

# Annual Management Report Independent Auditor's Report Financial Statements

Mutual Fund  
Advance Emerging Europe Opportunities  
31 December 2024

advance emerging europe  
opportunities 

KAROLL CAPITAL MANAGEMENT

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## **ANNUAL MANAGEMENT REPORT OF MUTUAL FUND ADVANCE EMERGING EUROPE OPPORTUNITIES FOR 2024**

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

#### **1.1. Registration and licensing**

MF Advance Emerging Europe Opportunities is an open-end collective investment scheme, which invests in securities, by raising money through public offering of its own units. MF Advance Emerging Europe Opportunities (formerly MF Advance IPO Fund) is organized by Management Company Karoll Capital Management EAD in 2007. The overall activities of the Fund are administered by the Management Company Karoll Capital Management EAD. The company has a three-member Board of Directors. The company is represented jointly by the executive director and the procurator. As of 31.12.2024 the members of the Board of Directors are: Stanimir Karolev - Chairman of the Board of Directors, Konstantin Prodanov - Deputy Chairman of the Board of Directors and Daniel Ganev – Chief Executive Officer. The sole owner of the Management company's capital is Stanimir Karolev.

The management company, acting on behalf of Mutual Fund Advance Emerging Europe Opportunities, concluded a depository services agreement with Unicredit Bulbank AD. The fund is entered in the register under Art. 30, para. 1, item 5 of the FSC ACT and its UIC is 175398715.

The public offering of units of the Mutual Fund Advance Emerging Europe Opportunities, began on 23 November 2007. The Fund's shares are not listed for trading on a regulated market.

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

The Management Company has entered into an agency agreement with Waystone Fund Services (Switzerland) SA for investors in the Swiss Confederation and into a paying agency agreement with Helvetische Bank AG, with which it has a contract for servicing payments to and investors from the Swiss Confederation in accordance with the local legal requirements.

#### **1.2. Investment activity in 2024**

##### **Review of the developments in the markets from the Fund's portfolio in 2024**

After a record performance in 2023, Central and Eastern Europe shares prices continued to rise in 2024. Supported by strong quarterly results and expectations of accelerating economic growth, regional equities ranked among the leaders in terms of returns in the first half of the year. However, economic dynamics have not fully lived up to expectations. Weak demand from Western Europe weighed on exports and domestic consumption recovered more slowly than expected despite significant income gains. This led to a more hesitant performance of the indices in the second half of the year.

Among the main markets in which the Fund invests, Hungary was the strongest performer, with shares growth of 30.9% as measured by the BUX index. In the Czech Republic, the PX index appreciated by 24.5%. Poland, which has the largest weighting in the Fund, underperformed and the underlying WIG20 index ended with a decline of 6.2%. At the sector

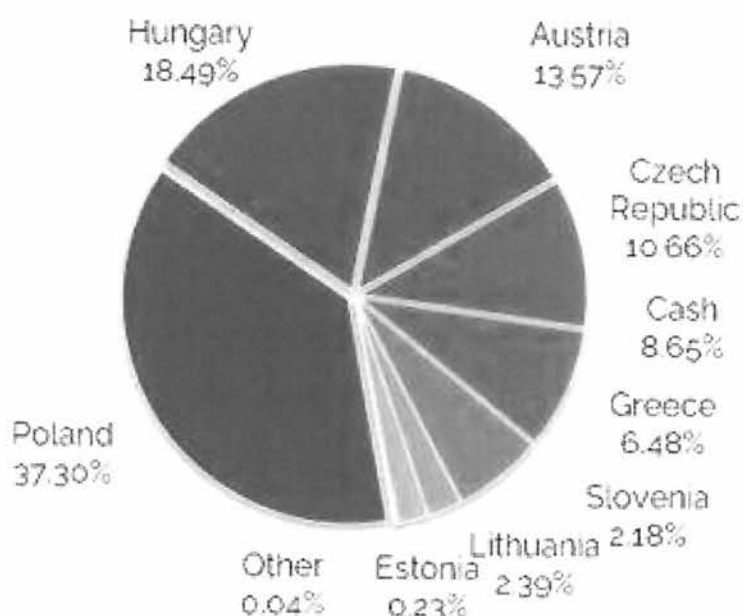
level, "Financial Services" stocks contributed the most to the Fund's returns, followed by "Communication Services". Meanwhile, "Consumer Goods" and "Energy" weighed the most.

### Changes in the portfolio of MF Advance Emerging Europe Opportunities and operating results in 2024

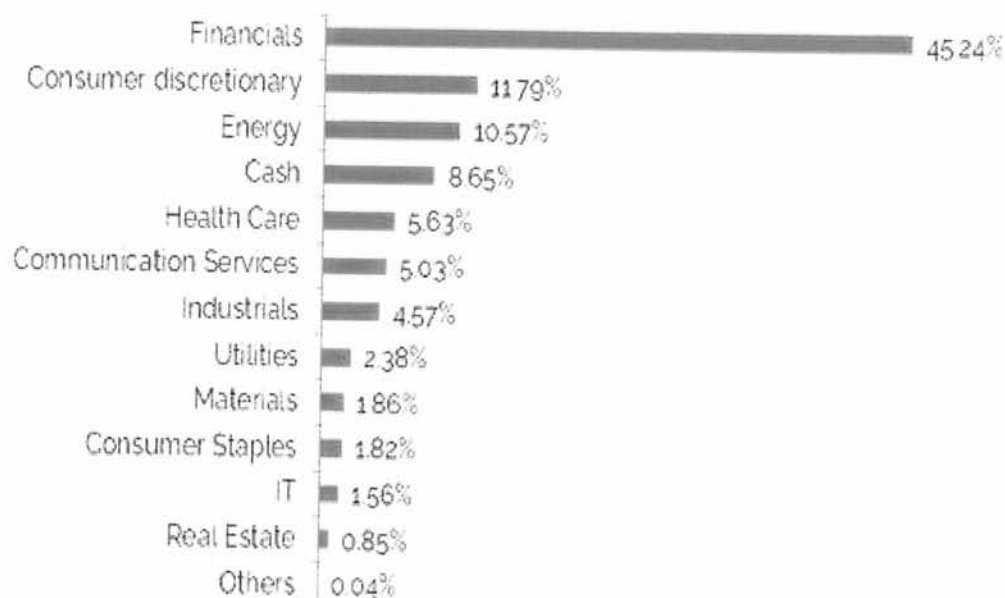
No material changes have been made to the Fund's portfolio structure. The proportion of cash has been reduced to 8.7% on account of a higher weighting to currency shares. Inflows into the Fund were largely allocated proportionately according to the current portfolio structure. The Fund's portfolio remained heavily exposed to equities from Poland, Hungary, Austria and the Czech Republic. At the sector level – "Financial Services", "Consumer Goods" and "Energy" continued to be the largest weightings.

In the first half of the year, we added two new positions to the portfolio - MURAPOL SA (Polish residential construction company) and ANSWEAR.COM SA (Polish online retailer). In the second half we opened positions in ALPHA SERVICES AND HOLDINGS and PIRAEUS FINANCIAL HOLDINGS SA, anticipating strong performance in the Greek financial sector. We also included the Greek retailer JUMBO SA and the Portuguese company JERONIMO MARTINS, which owns the largest supermarket chain in Poland. In Poland, we also added PKO BANK POLSKI SA, BENEFIT SYSTEMS SA and Zabka Group.

### Portfolio of MF Advance Emerging Europe Opportunities as of 31.12.2024



**Portfolio allocation of MF Advance Emerging Europe Opportunities by sectors as of 31.12.2024**



**Leading positions in the portfolio and share of assets as of 31.12.2024**

Company	% of assets
ERSTE GROUP BANK AG, Austria, Financial services	7.5%
BANK PEKAO SA, Poland, Financial services	5.5%
OTP BANK, Hungary, Financial services	4.7%
RICHTER GEDEON NYRT, Hungary, Healthcare	4.7%
KOMERCNI BANKA, Czech Republic, Financial services	4.6%

**1.3. Financial result for 2024**

The financial result of MF Advance Emerging Europe Opportunities for 2024 is a profit of BGN 3,274 thousand. It is formed by net gain from operations with financial assets in the amount of BGN 4,458 thousand and non-financial expenses in the amount of BGN 1,184 thousand.

The net gain from operations with financial assets consisted of a net gain from operations with investments of BGN 2,998 thousand, a dividend income amounting to BGN 2,443 thousand, net gain from foreign currency differences of BGN 978 thousand and other financial expenses of BGN 5 thousand.

The Fund's non-financial expenses represent expenses related to the Fund's operations; in 2024 they amount to 1.89% of the Fund's average annual net asset value. The Management Fee of the Management Company under the rules of the Fund is BGN 949 thousand.

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

The principal indicator of the effectiveness of the management of MF Advance Emerging Europe Opportunities is the change in the price of the Fund's units, calculated based on the NAV. The NAV per share increased to EUR 1.3073 as of 31.12.2024, compared to EUR 1.2102 a year earlier.

*Performance of Advance Emerging Europe Opportunities in the last 10 years:*



Performance as of 31.12.2024	
Since the beginning of the year	8.02%
3 years, annualized	4.93%
5 years, annualized	5.39%
Since the fund's inception (annualized)	1.58%

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

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

Risk management procedures include:

- (a) risk identification;
- (b) risk assessment;
- (c) selection of a risk strategy;
- (d) selection of ways to reduce the level of risk;
- (e) control of the level of risk.

The assessment, analysis and monitoring of risk factors is performed daily by employees in the risk management departments.

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

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

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

- **interest rate risk** - the risk of a decrease in the value of an investment in a security due to a change in the level of interest rates.
- **currency risk** - the risk of a decrease in the value of an investment in a security or deposit denominated in a currency other than lev and euro due to a change in the exchange rate between that currency and the lev or the euro.
- **price risk associated with investment in shares or other equity securities** – the risk of a decrease in the value of an investment in a security in the event of adverse changes in market price levels

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

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

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

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

The specific methods and organization for managing the above risks are regulated in the Rules for risk assessment and management of MF Advance Opportunities in New Europe.

## 2. Important post-reporting date events

No adjusting events or significant non-adjusting events occurred between the date of the financial statements and the date of their approval.

## 3. Expected future development of the Fund

In 2025, we intend to continue to pursue the Fund's strategy without making drastic changes to the geographic allocation of investments. Stocks in the Central and Eastern Europe (CEE) region, in our view, trade at attractive valuation ratios, relative to global equities and have the potential for appreciation. We believe that the main market risks for investment in the Fund relate to slowing economic growth of USA and Europe. Geopolitical tensions in global



economy, and the war in Ukraine also pose significant risks that could lead to a rise in market volatility. On the other hand, if the macroeconomic outlook improves, or if a peaceful settlement of the military conflict in Ukraine is reached, we believe this could provide significant support for equity prices in the region.

#### 4. Research and development activities

The specific nature of the activity of the mutual fund does not imply the development of research and development activities.

#### 5. Information pursuant to art. 187d and art. 247 of the Commerce Act

The Fund's equity as of 31 December 2024 consists of 41,338,399.5586 units with a par value of EUR 1 per unit. In 2024 the Fund issued 31,597,175.3175 units and repurchased 1,692,201.5450 units. The net asset value of the Fund increased significantly compared to the previous year to BGN 105,694 thousand in the end of the year. The number of unit holders during the year changed to 400 as of the end of 2024, of which 364 individuals and 36 legal entities.

The equity in the amount of BGN 105,694 thousand consist of:

- Share capital: BGN 80,851 thousand;;
- Premium reserve on issue of shares: BGN 17,334 thousand.;
- Retained earnings, net BGN 7,509 thousand; of which accumulated loss from prior periods at the amount of BGN 4,235 thousand;. And profit for 2024 amounts to BGN 3,274 thousand.

The fund does not distribute dividends. The fund has no registered branches. There are no restrictions on the rights of the members of the Board of Directors of the Management Company with respect to the acquisition of units of the Fund. As of 31 December, 2024 Daniel Ganey owns 8,235.9275 units and Bistra Koltsova owns 12,029.5471 units of the Fund. The management company Karoll Capital Management EAD owns 843,258.474 units.

In 2024, the Management company elects the audit firm Grant Thornton OOD with registration number 032 to audit the annual financial statements for 2024. The agreed remuneration amounts to BGN 17,500 without VAT.

#### 6. Changes in net assets and net asset value per share

	31.12.2024	31.12.2023	31.12.2022
	EUR	EUR	EUR
Net assets	54,040,453.87	13,836,769.76	10,904,319.47
Net asset value per share	1.3073	1.2102	0.9483

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

In 2024 the Management Company identifies and measures all risk factors associated with the individual instruments in the Fund's portfolio, then measures the total exposure of the portfolio to these factors and takes decisions on limits, tolerance and risk management at portfolio level.



The Fund's total risk exposure is calculated daily. The risk management department calculates the measurement and market risk assessment indicators.

The Management Company measures the price risk associated with investments in equities using one of the quantitative methods applicable to the relevant securities market:

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

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

As of 31.12.2024 the total risk of the Fund's portfolio, measured by the standard deviation is 11.31%. The total portfolio risk of MF Advance Emerging Europe Opportunities is measured by the historical volatility of a unit price, measured by the standard deviation.

The Risk Management Department performed a back-test of the validity of the risk assessment and forecasting model, measured by the NAV Standard Deviation approach, in order to verify the sustainability of the Fund's price risk assessment model, as of 10.01.2025 has compiled a report covering the period 01.01.2024 - 31.12.2024. The report, adopted by the Board of Directors on 10.01.2024 states that under standard market conditions the model is sufficiently precise in forecasting the maximum allowable monthly loss with a 99% confidence interval. During the back-testing period, one excess over the projected monthly maximum loss was recorded on 05.08.2024 in a context of extreme global financial market volatility triggered by macro-economic factors in Japan and a sharp appreciation of the yen leading to a reversal in the so-called carry-trade. The Management Company has decided that there is no need to review the used model for maximum value at risk and the parameters used for its application.

The management company does not charge performance fees to the collective investment scheme.

## **8. Disclosure for sustainable investments under Article 6 of Regulation 2019/2088**

Karoll Capital Management EAD has adopted a policy to integrate sustainability risks into its investment decision-making process to invest responsibly on behalf of and at the expense of managed collective investment schemes. The Management Company considers the risks to sustainability in the investment decision-making process, as these risks affect the risk of investments and, accordingly, their return. The Management Company applies the principles of responsible investment and sustainability in asset management, using assessments and indicators of sustainable finance from external suppliers in examining and determining the main adverse impacts on sustainability as part of the investment process. In the absence of such external assessments, the Management Company applies an internal factor assessment based on its own model, which considers both the criteria and the specifics of the sectors in which companies operate and their ability to collect and disclose information about their actions towards sustainability and social responsibility.

In accordance with the requirements of Commission Delegated Regulation (EU) 2022/1288 of 6 April 2022 supplementing Regulation (EU) 2019/2088 of the European Parliament and of the Council with regard to regulatory technical standards detailing the content and presentation of information in relation to the principle of no significant harm and specifying the content, methodologies and presentation of information in relation to sustainability indicators and adverse sustainability impacts, as well as the content and presentation of information in relation to the promotion of environmental or social performance and sustainable investment objectives in pre-contractual documents, websites and periodic reports, Karoll Capital Management EAD has published on its website information on the reported main adverse impacts of investment decisions on sustainability factors for the period 01.01.2022– 31.12.2022 and such for the period 01.01.2023. – 31.12.2023 and such for the period 01.01.2024. – 31.12.2024 is to be published by 30.06.2025.

Although a significant part of the investments made by the Fund could meet the principles of sustainable investment, the Fund does not have environmental and/or social characteristics within the meaning in Art. 8 of Regulation (EU) 2019/2088 of the European Parliament and of the Council from 29 November 2019 on the disclosure of sustainability information in the financial services sector.

The investments in the Fund as a financial product do not comply with the EU criteria for environmentally sustainable economic activities. In accordance with the requirements of Art. 7 of Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 establishing a framework to facilitate sustainable investment and amending Regulation (EU) 2019/2088.

## 9. Remuneration policy of the Management company

The Management Company of the Fund - Karoll Capital Management EAD discloses to all interested parties' details of the applied remuneration policy and any subsequent changes in it, without disclosing information that is a secret, protected by law.

The remuneration policy covers all forms of remuneration paid by the management company, as well as all amounts paid directly by the managed collective investment schemes.

The applied policy for remuneration in the Management Company is published on the company's website [karollcapital.bg](http://karollcapital.bg). In its financial report, available again on the website, MC Karoll Capital Management EAD has announced the result of the mandatory review of the implementation of the policy.

Sofia  
17.03.2025

Daniel Ganey:   
Chief Executive Officer

Bistra Kotseva:   
Procurator  
MC Karoll Capital Management EAD



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## INDEPENDENT AUDITOR'S REPORT

To the shareholders of  
**Mutual Fund Advance Emerging Europe Opportunities**  
57 Hristo Botev str., Sofia

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of **Mutual Fund Advance Emerging Europe Opportunities** (the „Fund“), which comprise the statement of financial position as at 31 December 2024 and the statement of profit or loss and other comprehensive income, statement of changes in net assets belonging to unitholders and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as of 31 December 2024 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU and Bulgarian legislation.

#### Basis for Opinion

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

#### Information Other than the Financial Statements and Auditor’s Report Thereon

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

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

## **Responsibilities of Management for the Financial Statements**

Management of the Managing Company is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU and Bulgarian legislation, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

## **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

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

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

## **Report on Other Legal and Regulatory Requirements**

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

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

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

- (a) the information in the management report is consistent with the financial statements for the same reporting period;
  - (b) the management report is prepared in accordance with the applicable legal requirements; and
- as a result of the acquired knowledge and understanding of the activities of the Company and the environment in which it operates, we have found no cases of material misrepresentation in the management report.

**Mariy Apostolov**  
**Managing partner**

**Silvia Dinova**  
**Registered auditor responsible for the audit**

**Grant Thornton Ltd.**  
**Audit firm, reg. №032**

26 March 2025  
Bulgaria, Sofia, 26, Cherni Vrah Blvd.



MF ADVANCE EMERGING EUROPE OPPORTUNITIES  
STATEMENT OF FINANCIAL POSITION  
31 DECEMBER 2024  
ALL AMOUNTS ARE IN BGN THOUSAND, UNLESS OTHERWISE STATED

	Note	31.12.2024	31.12.2023
<b>Assets</b>			
Financial assets at fair value through profit or loss	5	96,656	23,756
Current receivables and prepaid expenses	7	43	20
Cash and cash equivalents	6	9,161	3,327
<b>Total assets</b>		<b>105,860</b>	<b>27,103</b>
<b>Net assets, belonging to the shareholders</b>			
Share capital	8.1	80,851	22,362
Premium reserve	8.2	17,334	465
Retained earnings		7,509	4,235
<b>Total net assets, belonging to the shareholders</b>		<b>105,694</b>	<b>27,062</b>
<b>Liabilities</b>			
Related party payables	11.2	146	37
Trade payables		20	4
<b>Total liabilities</b>		<b>166</b>	<b>41</b>
<b>Total liabilities and net assets, belonging to the shareholders</b>		<b>105,860</b>	<b>27,103</b>

Daniel Ganey:   
Chief Executive Officer  
MC Karoll Capital Management EAD

Milena Simova:   
Chief Accountant  
MC Karoll Capital Management EAD

Bistra Kotseva:   
Procurator  
MC Karoll Capital Management EAD



Date: 17.03.2025

Audited, according to auditor's report, dated 26.03.2025:  
Grant Thornton Ltd., audit company with reg.№ 032  
Mariy Apostolov, Managing Partner  
Silvia Dinova, Registered auditor, responsible for the audit

The accompanying notes from 1 to 17 form an integral part of the financial statements.

MF ADVANCE EMERGING EUROPE OPPORTUNITIES  
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
31 DECEMBER 2024  
ALL AMOUNTS ARE IN BGN THOUSAND, UNLESS OTHERWISE STATED

	Note	For the year ending 31.12.2024	For the year ending 31.12.2023
Dividend income	9.1	2,443	1,140
Gains from operations with investments, net	9.2	2,998	4,455
(Loss) / gain from foreign currency exchange differences, net	9.3	(978)	761
Other finance costs	9.4	(5)	(6)
<b>Net gain from financial assets</b>		<b>4,458</b>	<b>6,350</b>
Hired services expenses	10	(1,184)	(466)
<b>Total operating expenses</b>		<b>(1,184)</b>	<b>(466)</b>
Profit for the year		<b>3,274</b>	<b>5,884</b>
<b>Total comprehensive income</b>		<b>3,274</b>	<b>5,884</b>

Daniel Ganey:   
Chief Executive Officer  
MC Karoll Capital Management EAD

Milena Simova:   
Chief Accountant  
MC Karoll Capital Management EAD

Bistra Kotseva:   
Procurator  
MC Karoll Capital Management EAD



Date: 17.03.2025

Audited, according to auditor's report, dated 26.03.2025:  
Grant Thornton Ltd., audit company with reg.№ 032  
Mariy Apostolov, Managing Partner  
Silvia Dinova, Registered auditor, responsible for the audit



MF ADVANCE EMERGING EUROPE OPPORTUNITIES  
STATEMENT OF CASH FLOWS  
31 DECEMBER 2024  
ALL AMOUNTS ARE IN BGN THOUSAND, UNLESS OTHERWISE STATED

	Note	For the year ending 31.12.2024	For the year ending 31.12.2023
<b>Cash flows from operating activities</b>			
Cash payments for financial assets' acquisition		(72,215)	(2,554)
Proceeds from sale of financial assets		2,926	3,462
Dividends received		1,220	1,157
Cash payments to the Management Company		(945)	(387)
Cash payments related to trade counterparties		(151)	(76)
Cash payments, related to foreign currency operations, net		(391)	(15)
Other cash flows, net		(1)	(1)
<b>Net cash flows from operating activities</b>		<b>(69,557)</b>	<b>1,586</b>
<b>Cash flows from financial activities</b>			
Proceeds from units' issue		79,780	121
Payments for units' repurchase		(4,389)	(270)
<b>Net cash flow from financing activities</b>		<b>75,391</b>	<b>(149)</b>
<b>Net increase of cash and cash equivalents</b>		<b>5,834</b>	<b>1,437</b>
<b>Cash and cash equivalents at the beginning of the year</b>	6	<b>3,327</b>	<b>1,890</b>
<b>Cash and cash equivalents at the end of the year</b>	6	<b>9,161</b>	<b>3,327</b>

Daniel Ganev:   
Chief Executive Officer  
MC Karoll Capital Management EAD

Milena Simova:   
Chief Accountant  
MC Karoll Capital Management EAD

Bistra Kotseva:   
Procurator  
MC Karoll Capital Management EAD

Date: 17.03.2025

Audited, according to auditor's report, dated 26.03.2025:  
Grant Thornton Ltd., audit company with reg.№ 032  
Mariy Apostolov, Managing Partner  
Silvia Dinova, Registered auditor, responsible for the audit

The accompanying notes from 1 to 17 form an integral part of the financial statements

MF ADVANCE INVEST  
STATEMENT OF CHANGES IN NET ASSETS,  
ATTRIBUTABLE TO SHAREHOLDERS  
31 DECEMBER 2024  
ALL AMOUNTS ARE IN BGN THOUSAND, UNLESS OTHERWISE STATED

	Share capital	Premium reserve	Accumulated loss	Total
<b>Balance as of 1 January 2023</b>	<b>22,489</b>	<b>487</b>	<b>(1,649)</b>	<b>21,327</b>
Issue of units	111	10	-	121
Repurchase of units	(238)	(32)	-	(270)
Transactions with shareholders	(127)	(22)	-	(149)
Profit for the year	-	-	5,884	5,884
Total comprehensive income for the year	-	-	5,884	5,884
<b>Balance as of 31 December 2023</b>	<b>22,362</b>	<b>465</b>	<b>4,235</b>	<b>27,062</b>
Issue of units	61,799	17,947	-	79,746
Repurchase of units	(3,310)	(1,078)	-	(4,388)
Transactions with shareholders	58,489	16,869	-	75,358
Profit for the year	-	-	3,274	3,274
Total comprehensive income for the year	-	-	3,274	3,274
<b>Balance as of 31 December 2024</b>	<b>80,851</b>	<b>17,334</b>	<b>7,509</b>	<b>105,694</b>

Daniel Ganey:   
Chief Executive Officer  
MC Karoll Capital Management EAD

Milena Simova:   
Chief Accountant  
MC Karoll Capital Management EAD

Bistra Kotseva:   
Procurator  
MC Karoll Capital Management EAD

Date: 17.03.2025



Audited, according to auditor's report, dated 26.03.2025:  
Grant Thornton Ltd., audit company with reg.№ 032  
Mariy Apostolov, Managing Partner  
Silvia Dinova, Registered auditor, responsible for the audit

The accompanying notes from 1 to 17 form an integral part of the financial statements.

## Notes to the financial statements

### 1. General information

MF Advance Emerging Europe Opportunities (the Fund) is an open-end collective investment scheme that operates, following the principle of risk sharing.

MC Karoll Capital Management EAD, with registered office in Bulgaria, Sofia, Vazrazhdane district, 57 Hristo Botev blvd., and address of management in Bulgaria, Sofia, Lozenets district, 1 Zlatovruh Str., has received a license № 1410 – MF/7.11.2007 of FSC to organize and manage mutual fund Advance Emerging Europe Opportunities. The Fund has entered into the register of FSC. In 2015, the name of the Advance IPO Fund was changed to Advance Emerging Europe Opportunities Fund by Decision №. 112 - MF / 23.02.2015, Decision № 113 - MF / 23.02.2015 and Decision №. 114 - MF / 23.02.2015.

The Fund is subject to regulation by the Financial Supervision Commission (FSC). The special legislation concerning the activity of the Fund is contained and arises mainly from the Act on the activities of collective investment schemes and other collective investment undertakings and related regulations in conjunction with the above.

MC Karoll Capital Management EAD, acting on behalf of MF Advance Emerging Europe Opportunities, elected Unicredit Bulbank AD as a custodian bank that will hold dematerialised securities and cash of the Fund.

The public offering of units of MF Advance Emerging Europe Opportunities started on 23 November 2007. They are denominated in euro, with par value of 1 euro per unit. The Fund's shares are not listed for trading on a regulated market.

The fund capital is a variable and may vary depending on the number of units issued and offered for redemption but is always equal to the net asset value of the Fund. The number of units outstanding as of 31 December 2024 and 2023 is respectively 41,338,399.5586 and 11,433,425,7861.

#### 1.1. Investmet strategy of the Fund.

The Fund's primary objective is to provide long-term growth in the value of the investments of the Fund's unitholders through the realization of capital gains while assuming a high level of risk.

The underlying investment strategy is based on the Managing Company's belief that, due to the earlier stage of development they are at, the countries of Central and Eastern Europe offer long-term growth potential.

The Fund invests in the following non-exhaustive markets: Poland, Czech Republic, Hungary, Slovenia, Estonia, Lithuania, and Austria (with exposure to CEE), but also allows investments in shares of companies from Romania, Serbia, Croatia, Bulgaria, Turkey, Albania, Greece, Cyprus, Bosnia and Herzegovina, Slovakia, Kazakhstan, Montenegro, North Macedonia, Ukraine, Latvia. The Fund may also invest in shares of revenue generating companies in the Central and Eastern Europe region that are traded on foreign exchanges.

The Fund analyses the macroeconomic situation and prospects of different countries, but in structuring its portfolio it mainly follows the approach of selecting individual stocks, analysing

the financial situation, prospects, appreciation potential and management quality of specific issuers. To mitigate risks and given the smaller size of some of the regional markets, the Management company applies liquidity criteria that serve as an initial filter to select stocks to be analysed in detail later.

The Fund also seeks to actively participate in IPO transactions. At the discretion of the Management Company, the Fund may participate in IPO transactions in various countries different from the Central and Eastern Europe region. In cases where IPO transactions are in non-CEE countries, the objective is to tactically capture attractive short-term opportunities, and a shorter investment horizon is acceptable. The countries targeted by the Fund carry the potential of developing countries because of the earlier stage at which the markets themselves, as well as their economies, are. At the same time, however, their capital markets have a higher level of sophistication in terms of liquidity and company transparency relative to several other countries in the region, which reduces the risks accordingly. Approximately 10-15% of the Fund's assets are expected to be held in cash and bank deposits to provide liquidity and, subject to the Management Company's positive expectations for the markets, the proportion of cash may decline to below 5% on account of equity investments, subject to minimum liquid cash availability requirements under the law and the Fund's Rules. The Fund will seek to hold a greater number of positions in order to achieve diversification by country and sector.

The Fund may also invest in private companies that plan to go public in the future (pre-IPO transactions).

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

## **2. Statement of compliance with IFRS, and going concern assumption**

### **2.1 Statement of compliance with IFRS, as adopted by the EU**

The financial statements of the Company have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB) and adopted by the EU (IFRS Accounting Standards, as adopted by the EU). For the purposes of paragraph 1(8) of the Additional Provisions of the Accounting Act applicable in Bulgaria, they include International Accounting Standards (IAS) adopted in accordance with Regulation (EC) 1606/2002 of the European Parliament and of the Council.

The management of the Management Company of the Fund is responsible for the preparation and fair presentation of the information in these financial statements.

### **2.2 Going concern principle**

At the date of preparation of this financial statements, management of the Management Company has assessed the Fund's ability to continue as a going concern based on available information for the foreseeable future. After making enquiries, the management have a reasonable expectation that the Fund has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the separate financial statements.

### 3. New or revised standards or interpretations

#### 3.1. New standards, amendments and interpretations to existing standards as of 1 January 2024

The Management Company has adopted in the accounting policies of the Fund the following new standards, amendments and interpretations to IFRS issued by the International Accounting Standards Board and endorsed by the EU, which are relevant and effective for the financial statements for the annual period commencing 1 January 2024 but do not have a material effect on the financial performance and financial position of the Fund:

- Amendments to IAS 1 "Presentation of financial statements: Classification of liabilities as current or non-current", effective from 1 January 2024, adopted by the EU
- Amendments to IAS 1 "Presentation of financial statements: Non-current liabilities with covenants", effective from 1 January 2024, adopted by the EU
- Amendments to IFRS 16 "Leases: Lease Liability in a Sale and Leaseback", effective not earlier than 1 January 2024, adopted by the EU
- Amendments to IAS 7 "Statement of cash flows" and IFRS 7 "Financial instruments: Disclosures: supplier finance arrangements", effective from 1 January 2024, not yet adopted by the EU

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

At the date of approval of these financial statements, new standards, amendments and interpretations to existing standards have been published but have not been enacted or adopted by the EU for the financial year beginning 1 January 2024 and have not been applied by the Fund since an earlier date. All standards and amendments are expected to be adopted in the Fund's accounting policies in the first period beginning after their effective date. Information about the standards that are expected to have a material effect on the Fund's financial statements is presented below:

#### **Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7), effective from 1 January 2026, not yet adopted by the EU**

The amendments in Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7) are:

- **Derecognition of a financial liability settled through electronic transfer.** The amendments to the application guidance of IFRS 9 permit an entity to deem a financial liability (or part of it) that will be settled in cash using an electronic payment system to be discharged before the settlement date if specified criteria are met. An entity that elects to apply the derecognition option would be required to apply it to all settlements made through the same electronic payment system.
- **Classification of financial assets**
  - *Contractual terms that are consistent with a basic lending arrangement.* The amendments to the application guidance of IFRS 9 provide guidance on how an entity can assess whether contractual cash flows of a financial asset are consistent with a basic lending arrangement. To illustrate the changes to the application guidance, the amendments add examples of financial assets that have, or do not have, contractual cash flows that are solely payments of principal and interest on the principal amount outstanding.
  - *Assets with non-recourse features.* The amendments enhance the description of the term 'non-recourse'. Under the amendments, a financial asset has non-



recourse features if an entity's ultimate right to receive cash flows is contractually limited to the cash flows generated by specified assets.

- *Contractually linked instruments.* The amendments clarify the characteristics of contractually linked instruments that distinguish them from other transactions. The amendments also note that not all transactions with multiple debt instruments meet the criteria of transactions with multiple contractually linked instruments and provide an example. In addition, the amendments clarify that the reference to instruments in the underlying pool can include financial instruments that are not within the scope of the classification requirements.

- **Disclosures**

- *Investments in equity instruments designated at fair value through other comprehensive income.* The requirements in IFRS 7 are amended for disclosures that an entity provides in respect of these investments. In particular, an entity would be required to disclose the fair value gain or loss presented in other comprehensive income during the period, showing separately the fair value gain or loss that relates to investments derecognised in the period and the fair value gain or loss that relates to investments held at the end of the period.
- *Contractual terms that could change the timing or amount of contractual cash flows.* The amendments require the disclosure of contractual terms that could change the timing or amount of contractual cash flows on the occurrence (or non-occurrence) of a contingent event that does not relate directly to changes in a basic lending risks and costs. The requirements apply to each class of financial asset measured at amortised cost or fair value through other comprehensive income and each class of financial liability measured at amortised cost.

### **IFRS 18 Presentation and Disclosure in Financial Statements effective from 1 January 2027, not yet adopted by the EU**

IFRS 18 aims to improve how companies communicate in their financial statements, with a focus on information about financial performance in the statement of profit or loss. IFRS 18 is accompanied by limited amendments to the requirements in IAS 7 Statement of Cash Flows. IFRS 18 is effective from 1 January 2027. Companies are permitted to apply IFRS 18 before that date. IFRS 18 replaces IAS 1 Presentation of Financial Statements.

Requirements in IAS 1 that are unchanged have been transferred to IFRS 18 and other Standards. IFRS 18 will affect all companies in all industries. Although IFRS 18 will not affect how companies measure financial performance, it will affect how companies present and disclose financial performance. IFRS 18 aims to improve financial reporting by:

- requiring additional defined subtotals in the statement of profit or loss. Adding defined subtotals to the statement of profit or loss makes companies' financial performance easier to compare and provides a consistent starting point for investors' analysis.
- requiring disclosures about management-defined performance measures. Requiring companies to disclose information about management-defined performance measures increases discipline over their use and transparency about their calculation.

The following new standards, amendments and interpretations to existing standards, which have also been issued, but are not yet effective, are not expected to have a material impact on the Fund's financial statement:

- Amendments to IAS 21 "The effects of changes in foreign exchange rates: Lack of exchangeability", effective from 1 January 2025, adopted by the EU

- Annual Improvements Volume 11, effective from 1 January 2026, not yet adopted by the EU
- IFRS 19 Subsidiaries without Public Accountability: Disclosures, effective from 1 January 2027, not yet adopted by the EU

#### **4. Material accounting policy information**

##### **4.1. Overall considerations**

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

The financial statements are presented in Bulgarian leva (BGN), which is also the functional currency of the Company. All amounts are presented in thousand Bulgarian leva (BGN '000) (including comparative information for 2023), except for earnings per share or unless otherwise stated.

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

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

##### **4.2. Presentation of financial statements**

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

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

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

##### **4.3. Foreign currency transactions**

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

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



#### **4.4. Revenues**

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

##### **4.4.1. Interest income**

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

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

##### **4.4.2. Net income from investment operations**

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

Differences from changes in the value of financial instruments are reported as current income or expense from revaluation of financial assets.

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

##### **4.4.3. Net income from foreign exchange operations**

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

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

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

#### **4.5. Expenses**

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

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

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

By resolution of the Management Company in 2024, the Rules of the Fund have been amended by changing the maximum issue costs as follows:

- 0,9% of the net asset value per unit for orders up to EUR 50 000 (fifty thousand) including, or their lev equivalent at the BNB fixing rate;
- 0,7% of the net asset value of one share at the value of the order for the purchase of shares from EUR 50 000,01 (fifty thousand and one hundredth), or their lev equivalent at the BNB fixing, up to and including EUR 250 000 (two hundred and fifty thousand) , or their lev equivalent at the BNB fixing;
- 0,25% of the net asset value of one share at an order value of EUR 250,000.01 (two hundred and fifty thousand and one hundredth), or their leva equivalent at the BNB fixing, up to and including EUR 500,000 (five hundred thousand), or their leva equivalent at the BNB fixing.
- 0 per cent. of the net asset value of a unit when investing an amount exceeding EUR 500,000, as well as for orders placed by institutional investors and for orders placed on behalf of investors as a result of and pursuant to a portfolio management agreement with Karoll Capital Management EAD.

The amendments to the Rules were approved by Resolution № 149-MF from 18.03.2024.

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

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

#### **4.6. Financial instruments**

##### **4.6.1. Recognition and derecognition**

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

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

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

##### **4.6.2. Classification, initial reporting and subsequent measurement**

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

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

##### **Financial assets at fair value through profit or loss.**

The Fund classifies its investments on the basis of both the business model for their management and the contractual cash flow characteristics of the financial asset. The Fund's investment portfolio is managed, and its presentation is evaluated on the basis of fair value

information. The Management Company of the Fund is focused on information about the fair values of its financial assets and uses this information to make a decision and evaluate the performance of the assets.

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

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

### **Receivables**

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

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

#### **4.6.3. Subsequent measurement of financial assets**

##### **Debt instruments at amortized cost**

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

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

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

##### *Receivables*

Receivables originally originated in the Fund are non-derivative financial instruments with fixed payments that are not traded in an active market. They are usually due for settlement in the short term and are therefore classified as current. Receivables are recognised initially at the unconditional consideration unless they contain significant financing components. The Fund holds receivables for the purpose of collecting contractual cash flows and therefore measures them at amortised cost using the effective interest method. Discounting is not carried out when its effect is immaterial.

##### **Financial assets at fair value through profit or loss**

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

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

#### **4.6.4. Impairment of financial assets**

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

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

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

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

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

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

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

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

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

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

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

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

#### **4.7. Cash and cash equivalents**

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

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



#### 4.8. Income taxes

According to the Corporate Income Tax Act, collective investment schemes admitted for public offering in the Republic of Bulgaria are not subject to corporate income tax.

#### 4.9. Net assets, belonging to shareholders

The Fund is an open type of collective investment scheme that issued its units and then has the responsibility for their repurchase. The funds raised and the financial result achieved determine the net asset value belonging to the investors.

Objectives, policies and processes for managing its obligation to the Fund to redeem the instruments when the holders of these instruments require this are set out in note **Error! Reference source not found.**

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

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

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

As of 01.01.2023, the Fund determines the NAV, the issue value and the redemption price of the units each business day for the previous business day.

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

- the provisions of the accounting legislations.
- the provisions of the Act for the activities of collective investment schemes and other collective investment entities.
- Ordinance № 44 on requirements to the activity of collective investment schemes, management companies, national investment funds, alternative investment funds and persons managing alternative investment funds.
- the rules and prospectus of the Fund.

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

#### 4.10. Provisions, contingent liabilities and contingent assets

Provisions are recognised when there is a possibility of present obligations resulting from past events to lead to an outflow of resources from the Fund and can be made reliable estimate of the amount of the obligation. Timing or amount of the outflow may still be uncertain. Present obligation arises from the presence of a legal or constructive obligation as a result of past events, such as legal disputes. Restructuring provisions are recognised only if there is a developed and implemented detailed formal restructuring plan or management has announced the main points of the restructuring plan to those affected by it. Provisions for future operating losses are not recognised.

The amount recognised as a provision is calculated based on the most reliable estimate of the expenditure required to settle the present obligation at the end of the reporting period, considering the risks and uncertainties associated with the present obligation. Where there are several similar obligations, the likelihood that an outflow to settle the obligation is

determined by considering the class of obligations as a whole. Provisions are discounted when the effect of the time value of money is significant.

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

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

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

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

#### **4.11. Significant management judgements in applying accounting policies**

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

- The issue and redemption price of Fund units are based on the net asset value of the Fund at the date of determination. The Management Company is assessing the portfolio, determine the net asset value of the Fund, net asset value per unit and calculate the issue price and the redemption price under the control of the Custodian bank in accordance with regulatory requirements;
- The Management Company invests the Fund's assets in securities and in proportions determined in accordance with the Activity of Collective Investment Schemes and Other Collective Investment Entities Act and the Fund Rules;
- The subsequent valuation of the Fund's assets shall be made in accordance with the Fund's Rules and Ordinance № 44 on the requirements to the activities of collective investment schemes, investment companies management companies, national investment funds, alternative investment funds and the individuals managing alternative investment funds.
- According to agreement with the Management Company and the Custodian, fees are collected daily;
- The management of the Fund is carried out by the Management Company. Management fees and expenses for marketing services provided by the Management Company are charged daily;
- The Fund does not have the right, and has no tangible or intangible assets and investment property. The Fund is not entitled to be a party to lease agreements and thus no accounting policy has been adopted regarding this type of assets.

The Fund does not have its own staff and thus no accounting policy has been adopted for pension and other employee obligations, as well as for staff remuneration based on shares.

#### **4.12. Uncertainty of accounting estimates**

##### **4.12.1 Fair value of financial instruments**

Management uses techniques as "net asset value", „market multipliers method" and "discounted expected cash flows method" to assess the fair value of financial instruments in the absence of quoted prices in an active market in accordance with the Fund's Rules and Ordinance № 44 on the requirements to the activities of collective investment schemes, investment companies, management companies, national investment funds, alternative investment funds and individuals managing alternative investment funds.

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

#### 4.12.2 Measurement of expected credit losses

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

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

### 5. Financial assets at fair value through profit or loss

Type of security	ISIN	As of 31.12.2024	% of total shares	As of 31.12.2023	% of total shares
ERSTE GROUP BANK AG	AT0000652011	7 946	7.51	1 464	5.40
BANK PEKAO SA	PLPEKAO00016	5 783	5.46	1 497	5.52
OTP BANK	HU0000061726	4 953	4.68	1 061	3.91
RICHTER GEDEON NYRT	HU0000123096	4 933	4.66	1 097	4.05
KOMERCNI BANKA	CZ0008019106	4 830	4.56	1 095	4.04
LPP SA	PLLPP0000011	4 560	4.31	598	2.21
MAGYAR TELEKOM TELECOMMUNICATIONS PLC.	HU0000073507	4 163	3.93	836	3.09
MONETA MONEY BANK	CZ0008040318	3 940	3.72	743	2.74
POWSZECHNY ZAKLAD UBEZPIECZEN SPOLKA AKCYJNA	PLPZU0000011	3 872	3.66	805	2.97
MOL HUNGARIAN OIL AND GAS PL	HU0000153937	3 488	3.30	924	3.41
OMV AG	AT0000743059	3 358	3.17	827	3.05
ORLEN	PLPKN0000018	3 229	3.05	1 320	4.87
KRUK S.A.	PLKRK0000010	2 839	2.68	1 189	4.39
PKO BANK POLSKI SA	PLPKO0000016	2 532	2.39	-	-
CEZ AS	CZ0005112300	2 517	2.38	852	3.14
JUMBO SA	GRS282183003	2 447	2.31	-	-
NOVA LJUBLJANSKA B-GDR REG S	US66980N2036	2 311	2.18	414	1.53
ALPHA SERVICES AND HOLDINGS	GRS015003007	2 235	2.11	-	-
PIRAEUS FINANCIAL HOLDINGS SA	GRS014003032	2 175	2.05	-	-
ALLEGRO.EU SA	LU2237380790	2 149	2.03	575	2.12
GRUPA KETY SA	PLKETY000011	1 974	1.86	604	2.23
INTER CARS SA	PLINTCS00010	1 679	1.59	926	3.41
TEXT S.A.	PLLVTSF00010	1 648	1.56	659	2.43
JERONIMO MARTINS	PTJMT0AE0001	1 617	1.53	-	-
UNIQA INSURANCE GROUP AG	AT0000821103	1 593	1.50	512	1.89
RAIFFEISEN BANK INTERNAT. AG	AT0000606306	1 465	1.38	338	1.25
SIAULIU BANKAS	LT0000102253	1 419	1.34	607	2.24
PEPCO GROUP NV	NL0015000AU7	1 398	1.32	427	1.58
ANY SECURITY PRINTING GO	HU0000093257	1 196	1.13	769	2.84
BENEFIT SYSTEMS SA	PLBNFTS00018	1 192	1.13	-	-
AB IGNITIS GRUPE	LT0000115768	1 116	1.05	545	2.01



Type of security	ISIN	As of 31.12.2024	% of total shares	As of 31.12.2023	% of total shares
MO-BRUK SA	PLMOBRK00013	1 038	0.98	410	1.51
CD PROJEKT SA	PLOPTTC00011	962	0.91	179	0.66
MURAPOL SA	PLMURPL00190	901	0.85	-	-
WIZZ AIR HOLDINGS PLC	JE00BN574F90	845	0.80	568	2.10
NEUCA	PLTRFRM00018	764	0.72	630	2.32
GRENEVIA SA	PLFAMUR00012	330	0.31	307	1.13
ZABKA GROUP	LU2910446546	308	0.29	-	-
CELON PHARMA SA	PLCLNPH00015	262	0.25	119	0.44
ANSWEAR.COM SA	PLANSWR00019	249	0.24	-	-
AS TALLINNA SADAM	EE3100021635	241	0.23	258	0.95
HUUUGE INC.	US44853H1086	102	0.10	30	0.11
TEN SQUARE GAMES SA	PLTSQGM00016	97	0.09	116	0.43
COMARCH	PLCOMAR00012	-	-	455	1.68
<b>TOTAL</b>		<b>96,656</b>	<b>91.31</b>	<b>23,756</b>	<b>87.65</b>

For all shares as of 31 December 2024, the method of estimation of their fair values was based on directly observable quotations from active markets.

Investments are allocated by countries as follows:

Country	As of 31.12.2024	% of total assets	As of 31.12.2023	% of total assets
Poland	39,485	37.30	10,845	40.02
Hungary	19,576	18.49	5,255	19.39
Austria	14,363	13.57	3,142	11.59
Czech Republic	11,286	10.66	2,690	9.92
Greece	6,857	6.48	-	-
Lithuania	2,535	2.39	1,152	4.25
Slovenia	2,311	2.18	414	1.53
Estonia	241	0.24	258	0.95
<b>TOTAL</b>	<b>96,656</b>	<b>91.31</b>	<b>23,756</b>	<b>87.65</b>

Investments are allocated by sectors as follows:

Sector	As of 31.12.2024	% of total assets	As of 31.12.2023	% of total assets
Financial services	47,893	45.24	9,726	35.88
Consumer goods	12,482	11.79	2,526	9.32
Energy	11,192	10.57	3,616	13.34
Healthcare	5,958	5.63	1,846	6.81
Communication services	5,325	5.03	1,161	4.28
Industrial manufacturing	4,841	4.57	2,312	8.53
Utilities	2,517	2.38	852	3.14
Materials	1,974	1.86	604	2.24
Consumer staples	1,926	1.82	-	-
IT	1,647	1.56	1,113	4.11
Real estate	901	0.86	-	-
<b>TOTAL</b>	<b>96,656</b>	<b>91.31</b>	<b>23,756</b>	<b>87.65</b>

Investments are allocated by currency as follows:

		<b>As of 31.12.2024</b>	<b>% of total assets</b>	<b>As of 31.12.2023</b>	<b>% of total assets</b>
Polish zloty	PLN	37,868	35.77	10,845	40.02
Euro	EUR	27,924	26.38	4,966	18.32
Hungarian forint	HUF	18,733	17.70	4,687	17.29
Czech koruna	CZK	11,286	10.66	2,690	9.92
British pound	GBP	845	0.80	568	2.10
<b>TOTAL</b>		<b>96,656</b>	<b>91.31</b>	<b>23,756</b>	<b>87.65</b>

Allocation of investments by trading market:

<b>Market</b>	<b>As of 31.12.2024</b>	<b>% of total assets</b>	<b>As of 31.12.2023</b>	<b>% of total assets</b>
Warsaw Stock Exchange	37,868	35.78	10,845	40.02
Budapest Stock Exchange	18,733	17.70	4,687	17.29
Wiener Boerse Ag	14,363	13.56	3,142	11.59
Prague Stock Exchange	11,286	10.66	2,690	9.92
Athens Exchange S. A	6,857	6.47		
London Stock Exchange	3,156	2.98	982	3.62
Ab Nasdaq Vilnius	2,535	2.39	1,152	4.26
Euronext – Euronext Lisbon	1,617	1.53		
NASDAQ Tallinn As	241	0.24	258	0.95
<b>TOTAL</b>	<b>96,656</b>	<b>91.31</b>	<b>23,756</b>	<b>87.65</b>

During the two presented periods, the Fund has had no blocked investments or investments pledged as collateral for liabilities of the Fund.

## 6. Cash and cash equivalents

	<b>As of 31.12.2024</b>	<b>As of 31.12.2023</b>
Cash in current accounts in BGN	1,655	80
Cash in current account in foreign currency	7,506	3,247
<b>TOTAL</b>	<b>9,161</b>	<b>3,327</b>

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

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

The Fund has no blocked cash and cash equivalents.

## 7. Current receivables and prepaid expenses

	As of 31.12.2024	As of 31.12.2023
Dividend receivables	33	10
Financial assets	33	10
Prepaid expenses	10	10
Non-financial assets	10	10
<b>TOTAL</b>	<b>43</b>	<b>20</b>

As of 31.12.2024 the Fund has dividend receivables from TEXT S.A. (PLLVTSF00010). The same has been received in the month of January 2025.

## 8. Net assets, belonging to shareholders

### 8.1 Number of units issued

#### Number and values of units issued

	Number of units	Nominal value per share	Share capital BGN'000.
<b>As of 01.01.2023</b>	<b>11,498,238.2271</b>	<b>1 EUR/ share</b>	<b>22,489</b>
Units issued	56,810.4384	1 EUR/ share	111
Units repurchased	(121,622.8794)	1 EUR/ share	(238)
<b>As of 31.12.2023</b>	<b>11,433,425.7861</b>	<b>1 EUR/ share</b>	<b>22,362</b>
Units issued	31,597,175.3175	1 EUR/ share	61,799
Units repurchased	(1,692,201.5450)	1 EUR/ share	(3,310)
<b>As of 31.12.2024</b>	<b>41,338,399.5586</b>	<b>1 EUR/ share</b>	<b>80,851</b>

### 8.2 Share premium reserves

	As of 31.12.2024	As of 31.12.2023
Share premium as of 1 January	465	487
Change due to units issued	17,947	10
Change due to units repurchased	(1,078)	(32)
<b>Share premium as of 31 December</b>	<b>17,334</b>	<b>465</b>

### 8.3 Net asset value per share

Net asset value per share is the basis for determining the issue price and the repurchase price of units of MF Advance Emerging Europe Opportunities, calculated every work day. Net asset value of the Fund is presented in Euro. For the accurate use of financial information and given that the Fund declares the net asset value in euro, this note is presented in EUR. For the purposes of these annual financial statements and compliance with the principles of IFRS, the net asset value per unit, issue price and redemption price have been calculated and presented as of 31.12.2024 and as of 31.12.2023.

All amounts are in EUR	31.12.2024 NAV (IFRS)	23.12.2024 NAV (disclosed)	31.12.2023 NAV (IFRS)	22.12.2023 NAV (disclosed)
Net asset value	54,040,453.87	53,890,278.74	13,836,769.76	13,799,056.60
Total number of units issued	41,338,399.558 6	41,323,502.274 4	11,433,425.786 1	11,433,258.831 0
Nominal value	1.00	1.00	1.00	1.00
Net asset value per share	1.3073	1.3041	1.2102	1.2069
Issue price				
Issue price 50 000 after "issue fee" of 0.90% (1.5%) of the net asset value <sup>1</sup>	1.3191	1.3158	1.2284	1.225
orders from EUR 50 000.01 to EUR 250 000 after "issue fee" of 0.70% (1.00%) of net asset value	1.3165	1.3132	1.2223	1.2190
orders from EUR 250 000.01 to EUR 500 000. after "issue fee" 0.25% (0.5%) of net asset value	1.3106	1.3074	1.2163	1.2129
for orders above EUR 500 000.01 as well as orders from institutional investors, and orders resulting from, and empowered by a contract for portfolio management with MC Karoll Capital Management – no issuance fee	1.3073	1.3041	1.2102	1.2069
Redemption price	1.3073	1.3041	1.2102	1.2069

By decision of the Board of Directors of the Management Company, the Fund have not accepted orders for and have not executed transactions with its own units on 27.12.2024, 30.12.2024 and 31.12.2024.

## 9. Activity Result

### 9.1 Dividend income

	For the year ended 31.12.2024	For the year ended 31.12.2023
Dividend income from Polish issuers	1 207	378
Dividend income from Hungarian issuers	355	268
Dividend income from Czech Republic issuers	379	267
Dividend income from Austrian issuers	263	150
Dividend income from Lithuanian issuers	98	51
Dividend income from Estonia issuers	16	16
Dividend income from Slovenian issuers	109	10
Dividend income from Greek issuers	16	
<b>TOTAL</b>	<b>2,443</b>	<b>1,140</b>

## 9.2 Gains from operations with investments, net

	For the year ended 31.12.2024	For the year ended 31.12.2023
Gains from changes in fair value of financial assets, (net)	3,128	4,470
Gain/(loss) from transactions with financial assets at fair value through profit or loss (net)	1	(5)
Expenses related to transactions with financial assets	(131)	(10)
<b>TOTAL</b>	<b>2,998</b>	<b>4,455</b>

## 9.3 (Loss)/gain from exchange rate difference, net

	For the year ended 31.12.2024	For the year ended 31.12.2023
Profit from currency revaluations of financial assets	8,595	5,516
Loss from currency revaluations of financial assets	(9,182)	(4,739)
Loss from foreign exchange transactions, net	(391)	(16)
<b>TOTAL</b>	<b>(978)</b>	<b>761</b>

## 9.4 Other finance costs

	For the year ended 31.12.2024	For the year ended 31.12.2023
Bank charges	(2)	(3)
Paying agent costs	(3)	(3)
<b>TOTAL</b>	<b>(5)</b>	<b>(6)</b>

The Management Company has appointed Helvetische Bank AG as the paying agent of the Swiss Confederation Investors Fund, with which it has concluded a contract for servicing payments to and from Swiss Confederation investors in accordance with the requirements of local legislation.

## 10. Hired services expenses

	For the year ended 31.12.2024	For the year ended 31.12.2023
Remuneration of the Management company	(949)	(363)
Remuneration of the custodian bank	(131)	(47)
Advertisement	(76)	(29)
Representation costs	(13)	(13)
Audit	(13)	(12)
Annual fees	(2)	(2)
<b>TOTAL</b>	<b>(1,184)</b>	<b>(466)</b>

Expenditures related to the Funds' operations in 2024 represent 1.89% (2023: 1.92%) from the average annual net asset value of the Fund's financial statements.

## 11. Related parties

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

### 11.1 Transactions from the period

	For the year ended 31.12.2024	For the year ended 31.12.2023
<b>Transactions with the Management company:</b>		
Remuneration to the Management company (note 10)	(949)	(363)
Remuneration for marketing services (note 10)	(76)	(29)
Fee for own shares issued	(29)	(1)
<b>TOTAL</b>	<b>(1,054)</b>	<b>(393)</b>

#### Management remuneration

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

#### Marketing services remuneration

For the provision of marketing services the Management Company receives remuneration in the amount of 0.12% of the average annual net value of the Fund's assets.

Fee for own issued units.

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

### 11.2 Related party balance at the year end

	As of 31.12.2024	As of 31.12.2023
Payables to the Management Company	146	37

The liabilities of the Fund to the Management Company as of 31.12.2024 represent due remuneration for the month of December 2024 and were fully repaid in January 2025 .

## 12. Categories of financial assets and liabilities

The carrying amounts of the Fund's financial assets and liabilities can be presented in the following categories:

Financial assets	Note	As of 31.12.2024	As of 31.12.2023
<i>Debt instruments at amortized cost:</i>			
Current receivables	7	33	10
Cash and cash equivalents	6	9,161	3,327
		<b>9,194</b>	<b>3,337</b>

	Note	As of 31.12.2024	As of 31.12.2023
<b>Financial assets</b>			
<i>Financial assets at fair value through profit or loss:</i>			
Shares	5	96,656	23,756
		<b>96,656</b>	<b>23,756</b>
<b>Financial liabilities</b>	Note	As of 31.12.2024	As of 31.12.2023
Financial liabilities measured at amortized cost:			
Trade payables		20	4
Related party payables	11.2	146	37
		<b>166</b>	<b>41</b>

See note 4.6 about information related to the accounting policy for each category financial instruments and the methods which are used for assessment of fair value of financial assets and liabilities measured at fair value. Description of the risk management objectives and policies of the Fund related to the financial instruments is presented in note 13.

### 13. Risk management related to financial instruments

#### Risk management objectives and policy

In order to adequately manage the financial risks, Karoll Capital Management EAD has adopted the Risk Assessment and Risk Management Rules of Advance Emerging Europe Opportunities. The implementation of the methods and procedures set out in the Rules is carried out on a daily basis by the Risk Management Department in the Management Company. The Fund's risk assessment and risk management rules were last amended by the Management Company and are effective as of 01.01.2023.

#### Liquidity risk

The Fund is required to maintain an asset and liability structure that enables it to carry on its business without interruption, repaying its liabilities promptly at a reasonable cost without the need for premature sale of profitable assets. The Fund attracts resources by issuing units.

Liquidity risk can arise as a consequence from the low liquidity on the capital market as well as when there are unusually large orders for repurchase of shares which can lead to insufficiency of Fund's cash.

The Fund invests in equities, traded on active stock markets and when it is necessary it can provide cash and cash equivalents to repurchase own units within the statutory imposed term.

The Fund manages this risk by seeking to maintain a relatively high proportion of cash and highly liquid assets in its assets to minimise the likelihood of being unable to repay its obligations in a timely manner.

According to the rules for maintenance and management of the liquid funds the Fund holds cash on deposits and in perpetual deposits, in order to meet liquidity needs. The Portfolio Manager monitors the amount of liquidity as a percentage of the Fund's assets on a daily basis. On a quarterly basis, a risk management report for the Fund is prepared, which includes an assessment of the liquidity risk metrics calculated, and presented to the Board of Directors.



The table below shows financial liabilities of the Fund, summarised in groups by maturity from the reporting date to the date they are due.

	<u>Up to 1 month</u>
<b>As of 31 December 2024</b>	
<b>Current payables</b>	
Total financial liabilities	166
<b>As of 31 December 2023</b>	
<b>Current payables</b>	
Total financial liabilities	41

With effect from 01.01.2023, the Management Company shall conduct liquidity stress tests of the Fund in accordance with the Liquidity Stress Testing Policy. The Policy sets out the procedures put in place by the Management Company, the models, the assumptions underlying them and the methodology used for liquidity stress testing as a liquidity risk management tool.

### **Market risk**

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

All investments in securities can generate risk of loss of capital. The portfolio manager manages this risk by careful selection of securities and other financial instruments within certain limits. The investment portfolio of the Fund is monitored on a daily basis by the portfolio manager. On a quarterly basis, a risk management report of the Fund is prepared containing an assessment of the calculated market risk indicators and presented to the Board of Directors.

Market risk is concentrated in the following positions:

	<b>As of 31.12.2024</b>		<b>As of 31.12.2023</b>	
	<b>Fair value</b>	<b>% of net assets, valued using market price</b>	<b>Fair value</b>	<b>% of net assets, valued using market price</b>
Financial assets at fair value through profit or loss	96,656	91.31	23,756	87.78
<b>Total amount, exposed to market risk</b>	<b>96,656</b>	<b>91.31</b>	<b>23,756</b>	<b>87.78</b>

### **Currency risk**

The Fund is exposed to foreign currency risk while operating with financial instruments, denominated in foreign currency. Foreign currency transactions result in exchange rate gains and losses presented in the statement of profit or loss and other comprehensive income. Such

exposures are the monetary assets and liabilities of the Fund, denominated in currency other than BGN and EUR.

During the reporting period the Fund did not carry out transactions with derivative instruments. The Management Company does not plan to hedge the currency exposures in the Fund's portfolio in 2025.

Financial assets and liabilities that are denominated in a foreign currency other than the euro and translated into Bulgarian leva at the end of the reporting period, are presented as follows:

	Polish zloty	Hungarian forint	Czech krona	British pound	American dollar
<b>31 December 2024</b>					
Financial assets at FVTPL	37,868	18,733	11,286	845	-
Cash	-	39	155	-	21
Trade receivables	33				
Total currency risk exposure	<b>37,901</b>	<b>18,772</b>	<b>11,441</b>	<b>845</b>	<b>21</b>

	Polish zloty	Czech krona	Hungarian forint	British pound	American dollar
<b>31 December 2023</b>					
Financial assets at FVTPL	10,845	4,687	2,690	568	-
Cash	-	-	-	-	19
Trade receivables	-	-	-	-	-
Total currency risk exposure	<b>10,845</b>	<b>4,687</b>	<b>2,690</b>	<b>568</b>	<b>19</b>

The tables below show the sensitivity of the annual net financial result after taxes and net assets to possible changes in the exchange rates of the Bulgarian lev against the following foreign currencies:

- Polish zloty (+/- 4.5%);
- Hungarian forint (+/- 6.1%);
- Czech koruna (+/- 3.3%);
- British pound (+/-4.1%);
- American dollar (+/- 6%)

All other parameters are assumed to be constant.

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

	Increased exchange rate of BGN		Decreased exchange rate of BGN	
	Net financial result	Net Assets	Net financial result	Net Assets
	BGN '000	BGN '000	BGN '000	BGN '000
Polish zloty (+/- 4.5%)	(1,527)	(1,527)	1,527	1,527
Hungarian forint (+/- 6.1%)	(1,024)	(1,024)	1,024	1,024
Czech koruna (+/- 3.3%)	(343)	(343)	343	343
British pound (+/- 4.1%)	(31)	(31)	31	31
American dollar (+/- 6%)	(1)	(1)	1	1

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

### **Interest rate risk**

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

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

### **Other price risk**

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

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

The Management Company measured general price risk of the investment portfolio through the historic volatility of the net asset value per share, which is measured by the standard deviation. As at 31.12.2024 and 31.12.2023 price risk indicators are calculated as follows:

Name	Currency	2024		2023	
		Average return (ann.)	Standard deviation	Average return. (ann.)	Standard deviation
MF Advance Emerging Europe Opportunities	EUR	8.73%	11.31%	27.98%	10.78%

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

### **Credit risk**

Exposure of the Fund to credit risk is limited to the carrying amount of financial assets, recognised at the reporting date, as indicated in note 12.

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

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

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

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

The Management Company of the Fund measures and assesses the counterparty risk and the credit settlement risk by the value of all unsettled transactions with certain counterparty as a percentage from the value of the investment portfolio. It manages these types of risk by setting limits regarding the value of the unsettled transactions with certain counterparty and strictly observes them, counterparty credit risk and the settlement risk are relatively low with respect to the transactions of the Fund as most of the transactions are concluded under DVP terms of settlement. During the period no investments have been made in debt securities that could expose it to investment credit risk.

## **14. Fair value measurement of financial instruments**

Financial instruments are initially measured at fair value in the statement of financial position. IFRS 7 requires disclosure of the techniques for measurement of the fair value. This Standard introduces a hierarchy of fair values, defined according to the degree of observation of the data used for the measurement.

Observable data can be defined as market data obtained from independent sources, while data reflecting market assumptions of the Fund is defined as unobservable.

Both data sets the three levels of the fair value hierarchy:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 - Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table provides information on financial instruments at fair value as at 31 December 2024 and 2023, presented in levels 1 to 3:

**As of 31.12.2024**

	<u>Level 1</u>
Financial assets at fair value through profit or loss	96,656
- Equity instruments	

**As of 31.12.2023**

	<u>Level 1</u>
Financial assets at fair value through profit or loss	
- Equity instruments	23,756

**15. Policy and procedures for management of net assets belonging to shareholders**

The objectives of the Management company regarding capital management are:

- achieve profitability with minimum risk for investors;
- maintain high liquidity for timely repayment of obligations to investors that could arise when repurchasing shares;
- adequate ratio between cash invested in securities and cash instruments.

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

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

	<b>2024</b>	<b>2023</b>
Net assets, belonging to unitholders	105,694	27,062
Total assets	105,860	27,103
<b>Net assets to total assets ratio</b>	<b>99.84%</b>	<b>99.85%</b>

**16. Post-reporting date events**


No adjusting events or significant non-adjusting events occurred between the date of the financial statements and the date of their approval.



## 17. Authorization of the financial statements

The financial statements for the year ended 31 December 2024 (including comparative information) were approved by the Board of Directors of the Management Company Karoll Capital Management EAD, on behalf of, and at the expense of MF Advance Emerging Europe Opportunities, on 24.03.2025.

  
**Daniel Ganey**  
Chief Executive Officer  
Karoll Capital Management EAD

  
**Milena Simova**  
Chief Accountant  
Karoll Capital Management EAD

  
**Bistra Kotseva**  
Procurator  
Karoll Capital Management EAD

