (BAAMC), where he chairs the International Cooperation Committee. Daniel Ganev has had numerous publications and interviews in the media and has been on road shows and seminars at major financial hubs in Europe, America and Asia.

### **KONSTANTIN VASILEV PRODANOV – Deputy Chairman of the Board of Directors**

Konstantin Prodanov is a member of the Board of Directors of Karoll Capital Management and a chief investment strategist of the company. He joined the Karoll team in July 2019 and has been responsible for the development of the investment strategy of the company's mutual fund portfolios in Central and Eastern Europe, and for the development of the company business and products internationally. He has a Master's degree in

international relations from the Legal Faculty of the St. Kliment Ohridski University of Sofia. In 2001, he finished also a Master's programme in finance at the International University of Japan in Niigata, Japan. From 2001 until 2011 he worked in the financial sector in Tokyo managing derivative portfolios consecutively at the Dresdner, UBS and Goldman Sachs investment banks. In the period 2011-2012, he was an advisor to the president of the Republic of Bulgaria on financial and economic matters, and during the next five years he was the chief investment manager of Allianz Bulgaria Pension Insurance Company responsible for management of the investment portfolios of the group companies in the country. Since 2017, he has been a Chairman of the Board of Directors of Bravo Property Fund REIT, a company specialised in real estate investment traded on the Bulgarian Stock Exchange. He knows English, Russian and French and uses Japanese language.

**BISTRA STOYANOVA KOTSEVA – Procurator**

Bistra Kotseva holds the position of procurator of Karoll Capital Management EAD Asset Management Company. Bistra Kotseva has a Master's degree in Accounting and Control from the University of National and World Economy – Sofia. Bistra Kotseva is also the Head of the Client Relationships Department at the Management Company, a part of the Karoll Financial Group, and she manages the process of client communications and developing client relations of the company and the group.

The company is managed and represented by the Managing Director and the Procurator, acting jointly.

### **3. MUTUAL FUND DATA**

**Name: ADVANCE EMERGING EUROPE OPPORTUNITIES**

The Mutual Fund is organised and managed as per a Decision of the Board of Directors Karoll Capital Management EAD Management Company of 12 July 2007 on the grounds of Art. 177a, Para. 1 in connection with Art. 164a, Para. 2 of the Public Offering of Securities Act (the provisions have been subsequently revoked). As of the moment of preparation of the current prospectus, the decisions on the organisation and management of the mutual fund are taken on the grounds of Art. 5, Para. 2 and 4 and Art. 6 of the Law on the Activities of Collective Investment Schemes and Other Undertakings for Collective Investment (LACISOUCI) and in connection with part 1, item 10 of the Supplementary Provisions of the LACISOUCI. The risk profile of the Fund is moderate to high. The Fund has been entered in the Register as per Art. 30, Para. 1, item 5 of the Law on the Financial Supervision Commission by Decision No. 1410-ДФ of the FSC of 07.11.2007.

**Term of operation:** The existence and the operation of the FUND are not limited in time.

**Closed period:** No closed period is envisaged.

**Regular provision of information:** Karoll Capital Management EAD Management Company publishes on its web site [www.karollcapital.bg](http://www.karollcapital.bg), once a month, within 3 business days following the end of the month, summarised information about the announced issue prices and redemption prices of units of Advance Emerging Europe Opportunities MF, containing the following data, presented in a table: date of determination of the issue price and of the redemption price; net asset value; number of units outstanding; net asset value per unit; issue price; redemption price and date for which the indicated values are valid.

### **4. PLACE WHERE THE RULES OF THE MUTUAL FUND, THE PRESENT PROSPECTUS, THE KEY INFORMATION DOCUMENT AND THE REGULAR REPORTS OF THE FUND WILL BE AVAILABLE TO INVESTORS**

The place where the Rules of the Mutual Fund, the present Prospectus, the Key Information Document and the regular statements are available to investors is in Sofia, 1 Zlatovrah St., and on the web site of the Asset Management Company [www.karollcapital.bg](http://www.karollcapital.bg)

### **5. TAX REGIME**

Pursuant to the provisions of the Corporate Income Tax Act (CITA), the collective investment schemes admitted to public offering in the Republic of Bulgaria are not subject to corporate tax. The dividends and liquidating dividends allocated in favour of a mutual fund are not subject to withholding tax.

Pursuant to the provisions of the Corporate Income Tax Act (CITA), the income from disposition of units of

collective investment schemes is not subject to withholding tax if the disposition is performed at a regulated market within the meaning of Art. 152, Para. 1 and Para. 2 of the Markets in Financial Instruments Act (MFIA), as well as the transactions concluded under the terms and provisions of redemption by collective investment schemes admitted to public offering in the Republic of Bulgaria or in another European Union Member State, or in a country, which is a party to the Agreement on the European Economic Area.

Pursuant to the provisions of the Personal Income Tax Act (PITA), the income from transactions with units of collective investment schemes performed at a regulated market within the meaning of Art. 152, Para. 1 and 2 (MFIA) is not subject to withholding tax, as well as the transactions concluded under the terms and provisions of redemption by collective investment schemes admitted to public offering in the Republic of Bulgaria or in another European Union Member State, or in a country, which is a party to the Agreement on the European Economic Area.

Taxable is the income formed by the positive difference between the selling price and the document-proven price of acquisition of units of collective schemes in favour of foreign natural persons, which are not domiciled for tax purposes in a European Union Member State or in another country of the European Economic Area. The obligation for declaring and paying the tax lies with the person that has received the income. The tax is final and its size is 10 per cent. If there exists a convention for the avoidance of double taxation, the more favourable regime for the person that has received the income should be applied.

Pursuant to the Value Added Tax Act, the activity management of mutual funds is an exempt supply and therefore no VAT is charged on the remuneration of the asset management company.

We recommend that the investors consult tax experts on tax issues.

## **6. ACCOUNTING DATES AND INCOME ALLOCATION DATES**

### **Accounting Dates**

ADVANCE EMERGING EUROPE OPPORTUNITIES Mutual Fund presents to the Financial Supervision Commission and the public:

- Annual financial statements as at 31 December, within 90 days of the end of the financial year;
- Six-month financial statements as at 30 June covering the first six months of the financial year, within 30 days of the end of the reporting period.

### **Income Allocation Dates**

The ADVANCE EMERGING EUROPE OPPORTUNITIES Mutual Fund shall not distribute income (annual profit) under the issued units and shall not pay the holders of such units such income or dividends. The Fund reinvests the income (annual profit) in assets following its investment strategy and policy.

## **7. INFORMATION ABOUT THE AUDITORS**

**The annual financial statements of ADVANCE EMERGING EUROPE OPPORTUNITIES for the years 2019, 2020 and 2021 have been audited by:**

**Name of the audit company:** Grant Thornton OOD

**Seat and registered address:** 26 Cherni Vrah Blvd., 1421 Sofia

**Telephone:** (+3592) 987 28 79

**Web site:** [www.gtbulgaria.com](http://www.gtbulgaria.com)

**E-mail:** [office@bg.gt.com](mailto:office@bg.gt.com)

**Responsible auditor for 2019, 2020 and 2021:** Silvia Dinova

## **8. NUMBER AND FACE VALUE OF THE FUND UNITS**

The Fund may issue an unlimited number of units depending on the demand by investors. The face value of a single unit is EUR 1.

## **9. TYPE OF UNITS AND RIGHTS UNDER THEM**

### **Mutual Fund Units**

- The units are registered dematerialised transferable financial instruments, issued by the Fund in one class only. The units provide equal rights to all unit-holders. The units are recorded in the registers of the Central Depository AD. The units are issued in denominations of 1 unit.

### **Share Right over the Fund's Property**

- Each unit gives a right over the respective part of the Fund's property.

### **Liquidation Quota Right**

- Each unit gives a right over the respective part of the Fund's property at its realisation in case of liquidation (winding up) expressed in cash.

### **Redemption Right**

- Each unit-holder has the right at any time to order their units being redeemed by the Fund through the Management Company except when such redemption is impossible in the cases stipulated by the law or the present Prospectus.
- The redemption order may be related to some or all of the units owned by the investor.
- The redemption orders for Fund units are executed at the first redemption price announced after the date of submitting the order.

### **Right of information**

Each investor and/or owner of units has the right:

- To use the information contained in the Prospectus, the Key Information Document and the regular reports of the Fund, as well as any other public information related to it or its activity;
- To get acquainted with and receive a copy of the Fund Rules;
- To receive information about material changes in the activity of the Managing Company, as well as other information about it as stipulated by the law.

## **10. TERMINATION OF THE FUND**

The termination of the Fund is performed under the terms and provisions of Chapter 14, Section V of LACISOUCI. In addition to the provisions of Art. 363, items "a" and "b" of the Obligations and Contracts Act, the Mutual Fund is to be terminated by force:

1. In case the Management Company has been deprived of the permit for organising and managing the Mutual Fund;
2. If within three months of cancellation of the permit, termination of or declaring the Management Company insolvent, new management company has not been selected or the Fund has not been transformed by a merger or infusion.

The Commission cancels the provided permit for organising and managing the Mutual Fund:

1. If the Mutual Fund does not start performing the respective activity within 12 months after the permit for its organisation and management has been granted;
2. If the asset management company explicitly gives up the permit to organise and manage the mutual fund;
3. If the Fund has not performed its activity for more than 6 months;
5. If untrue data has been stated that has served as grounds for issuance of the permit for organising and managing the Mutual Fund;
6. If the Mutual Fund no longer meets the criteria, under which the permit for its organisation and management has been issued;
7. If the Mutual Fund does not meet the liquidity requirements stipulated in Ordinance № 44 on the implementation of the LACISOUCI;
8. If a new management company of the Mutual Fund has not been selected or the Mutual Fund has not been transformed in the cases under Art. 157, Para. 1, item 2 of the LACISOUCI;
9. If this is required to protect the investors' interests.

In case of cancellation of the operation permit, at termination of or declaring the Mutual Fund Management Company insolvent, the Management Company shall terminate the Fund management and shall immediately, and not later than 10 days after that, deliver to the Fund Depository Bank the whole information and

documentation at its disposal related to the Fund management. Until the conclusion of a contract with another management company or transformation of the Fund by merger or infusion, as an exception the Depository Bank may carry out management activities for a period not longer than three months. If no management company is selected or approved to manage, respectively transform the Mutual Fund or if the Deputy Chairperson of the Financial Supervision Commission refuses to issue a permit to the new management company to manage the Fund, or transform it respectively, a procedure for termination of the Mutual Fund is to be started regardless of the expiry of the 3-month period stated in the previous sentence.

At termination of the Fund a liquidator will be appointed who has to cash down the Fund's property and distribute the received monies to the Fund creditors and unit-holders. The unit-holders have the right to receive a liquidation quota, i.e., a part of the cashed down Fund property proportionate to the units held by the investor, from which the creditors' receivables are deducted. A unit-holder has no right to demand his/her share in the Fund in kind.

## **11. REGULATED MARKETS, AT WHICH THE FUND UNITS ARE ACCEPTED TO BE TRADED**

The Fund units are not and will not be registered for trading at a regulated market.

## **12. PROCEDURE FOR TRANSFERRING UNITS AT SECONDARY TRADE**

The ownership over the units issued by the Fund may be transferred freely without limitations and conditions, however only through an investment broker while observing the provisions of the Public Offering of Securities Act, the Markets in Financial Instruments Act, the Law on the Activities of Collective Investment Schemes and Other Undertakings for Collective Investment, the Regulations on their implementation and the Rules of the Central Depository AD. Since the Fund units will not be registered for trading at a regulated market, the transactions with them may be concluded only off-exchange (OTC).

The transfer of ownership over the units will be deemed as completed at the moment of registration of the transaction with the Central Depository AD. To purchase or sell units at the secondary market (off the counter), the investors submit an order for off-exchange transaction to their servicing investment broker. Upon conclusion of the transaction, the investment broker performs the necessary actions for registration and settlement of the transaction at the Central Depository AD, whereby the units are transferred from the seller's account to the buyer's account. The Purchase and Sale Agreement may be concluded directly by the parties and the broker only registers the transfer in his/her capacity of registration agent.

The transfer of the ownership over the Fund units in case of donation and inheritance is performed through a licensed investment broker operating as a registration agent.

## **13. TERMS AND PROCEDURE FOR ISSUANCE AND SALE OF UNITS**

The Asset Management Company offers permanently Fund units to investors at issue price, which is determined and announced as per the provisions of the Prospectus below.

### **13.1. Places for submission of written orders for subscription to Fund units**

The places for submission of written orders for subscription to Fund units are:

- at the office of Karoll Capital Management EAD Management Company in Sofia, 1 Zlatovrah St, (+359 2) 4008 300

### **13.2. Terms and conditions for purchasing units**

Purchasing units of the ADVANCE EMERGING EUROPE OPPORTUNITIES Mutual Fund is done based on a written agreement with the customer pursuant to the provisions of Ordinance № 44 on the requirements for the activity of the collective investment schemes, the management companies, the national investment funds, the alternative investment funds and the entities managing alternative investment funds. The written form is considered observed if the agreement has been concluded by electronic statements signed with a qualified electronic signature within the meaning of the Electronic Documents and Electronic Signature Act. Issuance

(sale) of units of a collective investment scheme may be performed only if the unit issue price has been paid in full. To purchase Fund units, an investor submits a unit subscription order along with the attachments to it.

The issue price is equal to the net asset value per unit at the date of its determination, increased with the issue costs. The issue price is calculated by the Management Company under the control of the Depositary Bank pursuant to Rules for portfolio valuation and determination of the net value of the Fund assets adopted by the Management Company and approved by the Financial Supervision Commission. The issue price is determined every business day for the previous business day and is published by the end of the same day on the web site of the Asset Management Company. All unit subscription orders received in the period between two determinations and announcements of the issue price are executed at one and the same price.

The Management Company executes a unit purchase order up to the amount deposited by the investor, which is divided by the determined price per unit based on the issue price published for the closest day following the day, on which the order has been submitted, while the number of the purchased units is rounded to the smaller whole number. With the remainder of the deposited amount the investor acquires a partial unit of the Fund where the partial unit is rounded to the 4th digit after the decimal point.

The amounts for purchasing units are deposited in EUR or BGN as per the fixed rate of the Bulgarian National Bank for the day. The transfer of the amount must be done when placing the order for subscription of units, to a bank account of the Mutual Fund with the Depositary Bank.

#### **Bank Account in BGN**

**Account holder: ADVANCE EMERGING EUROPE OPPORTUNITIES Mutual Fund**

**IBAN: BG31UNCR70001500921640**

**BIC (SWIFT): UNCRBGSF**

**Unicredit Bulbank AD**

#### **EUR Bank Account**

**Account holder: ADVANCE EMERGING EUROPE OPPORTUNITIES Mutual Fund**

**IBAN: BG47UNCR70001500921643**

**BIC (SWIFT): UNCRBGSF**

**Unicredit Bulbank AD**

Payment details – unit purchase order for ADVANCE EMERGING EUROPE OPPORTUNITIES Mutual Fund

The unit purchase orders may be submitted every working day between 10:00 and 17:00 hours (Bulgarian time). A unit purchase order is to be submitted by the applicant or his/her proxy/representative.

A unit purchase order becomes irrevocable at the closest date of determination of the issue price.

Necessary documents to be submitted by the applicant at the conclusion of the written agreement pursuant to Ordinance № 44 on the requirements for the activity of the collective investment schemes, management companies, national investment funds, alternative investment funds and the entities managing alternative investment funds:

- By a natural person applicant: ID card;
- By a legal entity applicant: certificate of good standing, ID card of the authorised representative;
- By a proxy of the applicant – notary certified power of attorney stating the representative power for performing management and dispositive actions with financial instruments; ID card of the proxy. The Management Company archives the presented original power of attorney or its notary certified transcript.
- By a legal representative of a natural person applicant – a notary certified copy of a document attesting the right to representative power (birth certificate, marriage certificate, guardian or trustee appointment certificate); ID card of the representative.

At conclusion of the contract, the client shall sign official model declarations, which are part of the Implementing Regulations of the Law on the Measures against Money Laundering, a Declaration on the purpose of the automatic exchange of financial information on the grounds of Art. 142, Para. 1 of the Tax and Social Insurance Procedure Code, as well as a Beneficial Owner Declaration as per the official template, a part of the Implementing Regulations of the Law on the Measures against Money Laundering (if applicable);

With a view to identifying the client, the Management Company can require additional details and/or documents. The Management Company shall be responsible for the proper identification of the client and shall perform all reasonable actions to establish the client's identity. The Management Company shall keep the whole documentation and information.

The contract with a client can be concluded remotely while observing the provisions of the current legislation.

At transactions and payments for purchase of Mutual Fund units by foreign investors, the latter shall observe the special provisions of the Currency Act regarding the import of BGN and foreign currency in cash, where applicable.

#### *For investors from the Swiss Confederation*

Investors from the Swiss Confederation are natural persons who are citizens of or legal entities that are domiciled in this jurisdiction, as well as all other persons within its territory.

As Mutual Fund's Paying Agent for investors from the Swiss Confederation the Management Company has designated Helvetische Bank AG, with whom it has concluded a contract for processing payment to and from such investors, in accordance with the requirements of local legislation.

For provision of information to investors from the Swiss Confederation, in accordance with local legislation requirements, the Management Company has designated Waystone Fund Services (Switzerland) as representative, with whom it has concluded a servicing contract for this purpose.

All remaining data and information concerning investors from the Swiss Confederation, and the compliance of the offering of the shares, the mutual fund and the Management Company with local legislation are contained in and presented to investors in a separate information document, annexed to the prospectus.

### **13.3. Conditions and term for execution of the unit purchase orders**

#### **13.3.1. Calculation of the total number of purchased units**

The Management Company executes a unit purchase order up to the amount deposited by the investor, which is divided by the determined price per unit based on the issue price announced for the closest day following the day, on which the order has been submitted, while the number of the purchased units is rounded to the smaller whole number. With the remainder of the deposited amount the investor acquires a partial unit of the Fund.

Should the Management Company take a decision for temporary suspension of the issuance (sale) and the redemption of units as per the terms and provisions of the Rules and the present Prospectus, the orders submitted after the last announcement of the issue price or redemption price, respectively, and before the starting date of the temporary suspension term will not be executed. The Management Company reimburses the amounts to the investors who have submitted unit purchase orders and have transferred amounts to the Fund's bank accounts for subscription of units before the starting date of the temporary suspension, to their bank accounts by the end of the working day following the day when the decision for suspending the issue of units was taken. The issue price and the redemption price upon resumption of the redemption are announced on the day preceding the resumption. The subsequent determination and announcement of the issue price and redemption price is performed on the days stated in the Prospectus.

#### **13.3.2. Execution term for unit purchase orders**

Unit purchase orders are executed within 7 days of the date of their submission. A purchase order is deemed executed at the moment of transaction registration at the Central Depository AD.

### **13.4. Confirmation of executed unit purchase orders**

At sale of Fund units, the Management Company shall inform the unit-holder as soon as possible about the order execution, using a hard copy or respectively through electronic communication means, if applicable. The conformation must be done not later than the first working day after the execution or if the Management Company has received confirmation from a third person – not later than the first working day upon receiving the third-person confirmation. The provision of the previous sentence does not apply if a confirmation would contain the same information as the confirmation that is sent immediately to the unit-holder by another person.

For the purposes of providing information via electronic communication means regarding the execution of a Fund unit sale order, the provisions of Art. 106, Para. 3 of Ordinance № 44 on the requirements for the activity of the collective investment schemes, management companies, national investment funds, alternative investment funds and the entities managing alternative investment funds will apply.

### **13.5. Subscription of Fund units by investors from the Federal Republic of Germany**

The subscription of Fund units by investors from the Federal Republic of Germany is conducted through electronic communication means, with procedures and conditions of execution available on the Management Company's website: [www.karollcapital.bg](http://www.karollcapital.bg). Subscriptions are executed upon signing a contract, and subscriptions orders are submitted via email. Payments are made by bank transfer directly to the Fund's bank account at the depository bank.

## **14. TERMS AND PROCEDURE FOR REDEMPTION OF UNITS AND CIRCUMSTANCES, AT WHICH REDEMPTION MAY BE SUSPENDED**

### **14.1. Redemption obligation**

The Management Company shall redeem the Fund units at the redemption price determined and announced as provided for below in the Prospectus.

With the exception of the cases of temporary suspension of the redemption, the Fund, through the Management Company, upon request of the unit-holders, redeems its units at a price based on the net asset value per unit. The unit redemption price is equal to the net asset value per unit at the date of its determination. Investors do not owe fees at redemption of units. Should the Management Company temporarily discontinue the redemption of the Mutual Fund units pursuant to the terms and procedure of the present Prospectus, the redemption orders that have not been executed until the moment of taking the decision are not subject to execution. In such cases the unit redemption, upon its resumption, is performed by submission of new orders pursuant to the procedure of the present Section of the Prospectus.

### **14.2. Terms and procedure for temporary suspension of the redemption**

The redemption of units of the ADVANCE EMERGING EUROPE OPPORTUNITIES Mutual Fund may be suspended temporarily by a decision of Board of Directors of the Management Company. The temporary suspension is allowed only in exceptional cases, if the circumstances require this and the discontinuation is grounded with a view to the unit-holders' interests, including in the following cases:

- If at a regulated market, at which a material part of the Fund units are admitted or are being traded the conclusion of transactions is discontinued, suspended or subject to restrictions;
- If the Fund assets or liabilities cannot be correctly estimated or it cannot dispose with them without damaging the interests of unit-holders;
- If a decision is taken for termination or transformation through merger or acquisition of the collective investment scheme under the terms and procedure of Chapter 14 of the LACISOUCI;
- At cancellation of the licence of the Management Company, at its termination, announcement in insolvency or at imposing limitations on its activity, which prevent it from performing its obligations to the Fund and may damage the unit holders' interests;
- If the execution of the redemption orders would lead to breach of the requirements for maintaining minimum liquid resources of the Fund as stipulated in the current legislation and in the Prospectus and Fund Rules;
- If the performance of the obligations by the Depository Bank pursuant to the Depository Services Agreement is impossible or if the unit-holders' interests may be damaged, including at termination of the agreement with the Depository Bank, at cancellation of the agreement with the Depository Bank, including because of non-performance of its obligations under it, at cancellation of the banking activity licence of the Depository Bank or at imposing other limitations on its activity, as well as in the other cases related to the replacement of the Depository Bank stated in the Fund Rules.

Should any of the above-mentioned circumstances occur, the Management Company shall discontinue the issue and redemption of Fund units while stating the term of the temporary suspension /if any/ and informing about this the Financial Supervision Commission, the Depository Bank, the respective competent authorities of all EU

Member States, in which the Fund units are offered /if so/ and the unit-holders by the end of the working day preceding the discontinuation. Respectively the Management Company shall inform the Financial Supervision Commission, the Depositary Bank the respective competent authorities of all EU Member States, in which the Fund units are offered /if so/ and the unit-holders about the resumption of the redemption by the end of the working day, preceding the resumption.

At taking the decision for temporary discontinuation of the redemption, the Management Company shall immediately discontinue also the issue of units for the term of temporary suspension of the redemption.

If extension is required of the Fund unit redemption temporary suspension term, the Management Company shall communicate this, following the procedure stated in the law, the Financial Supervision Commission, the Depositary Bank, the respective competent authorities of all EU Member States, in which the Fund units are offered /if so/, and the unit-holders, not later than 7 days before expiry of the initially defined term. If the suspension term is shorter than 7 days, including in the cases when the redemption has been suspended because of technical reasons, the Management Company shall perform the notification under the previous sentence by the end of the working day preceding the date, on which the repurchase had to be resumed.

The notification of the unit-holders about the taken decision for discontinuation of the redemption, as well as at a subsequent decision for its resumption, is to be done through the Internet site of the Management Company – [www.karollcapital.bg](http://www.karollcapital.bg).

At resumption of the redemption, the issue (sale) of units is automatically resumed, too. The issue price and redemption price are announced on the day preceding the resumption. The subsequent determination and announcement of the issue price and redemption price is performed on the days stated in the Prospectus.

Unit sale (issue) orders and redemption orders submitted in the period after the last announcement of the issue price, respectively of the redemption price, and before the starting date of the redemption temporary suspension term will not be executed. The Management Company reimburses the amounts to the investors who have submitted unit purchase orders and have transferred amounts to the Fund's bank accounts for subscription of units before the starting date of the temporary suspension, to their bank accounts by the end of the working day following the day when the decision for suspending the issue of units was taken.

#### **14.3. Conditions for redemption of units**

The redemption of the ADVANCE EMERGING EUROPE OPPORTUNITIES Mutual Fund units is performed pursuant to a written agreement with the customer. The written form is considered observed if the agreement has been concluded by electronic statements signed with a qualified electronic signature within the meaning of the Electronic Documents and Electronic Signature Act. For an investor to order the redemption of the Fund units held by him/her, he/she should submit a Fund units redemption order along with the attachments to it. The written Fund unit redemption order is submitted to the addresses stated in item 14.5 of the Prospectus ("*Places for submission of written Fund unit redemption orders*").

The unit redemption orders are executed within 10 days of the date of their submission.

#### **14.4. Redemption price of fund units**

The redemption price is equal to the net asset value per unit at the date of its calculation. The redemption price is calculated by the Management Company under the control of the Depositary Bank pursuant to Rules for portfolio evaluation and determining the net value of the Fund assets adopted by the Management Company and approved by the Financial Supervision Commission.

The unit redemption price is determined every business day for the previous business day and is announced by the end of the same day on the web site of the Asset Management Company. The Management Company shall redeem the Fund units at a price equal to the redemption price announced for the closest day following the day of submission of the redemption order. "The closest day following the day of submission of the redemption order" means the first day following the day of submission of the redemption order, on which a new redemption price has been determined.

All unit redemption orders received in the period between two determinations and announcements of the redemption price are executed at one and the same price.

The amounts under the requests for redemption of units are paid in EUR or BGN as per the fixing of the Bulgarian National Bank for the day, to the bank account provided by the investor.

The unit redemption orders may be submitted every working day between 10:00 and 17:00 hours (Bulgarian time). A unit purchase order is to be submitted by the applicant or his/her proxy/representative.

#### **14.5. Places for submission of written orders for redemption of Fund units**

The places for submission of written orders for redemption of Fund units are:

- at the office of Karoll Capital Management EAD Management Company in Sofia, No. 1 Zlatovrah St.;

A unit redemption order becomes irrevocable at the closest date of determination of the redemption price.

Necessary documents to be submitted by the applicant at the conclusion of the written agreement pursuant to Ordinance № 44 on the requirements for the activity of the collective investment schemes, management companies, national investment funds, alternative investment funds and the entities managing alternative investment funds:

- By a natural person applicant: ID card;
- By a legal entity applicant: certificate of good standing, ID card of the authorised representative;
- By a proxy of the applicant – notary certified power of attorney stating the representative power for performing management and dispositive actions with financial instruments; ID card of the proxy. The Management Company archives the presented original power of attorney or its notary certified transcript.
- By a legal representative of a natural person applicant – a notary certified copy of a document attesting the right to representative power (birth certificate, marriage certificate, guardian or trustee appointment certificate); ID card of the representative.

At transactions and payments for redemption of Mutual Fund units by foreign investors, the latter shall observe the special provisions of the Currency Act regarding the import of BGN and foreign currency in cash.

#### **14.6. Conditions and term for execution of the unit redemption orders**

##### **14.6.1. Calculation of the total value of the order**

The unit redemption orders are executed according to the number of units placed for redemption and at a redemption price stated pursuant to item 14.4 of the Prospectus (“*Redemption price of fund units*”). The repayment of the monies is performed in a manner defined in the order while observing the limitations on the methods of payment pursuant to the current legal provisions.

At repayment of the monies by bank transfer, the investor covers the bank fees for the performed transfer.

##### **14.6.2. Execution term for unit redemption orders and method of payment of the amounts due**

Unit redemption orders are executed and paid within 10 (ten) days of the date of their submission.

The repayment of the monies is performed as follows:

- To the bank account stated in the unit redemption order.

A redemption order is deemed executed at the moment of transaction registration at the Central Depository AD.

#### **14.7. Confirmation of executed unit redemption orders**

At redemption of Fund units, the Management Company shall inform the unit-holder as soon as possible about the order execution, using a hard copy or respectively through electronic communication means, if applicable. The conformation must be done not later than the first working day after the execution or if the Management Company has received confirmation from a third person – not later than the first working day upon receiving the third-person confirmation. The provision of the previous sentence does not apply if a confirmation would

contain the same information as the confirmation that is sent immediately to the unit-holder by another person. For the purposes of providing information via electronic communication means regarding the execution of a Fund unit redemption order, the provisions of Art. 106, Para. 3 of Ordinance № 44 on the requirements for the activity of the collective investment schemes, management companies, national investment funds, alternative investment funds and the entities managing alternative investment funds will apply.

The Management Company may conclude an agreement by virtue of which it may delegate to a third party functions and tasks as per Art. 86, Para. 1 and Para. 2, item 4 of LACISOUCI regarding the administration of Fund units while observing the provisions of the relevant legal and regulatory acts regulating the Fund operation.

#### **14.8. Redemption of Fund units by investors from the Federal Republic of Germany**

The redemption of Fund units by investors from the Federal Republic of Germany is conducted through electronic communications means, with procedures and conditions of executions available on the Management Company's website: [www.karollcapital.bg](http://www.karollcapital.bg). Redemption orders are submitted via email. Payments are made by bank transfer directly from the Fund's bank account at the depository bank.

### **15. DESCRIPTION OF THE RULES FOR DETERMINING THE INCOME**

The ADVANCE EMERGING EUROPE OPPORTUNITIES Mutual Fund shall not distribute income (annual profit) under the issued units and shall not pay the holders of such units such income or dividends. The Fund reinvests the income (annual profit) in assets following its investment strategy and policy.

The net income from investing the ADVANCE EMERGING EUROPE OPPORTUNITIES Mutual Fund assets is reflected as the change of the Fund assets net value and thence – on its unit value.

### **16. DESCRIPTION OF THE INVESTMENT OBJECTIVES, INVESTMENT POLICY AND INVESTMENT RESTRICTIONS OF THE MUTUAL FUND. TECHNIQUES AND INSTRUMENTS FOR EFFICIENT PORTFOLIO MANAGEMENT. USING A LOAN**

#### **16.1. INVESTMENT OBJECTIVES OF THE FUND**

The main objective of the Fund is to provide unitholders with a long-term increase of the real value of their investment through capital gains by assuming high risk.

There is no certainty that the ADVANCE EMERGING EUROPE OPPORTUNITIES Mutual Fund will achieve the stated investment objectives.

#### **16.2. INVESTMENT POLICY OF THE FUND**

##### **16.2.1. Main investment strategy**

The fund is a collective scheme which for the purpose of achieving its investment objectives undertakes active investments in shares of companies from the region of Central and Eastern Europe, investing primarily in Poland, the Czech Republic, Hungary, Austria (companies exposed to CEE), Slovenia, Estonia and Lithuania.

Risk management is performed by the Management Company through asset diversification.

The main characteristics of the instruments, in which the Management Company intends to invest in the name and on behalf of the Fund, are presented below:

Shares of Bulgarian companies traded at the Bulgarian Stock Exchange AD, as well as of foreign companies traded at internationally recognised and liquid regulated securities markets while respecting the restrictions stipulated in the LACISOUCI and the Fund Rules.

Shares are securities, which give their holders title rights over a certain share of a company, along with the inherent voting right at the General Assembly of Shareholders, dividend right, as well as a liquidating dividend. Shareholders of a company can earn income from dividends, which the company may distribute, as well as from the rise of the market price of the shares.

The Fund follows an aggressive strategy and in case of significant market cataclysms or risks thereof, the Management Company can reduce significantly the weight of shares in the Fund portfolio by maintaining bigger availability of cash and bank deposits.

The main investment strategy is based on the conviction of the Management Company that due to their earlier stage of development, the Central and Eastern European countries provide long-term potential for growth.

The Fund invests predominantly in shares of companies in the following countries: Poland, the Czech Republic, Hungary, Slovenia, Estonia, Lithuania, and Austria (companies whose income is generated predominantly in CEE), but also allows investments in the regulated markets of Romania, Serbia, Croatia, Bulgaria, Turkey, Albania, Greece, Cyprus, Slovakia, Kazakhstan, Montenegro, Northern Macedonia, Ukraine, Latvia. The Fund may also invest in shares of companies generating revenues in the region of Central and Eastern Europe traded on foreign exchanges.

The fund analyses the macroeconomic situation and prospects of the various countries, but when structuring its portfolio, it primarily follows the approach of individual share selection, analysing the financial situation, prospects, potential for price increase and the quality of the management of the issuers. With a view to decreasing the risks and given the smaller size of some of the regional markets, the Management Company applies liquidity criteria, which serve as an initial filter for selecting shares, which are to be analysed in detail at a later stage.

The Fund will strive to participate actively at IPO transactions, as well. At the discretion of the Management Company, the Fund can participate in IPO transactions in various countries from Central and Eastern Europe. In cases where the transactions are in countries outside of CEE, the aim will be to take tactical advantage of attractive opportunities, which allows for shorter than usual investment horizon.

The countries where the Fund is focused bring the potential of the developing countries due to the early stage of the markets themselves and of their economies, on the one hand. At the same time however, their capital markets have a higher level of development in terms of liquidity and transparency of the companies as compared to other countries in the region, which decreases the risks.

About 10-15% of the Fund's assets are expected to be in cash and in bank deposits with a view to ensuring liquidity and in case of positive expectations of the Management Company about the markets, the cash share may be reduced to below 5% at the expense of the investments in stocks. The Fund will strive to hold a larger number of positions with the aim of achieving diversification by countries and sectors.

The Fund can invest also in private companies, which plan to acquire a public status in the future (pre-IPO transactions).

Pursuant to the Mutual Fund Rules, its assets will be reinvested in the following groups of assets and within the restrictions stated below:

<b>Structure of the Mutual Fund assets:</b>	
<i>Asset Type</i>	<i>Relative share of the total assets of the Fund</i>

<b>Shares</b> of companies, admitted to or traded at 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; <b>Shares</b> of other companies traded at regulated markets, other than those under Art. 152, para. 1 and 2 of the Markets in Financial Instruments Act, in the Republic of Bulgaria or in another Member State, regularly functioning, accepted and publicly accessible, <b>Shares</b> of companies admitted to trading at an official stock exchange market or traded at other regulated markets in third countries, regularly functioning, accepted and publicly accessible, which are included in a list approved by the Deputy Chairperson or are stipulated in the Collective Investment Scheme Rules; <b>Recently issued shares</b> , the issue of which includes a condition for assuming liability for requesting admission, and within a term not longer than a year after their issuance, to be admitted to trading at an official stock exchange market or at another regulated market, regularly functioning, accepted and publicly accessible, in the Republic of Bulgaria, in European Union Member States or non-EU countries, which are included in a list, approved by the Commission at the proposal of the Deputy Chairperson of the Financial Supervision Commission or as stipulated in the Mutual Fund Rules;	Up to 100 %
<b>shares of non-public companies</b> , which are planning to perform initial public offering in the future (pre-IPO transactions).	up to 10%
<b>Cash</b> , receivables from sight deposits or term deposits or other payment means.	up to 50 %

The specific Fund asset structure depends on the current market conditions and is dynamic within the boundaries of the adopted asset structure and the legal restrictions while at the same time it corresponds to the stated objectives. In the event of continuous falling of the stock-exchange markets, the Fund will withdraw its investments in shares and will increase the volume of cash and bank deposits. This will be done in order to protect the investments of the investors.

The Fund can invest in the following types of assets as allowed by the LACISOUCI:

1. Shares admitted to or traded on regulated markets as per Art. 152, para. 1 and 2 of the Markets in Financial Instruments Act in the Republic of Bulgaria or in another Member State;
2. Shares traded on a regulated market, other than the one under Art. 152, para. 1 and 2 of the Markets in Financial Instruments Act, 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 Commission at the proposal of the Deputy Chairperson or are stipulated in the Mutual Fund Rules;
4. Recently issued shares, the issue of which includes a condition for assuming liability for requesting admission and within a term not longer than a year after their issuance to admitted to trading at an official stock exchange market or another regulated market, regularly functioning, accepted and publicly accessible, which are included in a list approved by the Commission at the proposal of the Deputy Chairperson or are stipulated in the Mutual Fund Rules;
5. 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 shall follow rules and be subject to supervision that the Commission, at the proposal of the Deputy Chairperson, considers equivalent to the ones contained in the EU legislation; cash and other financial instruments, in addition to those mentioned above, provided the structure of the assets allows it, while observing the legal restrictions.

Regardless of the available opportunities in the Fund's investment policy to invest in financial instruments, deposits and techniques for efficient portfolio management, which in their essence can be considered also as eligible investment for "money market funds" (MMF) pursuant to Regulation (EU) 2017/1131 of the European Parliament and of the Council of 14 June 2017 on money market funds, Karoll Capital Management EAD Management Company does not intend to undertake actions aimed at aligning the structure and the nature of the Fund assets to the requirements for eligible assets, in which, pursuant to Regulation (EU) 2017/1131, only "money market funds" can invest, and thereby Karoll Capital Management EAD Management Company will

not allow this Fund to have the actual characteristics of “money market funds” pursuant to Regulation (EU) 2017/1131.

Applying the adopted Sustainable Finance Policy and the sustainable investment principles, the Management Company will use several approaches when making its investment decisions regarding the Fund portfolio, in order of importance as follows:

*Exclusion principle*

The Management Company will avoid investing in companies generating the main part of their income from the military industry, tobacco and pornographic industry, as well as from companies, which are included in sanction lists, violate human rights and fundamental ethical norms, are known for their corruption practices, operate in regions with conflicts, have a serious negative impact on the environment.

*Principle of including the best companies according to the ESG criteria (best-in-play)*

The Management Company uses ESG assessments and indicators by external providers when verifying and determining the main unfavourable impacts on sustainability as part of the investment process. Both the individual ESG assessment of the respective issuer, and its change over the time are taken into account, as well as its level compared to the ESG assessments of other companies from the industry, in which it operates. In this sense, a low ESG assessment by an external provider is not in itself a sufficient prerequisite to refrain from or to cancel the investment in a certain issuer.

For the companies, for which there is no external assessment against the ESG criteria, the Management Company will assess the factors internally based on its own model that takes into account both the criteria and the specifics of the industries, in which the companies operate, as well as their abilities to collect and disclose information about their activities on sustainability and social responsibility. The Management Company is aware that the insufficient level of disclosure by the companies is often due to lack of experience and resources but not due to attempts to conceal incompliance with the sustainability criteria. Therefore, a leading principle in the investment process is (at equal other terms) to give advantage to those companies, which disclose relevant information in larger volumes but not to exclude expressly the ones, about which such information is not fully available. During the assessment, when possible, the company’s performance is compared to that of other companies from the same industry.

If it is possible to quantify the impact of the ESG criteria on the fair value of the company, in which the Management Company has invested or intends to invest, this can be integrated in the traditional financial analysis.

In case where such risks are difficult to be determined quantitatively, the portfolio manager will consider their potential impact in other ways, either expressly (e.g., by reducing the expected future value of the issuer) or indirectly (e.g., by adjusting the weight of the issuer’s securities in the Fund portfolio, based on the portfolio manager’s certainty that the sustainability risk may affect the issuer in question).

Considering the factors for sustainable investment is part of the investment process, where the financial analysts are responsible for taking them into account when structuring the investment portfolio, applying and making ESG assessments, and the investment committee oversees the implementation of the Sustainable Finance Policy.

The portfolio manager and investment committee review the investments at least annually or ad-hoc. When changes are identified of environmental, social or managerial nature that may have potentially significant negative impact on their value or substantial negative impact on their financial return, the Management Company makes decisions on the next steps to ensure the observance of the principles laid down in the Sustainable Finance Policy and the protection of the interests of Fund unit holders.

Currently, a significant part of the investment made by the Fund observes the principles of sustainable investment, however the Fund does not have environmental and/or social characteristics within the meaning of Art. 8 of Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services. The Management Company strives to achieve such characteristics of the assets under management in the middle term. As a result, the Fund may have limited exposition to some companies, sectors and industries and it can withdraw from certain investment opportunities or dispose of certain holdings that are not in accordance with its sustainability criteria. Therefore, the Fund may not reach the results of other funds that do not apply such criteria to their investment.

*The investments underlying this financial product do not comply with the EU criteria for environmentally sustainable economic activities within the meaning of Art. 7 of Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on creating a framework for facilitation of sustainable investments and amendment to Regulation (EU) 2019/2088.*

*This attestation concerns the following ecological goals: attenuation of and adaptation to climate change, applicable from 01.01.2022.*

#### **16.2.2. Other investment strategies, techniques and instruments**

ADVANCE EMERGING EUROPE OPPORTUNITIES Mutual Fund will not use techniques and instruments for efficient management of the asset portfolio which include contracts with repurchase clauses (repurchase and reverse repurchase agreements), or derivative instruments, including those traded off-exchange. The used techniques and instruments will not lead to a change of the investment objectives and restrictions or to worsening of the Fund's risk profile and are used in compliance with the legal requirements.

#### **16.2.3. LIMITATIONS ON THE ASSET STRUCTURE AND THE RELATIVE SHARES IN FINANCIAL INSTRUMENTS OF ONE TYPE OR ANOTHER**

Pursuant to the provisions of the LACISOUCI, the regulatory acts on its execution and the Fund Rules, the following restrictions will be observed on the structure of the assets and the relative shares in securities of one type or another:

1. The Fund cannot invest more than 5 per cent of its assets in transferable securities issued by a single entity.
2. The Fund cannot invest more than 20 per cent of its assets in deposits in a single bank.
3. The Fund can invest 10 per cent of its assets in transferable securities issued by a single entity only if the total value of the investment in the entities, in which the Fund invests more than 5 per cent of its assets, does not exceed 40 per cent of the Mutual Fund Assets. The restriction under the previous sentence does not apply with regard to the deposits in credit institutions, over which prudential supervision is exercised.
4. In addition to the restrictions under items 1 – 2, the total value of the Mutual Fund investment in transferable securities, issued by one entity, and the deposits with such an entity, cannot exceed 20 per cent of the Fund assets.
5. The investment restrictions under items 1 – 4 cannot be combined. The total value of the Fund investment in transferable securities issued by a single entity, and the deposits with this entity cannot exceed 35 per cent of the Mutual Fund Assets.
6. Companies included in a certain group for the purpose of preparation of consolidated financial statements in accordance with the recognised accounting standards are treated as a single entity at the application of the restrictions under items 1 – 5.
7. The total value of the investment in transferable securities issued by the companies within a given group cannot exceed 20 per cent of the value of the Mutual Fund assets.
8. Karoll Capital Management EAD Asset Management Company, acting at the expense of the Fund and all collective investment schemes or other undertakings for collective investment managed by it, cannot acquire voting shares that would enable it to exercise substantial influence on an issuer's management. Substantial influence, within the meaning of the previous sentence, occurs in cases of direct or indirect holding of 20 per cent or more of the votes in the general assembly of an issuer, as determined by Articles 145 and 146 of the Public Offering of Securities Act.
9. The Fund cannot acquire more than:
  - a) 10 per cent of the non-voting shares issued by a single entity;
  - b) 25 per cent of the units of one and the same collective investment scheme or another undertaking for collective investment that fulfils the requirements of Art. 4, Para. 1 of the LACISOUCI; The restriction under item 9, letter b) does not apply if at the moment of acquisition of the said instruments the Fund cannot calculate the net value of the issued securities.
10. The Fund can invest not more than 10 per cent of its assets in other transferable securities, other than those under Art. 38, Para. 1 of the LACISOUCI.
11. The Fund cannot acquire valuable (precious) metals and certificates for them.

The above-mentioned restrictions do not apply if the Mutual Fund exercises subscription rights, deriving from transferable securities, which are a part of its assets. In case of breach of the investment restrictions for reasons beyond the control of the Mutual Fund or as a result of exercising subscription rights, the Fund must in due time, but not later than six months of the occurrence of the breach, bring its assets in compliance with the investment restrictions through sale transactions, while taking into account the interests of the unit-holders. In the cases under the previous sentence, the Fund is obliged within 7 days of performing the breach to notify the Financial Supervision Commission by providing information about the reasons for the breach and the measures

undertaken for its elimination.

#### **16.2.4. OTHER RESTRICTIONS. USING A LOAN**

The Mutual Fund cannot use loans, with the exception of:

- Compensation loans for acquisition of foreign currency pursuant to Art. 27, para. 2 of the LACISOUCI and Art. 56 of Ordinance № 44 on the requirements for the activity of the collective investment schemes, management companies, national investment funds, alternative investment funds and the entities managing alternative investment funds;
- Loans, whose total amount for a certain period of time does not exceed 10 per cent of the Fund's assets and a permit has been issued for the use of each loan by the Commission on the proposal of the Deputy Chairperson and each loan fulfils the following requirements simultaneously: the loan is not longer than 3 months, it is needed for covering the liabilities for repurchase of Fund units, the terms of the loan agreement are not less favourable than the usual ones for that market and the Fund Rules allow for the conclusion of such an agreement. A lender may be only a bank, excluding the Depositary Bank.

The Management Company and the Depositary Bank, when acting at the expense of the Mutual Fund, cannot provide loans, nor be guarantors of third parties. Regardless of the restrictions under the previous sentence, the Management Company and the Depositary Bank, when acting at the expense of the Mutual Fund, may acquire transferable securities or other financial instruments as per Art. 38, Para. 1, item 5 of LACISOUCI, in the cases when their value is not paid in full.

The Management Company and the Depositary Bank, when operating at the expense of the Mutual Fund, cannot conclude agreements for short sale of transferable securities or other financial instruments as per Art. 38, Para. 1, item 5 of the LACISOUCI.

At amendment of the LACISOUCI and of the respective legal and regulatory acts regulating the Fund activity the new provisions shall apply.

#### **16.2.5. LIQUIDITY REQUIREMENTS**

The Fund must have at its disposal at any time minimum liquid funds as follows:

**1.** Cash and securities as per Art. 38, Para. 1, items 1 – 3 of the LACISOUCI and units of collective investment schemes and/or other collective investment enterprises as per Art. 38, Para. 1, item 5 of the LACISOUCI, whose fair value is not calculated using valuation techniques and generally accepted methods as per the Rules for portfolio evaluation and determination of the asset value of the ADVANCE EMERGING EUROPE OPPORTUNITIES Mutual Fund, and short-term receivables – to the amount of not less than 100 per cent of the weighted current liabilities of the Fund;

**2.** Cash to the amount not less than 70 per cent of the weighted current liabilities of the Fund, excluding the liabilities related to participation in the increase of capital of public companies.

The Fund calculates its weighted current liabilities as a sum of its current liability amounts at net book value distributed in three groups depending on their remaining term, multiplied by weighting adjustments that decrease at increase of the remaining term of the liabilities as follows:

- With a term of up to 1 month – weight 1,00;
- With a term from 1 to 3 months – weight 0,50;
- With a term from 3 months to 1 year – weight 0,25.

The maximum remaining terms of the Mutual Fund current liabilities at their distribution by groups, unless anything else is provided for by the law or ensues from their nature, are as follows:

**1.** Budget payables – weight 1.00;

**2.** Remuneration of the Management Company and the Depositary Bank – weight 1,00 and the remaining liabilities – weight 0,25;

**3.** Loans received – as per the terms of the loan agreement.

In case of pledge of assets or if there exist a restriction on their use by the Fund, these will not be included in the amount of the minimum liquid funds.

The structure of the Fund's assets and liabilities should meet the following requirements:

**1.** Not less than 70 per cent of the investment in assets as per Art. 38, Para. 1 of the LACISOUCI must be in

assets whose fair value is not calculated using valuation techniques and generally accepted methods as per the Rules for portfolio evaluation and determination of the asset value of the ADVANCE EMERGING EUROPE OPPORTUNITIES Mutual Fund;

## **17. RISK PROFILE OF THE MUTUAL FUND. EXPECTED RISKS**

*The present section contains information about the investment risks that are borne directly or indirectly by the investors at their purchase of units of the ADVANCE EMERGING EUROPE OPPORTUNITIES Mutual Fund. If the investors are not ready to assume these risks, these securities are not a suitable investment for them*

### **17.1. RISK PROFILE**

The risk profile of the Mutual Fund is high.

**There is no certainty that the Fund will achieve the stated investment objectives; the investors may lose money that they invest in the Fund. The investment in mutual funds and investment companies is not insured or guaranteed by the State or any state agency.**

It must also be noted that according to the investment strategy described above the Fund has the intention of investing the bigger part of the funds raised in Bulgarian, Eastern European and other stocks. Typically, investments in equity securities are riskier than investments in government securities, corporate bonds, and municipal bonds and in this sense, the risk for Advance Emerging Europe Opportunities MF unit holders is higher than the risk for unit holders of mutual funds that invest mainly in government securities or other debt instruments. The considerable portfolio diversification and the professional selection of the individual securities that comprise the portfolio should reduce this risk. However, if there is a significant negative price change in the stock market, the value of the Fund units could decrease, too.

### **17.2. EXPECTED RISKS RELATED TO THE INVESTMENT PORTFOLIO. METHODS FOR MANAGING SUCH RISKS**

- **Market risk** – the possibility of incurring losses due to unfavourable changes of the financial instrument prices, market interest rates, currency rates, etc. The components of the market risk are:

- **Interest rate risk** – the risk of decrease of the amount of investment in a given security due to a change of interest rates. The Management Company measures the interest rate risk by calculating the duration for these financials instruments for which this risk is applicable.

- **Currency risk** – the risk of decrease of the amount of investment in a given security or money deposit denominated in a currency other than BGN or EUR, due to a change of the exchange rate of such a currency to the BGN or EUR. The currency risk is measured by using the historic volatility of the exchange rate of the respective currency to the BGN or EUR relative to the net currency exposition;

- **Price risk** related to investment in shares or other equity securities – the risk of decrease of the amount of investment in a given security at unfavourable changes of the market price levels. The asset management company measures the price risk related to investment in shares by tracing the historic volatility measured by standard deviation or calculation of the  $\beta$ -ratio to the indices of the respective markets.

- **Credit risk** – the possibility of decrease in value of the position in a given financial instrument at unexpected events of credit nature related to the issuers of financial instruments, the counter-party in exchange and off-exchange transactions, as well as the states, in which they operate. This risk reflects also the possibility of bankruptcy of a credit or financial institution, in which Fund's resources are kept and/or in whose deposits investments have been made. Two types of credit risks are identified for the Fund:

- **Counterparty risk** is the risk of non-performance of the obligations by the counterparty in off-exchange transactions.

- **Settlement risk** is the risk ensuing from the possibility that the Mutual Fund does not receive cash resources or financial instruments from a counter-party at the settlement date after the Fund has fulfilled its obligations on certain transactions toward such a counter-party. The Management Company measures this risk through the

value of all unsettled transactions with a given counter-party as a percentage of the value of the managed portfolio. Transactions concluded under settlement condition of delivery versus payment and performed at markets with functioning clearing mechanism are not included;

The transaction limits and risk levels related to the credit risk are approved and reviewed at least once every six months by the Board of Directors of the asset management company following a proposal by the Head of the Risk Management Department.

▪ **Operational risk** – the possibility of incurring losses related to mistakes or imperfections in the organisation system, insufficiently qualified personnel, deception by employees, unfavourable external circumstances of non-financial nature. Two groups of operational risks are distinguished:

**A. Internal operational risks:**

- risks related to personnel: the risk of suffering loss as a result of employees' mistakes and/or negligent/malicious conduct by employees;

- risk of performing transactions with persons related to the Management Company, the terms of which differ from the market terms: this is the risk of causing harm to the interests of the Fund and of its unit holders as a result of transactions (acquisition or sale of assets by and of the Fund off-exchange, depositing of funds in a credit institution, external service contracts, etc.) with persons related to the Management Company at more disadvantageous terms than the market ones. Such a risk arises also at conclusion of transactions outside a regulated market of financial instruments, where one of the parties is a related entity to the Management Company and the other party is the Management Company itself, acting on behalf and at the expense of the collective investment scheme it manages.

- Technological risk: risk of suffering loss caused by imperfections of the used technologies, lack of precision of the data processing methods, poor quality of the data used in the Fund's activity.

**B. External operational risks:** these are the risks, which exist outside of the Fund and can have material impact on its activity. The Fund is not able to influence external risks but accounts for their impact on its activity. The Risk Management Department has identified the following external risks related to the Fund's activity:

- Legislation risk – risk of unexpected amendments of laws and regulations that may limit the Fund activities and development.

- Risk of physical interference – risk of suffering losses because of robbery, unauthenticated intrusion in the information systems of the Fund or the Management Company.

The operational risk is managed and reduced pursuant to the Fund Rules for Risk Evaluation and Management

▪ **Liquidity risk** – the risk of the possibility of losses because of indispensable sale of assets at unfavourable market conditions to settle unexpected short-term liabilities;

▪ **Concentration risk** – the possibility of losses because of incorrect diversification of expositions to issuers, groups of related issuers, issuers of one and the same economic sector, geographic area or occurred from one and the same activity, that can cause material loss, as well as the risk related to big indirect credit expositions;

▪ The investors in units of ADVANCE EMERGING EUROPE OPPORTUNITIES shall also take into account the higher risk associated with the investment in shares of companies not traded so far at the stock exchange.

The particular methods and organisation for managing the above-mentioned risks are defined in the Rules for Risk Evaluation and Management of the ADVANCE EMERGING EUROPE OPPORTUNITIES Mutual Fund.

### **17.3. METHOD USED IN CALCULATING THE TOTAL RISK EXPOSITION OF THE FUND**

The Management Company applies short-term and long-term strategies to manage the market risk related to the activity performed by the Fund. The total risk for the mutual fund portfolio is measured by the historical volatility of the unit/share price measured with the standard deviation. When necessary the Management Company carries out back-testing in order to verify the robustness of the model for risk assessment, as measured by the approach “Standard Deviation of the NAV” (tests for review of validity). For back-testing the Management Company applies a process for assessing the accuracy and quality of the model “Standard Deviation of the Net Asset Value” by comparing the measurements for the maximum permissible monthly loss of the Fund generated by the model with the actual gains and losses during the back-testing period. The long-term strategy to manage the price risk is to sufficiently diversify the Fund portfolio by countries, companies, industries and currencies so that the main risk to be borne is the market risk as a whole and to reduce the specific influence of the individual companies. The Management Companies will strive to ensure that no investment in a particular country, respectively the political and macroeconomic risks inherent only to it, has excessively big influence on the Fund’s performance. The short-term strategy to manage the price risk includes monitoring and measuring the historical volatility of the individual markets, the correlation between them and the changes of this correlation. The Head of the Risk Management Department monitors on a daily basis the restrictions on the investment by groups of financial instruments described in the Fund Rules, this way ensuring the observance of the determined risk policy of the Fund. Each time the restrictions as per the preceding sentence are exceeded, this must be documented by the Risk management Department and reported to the Management Company management bodies to undertake corrective actions.

**THE VALUE OF THE UNITS OF ADVANCE EMERGING EUROPE OPPORTUNITIES MUTUAL FUND AND THE INCOME FROM THEM CAN DECREASE, THE PROFIT IS NOT GUARANTEED AND THERE IS A RISK THAT INVESTORS MAY NOT RECEIVE THE FULL AMOUNT OF THE INVESTED FUNDS. THE INVESTMENTS IN THE MUTUAL FUND ARE NOT GUARANTEED BY A GUARANTEE FUND ESTABLISHED BY THE STATE OR BY ANY OTHER GUARANTEE. PREVIOUS RESULTS OF THE FUND ACTIVITY CANNOT BE RELATED IN ANY WAY TO ITS FUTURE RESULTS. IT IS POSSIBLE THAT THE NET VALUE OF THE FUND ASSETS BE SUBJECT TO FLUCTUATIONS DUE TO THE COMPOSITION OF OR THE TECHNIQUES FOR MANAGING ITS PORTFOLIO.**

## **18. ASSET VALUATION RULES**

The Rules for portfolio evaluation and determining the net asset value of ADVANCE EMERGING EUROPE OPPORTUNITIES Mutual Fund, adopted by a decision of 12.04.2012 of of the BoD of KAROLL CAPITAL MANAGEMENT EAD Management Company, amended and supplemented, finally amended by decision of 03.11.2022, in effect from 01.01.2023, published on the website of the Management Company [www.karollcapital.bg](http://www.karollcapital.bg), contain detailed information about:

- Principles of asset valuation;
- System for collecting information related to determining the net asset value, including the types of information sources;
- Methods of asset valuation;
- Methods of liability valuation;
- Methods for determining the net asset value;
- Procedure and technology for determining the net asset value, the net asset value per unit, the issue price and the redemption price;
- Persons determining and exercising control on the determination of the net asset value, the net asset value per unit, the issue price and the redemption price;
- Safe-keeping the documents and information protection measures;
- Software availability;
- Rules for avoidance of conflict of interests.

## **19. TERMS AND PROCEDURE FOR DETERMINING THE UNIT ISSUE PRICE AND REDEMPTION PRICE**

The issue price and the redemption price of the Fund units are calculated by the Management Company under the control of the Depositary Bank pursuant to Rules for portfolio evaluation and determining the net value of the Fund assets adopted by the Management Company and approved by the Financial Supervision Commission. The Asset Management Company determines the net asset value per unit, the issue price and the redemption

price every business day for the previous business day and announced it by the end of the same business day. The announcement of the issue price and the redemption price is done by:

- Publication on the Management Company web site [www.karollcapital.bg](http://www.karollcapital.bg) on the day of determination;
- Announcement at the places as per items 13.1 and 14.5 of the present Prospectus (*“Place for submission of written orders for subscription to Fund units”* and *“Places for submission of written orders for redemption of Fund units”*) on the day of determination;

**The issue price** is equal to the net asset value per unit at the date of its determination increased by the unit issue costs, calculated as a percentage of the net asset value per unit, with the maximum amount of issue costs being as follows:

- 0.9 per cent of the net asset value per unit if the unit subscription order amount is up to and including EUR 50,000, or the BGN equivalent based on the BNB fixing;
- 0.7 per cent of the net asset value per unit if the unit subscription order amount is between EUR 50,000.01 up to and including 250,000, or the BGN equivalent based on the BNB fixing;
- 0.25 per cent of the net asset value per unit if the unit subscription order amount is between EUR 250,000.01 up to and including 500,000, or the BGN equivalent based on the BNB fixing;
- 0 percent of the net asset value per unit if the unit subscription order amount exceeds EUR 500,000, or the BGN equivalent based on the BNB fixing.

The maximum amount of issue costs stipulated above is applied unless the Management Company chooses to forgo the collection, partially or fully, of the issue costs by applying a lower maximum amount than the one stipulated in Para. 1 for a given period of time. In such cases the Management Company has the obligation to notify the unit holders by publishing the decision for application of reduced issue costs on its website, stipulating the applicable reduced amount and the period for which it will be applied, and the notification must be published at the latest on the day before the start of the period, during which the reduced issue costs will be applied.

The Management Company executes a unit purchase order at a unit price based on the issue price announced on the closest day following the day, on which the order has been placed. All unit subscription orders received in the period between two determinations and announcements of the issue price are executed at one and the same price.

**The redemption price** is equal to the net asset value per unit at the date of determination. The Management Company executes the Fund unit redemption order at a price equal to the redemption price announced on the closest day following the day of submission of the redemption order. All unit redemption orders received in the period between two determinations and announcements of the redemption price are executed at one and the same price.

A compulsory condition for calculating the issue price and the redemption price is that there must not be grounds for discontinuation of the issue (sale) and redemption of Mutual Fund units as determined in item 14.2 of the present Prospectus (*Terms and procedure for temporary suspension of the redemption*).

When calculating net asset value per unit of the Mutual Fund, the issue price and the redemption price are rounded to the fourth digit after the decimal point.

## **20. FEES AND COMMISSIONS AT PURCHASE AND SALE OF UNITS**

When buying units, investors pay the issue price equal to the net asset value per unit increased by the cost of issuance, calculated as a percentage of net asset value per unit, with the maximum amount of issue costs being as follows:

- 0.9 per cent of the net asset value per unit if the unit subscription order amount is up to and including EUR 50,000, or the BGN equivalent based on the BNB fixing;
- 0.7 per cent of the net asset value per unit if the unit subscription order amount is between EUR 50,000.01 up to and including 250,000, or the BGN equivalent based on the BNB fixing;
- 0.25 per cent of the net asset value per unit if the unit subscription order amount is between EUR 250,000.01 up to and including 500,000, or the BGN equivalent based on the BNB fixing;
- 0 percent of the net asset value per unit if the unit subscription order amount exceeds EUR 500,000, or the BGN equivalent based on the BNB fixing.

The maximum amount of issue costs stipulated above is applied unless the Management Company chooses to forgo the collection, partially or fully, of the issue costs by applying a lower maximum amount than the one stipulated in Para. 1 for a given period of time. In such cases the Management Company has the obligation to notify the unit holders by publishing the decision for application of reduced issue costs on its website, stipulating the applicable reduced amount and the period for which it will be applied, and the notification must be published at the latest on the day before the start of the period, during which the reduced issue costs will be applied.

No issue costs shall be charged for investment in Fund units by institutional investors within the meaning of § 1, item 1, letter “c” of the Supplementary Provisions of the Law on Public Offering of Securities (LPOS) and at investment in Fund units for the account of investors as a result of and pursuant to a portfolio management agreement concluded with Karoll Capital Management EAD Management Company.

Investors do not owe individual fees and commissions at redemption of Fund units.

At secondary trading of Mutual Fund units at a non-regulated market (OTC) or at another transfer of Fund units /donation, inheritance/, investors may be required to pay additional fees and commissions as per the tariff of the investment broker they have selected to perform such transfers.

The bank fees related to money transfers for submitted orders for purchasing Fund units and for money payments by the Management Company to the investor are to be covered by the investor.

## **21. EXPENSES AND FEES. DIFFERENTIATION BETWEEN EXPENSES AND FEES PAYABLE BY UNIT-HOLDERS AND THOSE PAYABLE USING FUND RESOURCES**

*The purpose of this section is to inform investors about the expenses related to their investment in Advance Emerging Europe Opportunities Mutual Fund units, including: (1) expenses directly covered by a particular investor/unit holder at purchase and redemption of Mutual Fund units (Transaction costs for investors/unit holders); and (2) annual costs related to the Fund's activity (Operational costs), which are covered by all unit holders and are paid using Mutual Fund resources.*

### **21.1. TRANSACTION COSTS FOR INVESTORS/UNIT HOLDERS**

Fund units are purchased at the issue price, which is equal to the net asset value per unit increased by the cost of issuance, calculated as a percentage of net asset value per unit, with the maximum amount of issue costs being as follows:

- 0.9 per cent of the net asset value per unit if the unit subscription order amount is up to and including EUR 50,000, or the BGN equivalent based on the BNB fixing;
- 0.7 per cent of the net asset value per unit if the unit subscription order amount is between EUR 50,000.01 up to and including 250,000, or the BGN equivalent based on the BNB fixing;
- 0.25 per cent of the net asset value per unit if the unit subscription order amount is between EUR 250,000.01 up to and including 500,000, or the BGN equivalent based on the BNB fixing;

- 0 percent of the net asset value per unit if the unit subscription order amount exceeds EUR 500,000, or the BGN equivalent based on the BNB fixing.

The maximum amount of issue costs stipulated above is applied unless the Management Company chooses to forgo the collection, partially or fully, of the issue costs by applying a lower maximum amount than the one stipulated in Para. 1 for a given period of time. In such cases the Management Company has the obligation to notify the unit holders by publishing the decision for application of reduced issue costs on its website, stipulating the applicable reduced amount and the period for which it will be applied, and the notification must be published at the latest on the day before the start of the period, during which the reduced issue costs will be applied.

Unit holders in the Fund do not pay redemption costs at redemption of Fund units.

At changes of the maximum amount of expenses for issuing and redemption of Fund units, the Management Company shall inform the unit-holders through a publication on the web site of the Managing Company immediately after the changes of the Mutual Fund Rules have been approved but at the latest on the following day after it has become aware of the change approval.

## 21.2. ANNUAL OPERATIONAL COSTS

These costs are deducted from the assets of the ADVANCE EMERGING EUROPE OPPORTUNITIES Mutual Fund, thus being indirectly covered by all unit holders. They are the second component of the expenses that investors should bear in mind when investing in the Mutual Fund. The table below shows the maximum annual operational costs of the ADVANCE EMERGING EUROPE OPPORTUNITIES Mutual Fund, presented as a percentage of the mean annual net value of its assets, as these costs have been planned by the Management Company:

*Maximum allowed annual operational costs of the Fund presented as a percentage of the mean annual net asset value of the Fund.*

Remuneration for the Management Company	1.5 %
Other Operational Costs	1 %
Total Operational Costs	2.5 %

The remuneration of the Management Company is accrued on a daily basis and is payable at the beginning of the month following the month, for which the remuneration is due. The Management Company may relinquish a part of such remuneration. At its own discretion, the Management Company may decide not to accrue or to accrue smaller remuneration for certain days.

“Other Operational Costs” include main predictable operational cost that the Management Company incurs at the expense of the Fund such as:

- Expenses for remuneration of the Depositary Bank, the certified auditors, consultants, storage fees for the Fund securities and cash in Bulgaria and abroad, paying agency fees related to the distribution of the Fund in other jurisdictions etc. in Bulgaria and abroad;
- Expenses for advertising, marketing and PR, provision of information to and contacts with Fund investors and unit holders; the costs of the marketing services provided by the Management Company amount to 0.12 (zero point twelve) per cent of the average net asset value of the Fund.
- Expenses for on-going supervision and membership fees and similar charges payable to the FSC, the Central Depositary AD, state authorities and institutions related to the Fund's activity.
- Expenses for legal services and consultations, legal and other costs related to protecting the unit holders' interests;
- Expenses for sending documents related to unit purchase and redemption to the investors' addresses;
- Other expenses directly related to the Fund activity;
- Expenses incurred at change of the Depositary bank.

The Management Company will undertake measures to limit the total amount of the mentioned “Other

Operational Costs” up to 1 per cent of the average annual net asset value while limiting the Fund’s total annual operational costs, including also its remuneration for Fund management, which cannot exceed 1.5 per cent, up to 2.5 per cent of the average annual net asset value as per the Fund's balance. The limit under the previous sentence does not include the expenses on material transactions with securities and investment in Fund assets, revaluation of investment in securities, foreign exchange losses, extraordinary expenses not caused by officials or caused by reasons beyond the control of the Management Company, as well as other expenses determined pursuant to the law.

The Management Company cannot collect fees that are not provided for or exceed the amounts stipulated in the present Prospectus and the Fund Rules. The same applies also to the expenses determined in the present Prospectus and in the Fund Rules related to the issue and redemption of Fund units (so called “*Transaction costs for investors/unit holders*”).

### **21.3 EXPENSES INCURRED BY THE MUTUAL FUND DURING THE LAST THREE YEARS BEFORE THE YEAR OF ISSUANCE OR UPDATE OF THE PROSPECTUS**

<b>Item</b>	<b>As of 31.12.2022, in BGN</b>	<b>% of the average annual net asset value of the Fund</b>	<b>As of 31.12.2023, in BGN</b>	<b>% of the average annual net asset value of the Fund</b>	<b>As of 31.12.2024, in BGN</b>	<b>% of the average annual net asset value of the Fund</b>
Remuneration for the Management Company	323 967	1.50%	363 978	1.50%	948 907	1.50%
Remuneration for the Depositary Bank	43 037	0.20%	46 659	0.19%	131 211	0.22%
Fees payable to the Financial Supervision Commission	1 600	0.01%	600	0.00%	1 200	0.00%
Central Depositary Charges	738	0.00%	968	0.00%	923	0.00%
Audit expenses	10 200	0.05%	12 144	0.05%	13 200	0.02%
Advertising Costs	25 917	0.12%	29 118	0.12%	75 912	0.12%
Expenses for representation and paying agency in other jurisdictions	14 157	0.07%	15 239	0.06%	15 400	0.02%
Other expenses of the Mutual Fund	810	0.00%	155	0.00%	145	0.00%
<b>TOTAL:</b>	<b>420 426</b>	<b>1.95%</b>	<b>468 861</b>	<b>1.92%</b>	<b>1 186 898</b>	<b>1.90%</b>

### **22. INFORMATION ABOUT THE DEPOSITARY BANK**

**Name:** Unicredit Bulbank AD

**Seat:** Sofia, 7 Sv. Nedelya Sq.

**Registered address:** Sofia, 7 Sv. Nedelya Sq.

**Telephone:** 923 21 11

**Fax:** 988 46 36

**E-mail:** corporate@unicreditbulbank.bg

**Web site:** www.unicreditbulbank.bg

**Date of establishment:** 16.05.1990

**License to conduct bank activities:** № ПД 22-0841/07.05.2007

Unicredit Bulbank AD is a universal bank offering a full range of bank services, including depository services. The Depositary Services Agreement settles the relations between the Karoll Capital Management EAD Management Company, acting on behalf of ADVANCE EMERGING EUROPE OPPORTUNITIES Mutual Fund, and the Depositary Bank, Unicredit Bulbank AD. Pursuant to an Agreement of 12.07.2017, Unicredit Bulbank AD, in its capacity of the Fund's depository bank, is authorised to provide, for a consideration, the following activities:

- Storage of ADVANCE EMERGING EUROPE OPPORTUNITIES Mutual Fund cash;
- Storage of available securities of ADVANCE EMERGING EUROPE OPPORTUNITIES Mutual Fund;
- Performance of all payments on behalf and at the expense of the ADVANCE EMERGING EUROPE OPPORTUNITIES Mutual Fund within the legally defined terms;
- Maintaining accounts for dematerialised financial instruments owned by the ADVANCE EMERGING EUROPE OPPORTUNITIES Mutual Fund under its sub-accounts with the Central Depository AD, the Bulgarian National bank or another depository institution;
- Ensuring the issue /sale/, redemption and invalidation of the Mutual Fund units pursuant to the law, the regulations on its implementation, the Prospectus and the Rules of ADVANCE EMERGING EUROPE OPPORTUNITIES Mutual Fund;
- Exercising control on the calculation of the issue price and the redemption price of the Mutual Fund units by the Management Company, where such calculation must comply with the law, the rules, the Prospectus and the Asset Valuation Rules of ADVANCE EMERGING EUROPE OPPORTUNITIES Mutual Fund;
- Ensuring that the collection and utilisation of the Mutual Fund income complies with the law and the Fund Rules and that the Management Company remuneration is calculated and paid in pursuance with the Law and the Fund Rules.

While providing the depository services, the Depositary Bank shall keep the entrusted assets as follows:

- The dematerialised financial instruments owned by the Fund will be filed with a depository institution under a sub-account of the Depositary Bank;
- The remaining Fund assets are stored on its behalf at the Depositary Bank.

The Depositary Bank will not be liable to its creditors with the Fund assets.

The Depositary Bank will dispose with the Fund assets entrusted to it only upon instructions by the authorised persons.

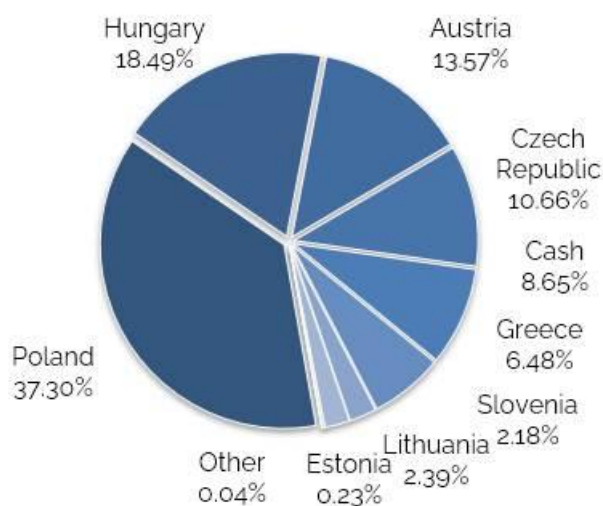
## **23. INFORMATION ABOUT THE CONSULTING COMPANIES OR EXTERNAL CONSULTANTS PROVIDING ADVICE AT CONTRACTUAL TERMS WHOSE REMUNERATION IS PAID FROM THE FUND ASSETS**

There are no consulting companies or external consultants that provide advice at contractual terms whose remuneration is paid from the assets of ADVANCE EMERGING EUROPE OPPORTUNITIES Mutual Fund.

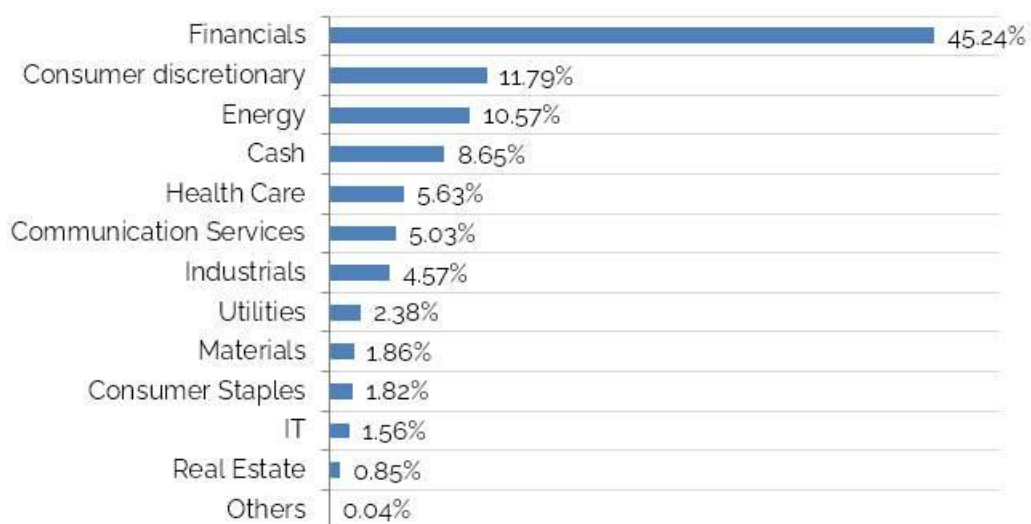
## **24. RESULTS OF THE FUND ACTIVITY**

### **a) Information about the structure of the Mutual Fund's assets**

**Asset structure of ADVANCE EMERGING EUROPE OPPORTUNITIES MF as of 31.12.2024**



**Structure of the investment portfolio of ADVANCE EMERGING EUROPE OPPORTUNITIES MF by industries as of 31.12.2024**



**b) Selected Financial Information**

INDICATOR	As of 31.12.2022	As of 31.12.2023	As of 31.12.2024
Net Asset Value per Unit at the beginning of the period in EUR	1.1316	0.9483	1.2102
Net Asset Value per unit at the end of the period in EUR	0.9483	1.2102	1.3073
Total return per unit (in percentages)	-16.20%	27.62%	8.02%
Total net assets at the end of the period, in BGN	21 326 995	27 062 369	105 693 941
Average annual net asset value, in BGN	21 583 196	24 274 183	63 181 036
Portfolio turnover (in percentages)	10.59%	10.52%	4.69%

**c) Minimum, maximum and weighted average issue price and redemption price**

INDICATOR	As of 31.12.2022 EUR	As of 31.12.2023 EUR	As of 31.12.2024 EUR
Minimum issue price	0.8120	0.9637	1.1732
Maximum issue price	1.2053	1.2250	1.3617
Minimum redemption price	0.8120	0.9637	1.1732
Maximum redemption price	1.1875	1.2069	1.3496
Weighted average redemption price	0.9640	1.0804	1.2734
Weighted average issue price per unit for orders up to EUR 50,000	0.9785	1.0966	1.2860
Weighted average issue price per unit for orders from EUR 50,000.01 to EUR 250,000	0.9737	1.0912	1.2828
Weighted average issue price per unit for orders from EUR 250,000.01 to EUR 500,000	0.9688	1.0858	1.2771
Weighted average issue price per unit for orders above EUR 500,000	0.9640	1.0804	1.2734

**d) Number of outstanding units at the end of the year and number of issued, sold and redeemed units**

INDICATOR	As of 31.12.2022	As of 31.12.2023	As of 31.12.2024
Number of units outstanding	11 498 238.2271	11 433 425.7861	41 338 399.5586
Units issued during the period	257 854.1884	56 810.4384	31 597 175.3175
Units redeemed during the period	72 411.8299	121 622.8794	1 692 201.5450

**25. INFORMATION ABOUT THE APPROVED AND USED LOANS**

Since its establishment to date, the collective investment scheme has not applied for or used any loans.

**THE VALUE OF THE UNITS OF ADVANCE EMERGING EUROPE OPPORTUNITIES MF AND THE INCOME FROM THEM CAN DECREASE, THE PROFIT IS NOT GUARANTEED AND THERE IS A RISK THAT INVESTORS MAY NOT RECEIVE THE FULL AMOUNT OF THEIR INVESTMENTS. THE INVESTMENTS IN THE MUTUAL FUND ARE NOT GUARANTEED BY A GUARANTEE FUND ESTABLISHED BY THE STATE OR BY ANY OTHER GUARANTEE. PREVIOUS RESULTS OF THE FUND ACTIVITY CANNOT BE RELATED IN ANY WAY TO ITS FUTURE RESULTS. IT IS POSSIBLE THAT THE NET VALUE OF THE FUND ASSETS BE SUBJECT TO FLUCTUATIONS DUE TO THE COMPOSITION OF OR THE TECHNIQUES FOR MANAGING ITS PORTFOLIO.**

**26. PROFILE OF THE TYPICAL INVESTOR FOR WHOM THE MUTUAL FUND IS INTENDED AND TO WHOM THE FUND ACTIVITY IS TARGETED**

The investment policy of Advance Emerging Europe Opportunities MF presumes a focus predominantly on stocks of leading companies from the emerging markets in Central and Eastern Europe. This means that the Fund strives to achieve a higher return while assuming high risk. In addition, emerging markets are associated with relatively higher risk. Therefore, Karoll Capital Management EAD Management Company believes that the Advance Emerging Europe Opportunities MF is suitable for investors that seek high income in the long term and who are ready to accept significant short-term fluctuations of the units' price. With a view to decreasing the risk of short-term fluctuations of the price, Karoll Capital Management EAD Management Company recommends to investors in the Fund an investment horizon of 3 years or more.

**27. INFORMATION ABOUT THE PLACE, TIME AND METHOD OF RECEIVING ADDITIONAL FUND INFORMATION AND DOCUMENTS**

Potential investors may receive the Prospectus, the Fund Rules, the Key Information Document, the annual and 6-month report, as well as any additional information every business day from 10:00 to 17:00 hours (Bulgarian time) at the office of Karoll Capital Management EAD at the following address: Sofia, Lozenets District, 1 Zlatovrah St.

The Prospectus, the Fund Rules, the Key Information Document , the annual and 6-month report are available on the web site of the Asset Management Company at [www.karollcapital.bg](http://www.karollcapital.bg)

## **28. SUPERVISORY STATE INSTITUTION. NUMBER AND DATE OF THE PERMIT FOR ORGANISING AND MANAGING THE MUTUAL FUND**

The Supervisory state institution is the Financial Supervision Commission. The number and the date of the permit for organising and managing Advance Emerging Europe Opportunities Mutual Fund is No. ДФ - 1410/07.11.2007.

## **29. DATE OF PROSPECTUS UPDATE**

**The present Prospectus has been updated on 09.04.2025.**

**Karoll Capital Management EAD Asset Management Company, acting at the expense of the ADVANCE EMERGING EUROPE OPPORTUNITIES Mutual Fund, has prepared the present Prospectus. The legal representatives of Karoll Capital Management EAD Management Company hereby declare that the Prospectus complies with the legal provisions.**