

ADVANCE EUROPEAN INFRASTRUCTURE

Mutual Fund

PROSPECTUS

for the Public Offering of Units of a Sector-Focused Contractual Fund, aimed at long-term capital appreciation through strategic investments in shares of European publicly traded companies that own, operate and/or derive revenues from infrastructure assets across Europe, with the objective of providing investors with stable returns in the form of capital gains and dividend income for the fund, by investing in a diversified portfolio of shares of high-quality European infrastructure companies, while assuming a high level of risk

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

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

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

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

Prospectus Date: 21.04.2026

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

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

Karoll Capital Management EAD Asset Management Company informs the potential investors that the investment in the offered units of Advance European Infrastructure Mutual Fund implies certain risks described in detail under item 17 of the present Prospectus.

1. INFORMATION ABOUT THE ASSET MANAGEMENT COMPANY

Name: Karoll Capital Management EAD

Seat: Republic of Bulgaria, Sofia

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

UIC: 131134055

Telephone: (+359 2) 4008 300

Fax: (+359 2) 4008 426

E-mail: KCM@karoll.bg

Web site: www.karollcapital.bg

Date of establishment: 21 April 2003

Name and date of the licence issued by the Financial Supervision Commission: No. 328-УД of 21 August 2003, re-licensed by decision No. 11-УД / 16.02.2006, renewed by № 63-УД/25.09.2019

Registered and paid-in capital: EUR 1,000,000

Short information about the company professional experience: In addition to Mutual Fund Advance European Infrastructure, Karoll Capital Management EAD Management Company is currently managing also MF Advance Invest, MF Advance Eastern Europe and MF Advance Global Trends, as well as the investment portfolio of Karoll – Advance Emerging Europe Opportunities, sub-fund of Karoll SICAV, Luxembourg.

Country of origin: The country of origin of Advance European Infrastructure Mutual Fund, organised and managed by Karoll Capital Management EAD Management Company, and of Karoll Capital Management EAD Management Company, is the Republic of Bulgaria.

Current Remuneration Policy of the Management Company

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

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

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

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

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

1. Incorporating ESG issues into investment analysis and decision-making processes.
2. Active and responsible attitude toward ESG issues in its own corporate practices.

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

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

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

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

STANIMIR MARINOV KAROLEV – Chairman of the Board of Directors

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

DANIEL YOVCHEV GANEV – Managing Director

Daniel Ganev is a member of the Board of Directors and Executive Director of Karoll Capital Management EAD and, in this capacity, oversees the company's administrative functions, strategic and product development, and participates in investment committees. He is responsible for the company's strategic partnerships with international institutions such as Schrodgers, UK, as well as with other European, American, and Asian partners. In 2003, Daniel Ganev headed the project for the establishment of the first Bulgarian equity fund – ID Advance Invest, and following its launch became its portfolio manager. Prior to this project, Daniel Ganev worked within the Karoll financial group as a financial analyst. Before joining the company, he received professional training at Merrill Lynch, SG Cowen New York, and Sony Electronics. Daniel Ganev holds a Bachelor's degree in Business Administration from William Paterson University, USA, and an MBA from the University of Cambridge, UK, as well as a license as an investment consultant issued by the Financial Supervision Commission. He represents Karoll Capital Management EAD as a member of the Management Board of the Bulgarian Association of Asset Management Companies (BAAMC), where he chairs the International Cooperation Committee. He is also a representative of Karoll Motivation Pool AD, a fund established for employees of the Karoll financial group. Daniel Ganev additionally serves as a director of Karoll SICAV, Luxembourg. Daniel Ganev has numerous publications and media interviews and has participated in meetings and seminars in the financial centers of Europe, the United States, and Asia..

HRISTINA NIKOLAEVA GABROVSKA – Deputy Chairman of the Board of Directors

Hristina Gabrovska is a member of the Board of Directors of Karoll Capital Management and a chief legal counsel of the company. She joined the team of Karoll Capital Management in January 2021. Hristina

Gabrovska has a LL.M. degree in Law from the Legal Faculty of the St. Kliment Ohridski University of Sofia. In 2006, she gained also a LL.M. degree in Securities and Financial Regulation at Georgetown University Law Center, Washington D.C., USA. Since January 2016 she is legal counsel and since March 2017 also a member of the board of directors of Karoll Investment EAD. Since January 2018 she is member of the management board of Karoll Knowledge Foundation and since August 2025 she is also member of the board of directors of Karoll SICAV, Luxembourg. Hristina Gabrovska participates in the legal committee of BAAMC. She is certified mediator with additional specializations in business mediation and team mediation.

BISTRA STOYANOVA KOTSEVA – Procurator

Bistra Kotseva is appointed as Procurator of Karoll Capital Management EAD. Bistra Kotseva holds a Master's degree in Accounting and Control from the University of National and World Economy – Sofia. She also serves as Head of the Client Relations Department of the Management Company, part of the Karoll financial group, and manages the process of developing relationships and communication with the clients of the Company and the group. She is a representative of Karoll Motivation Pool AD and deputy chairman of the Board of Directors of Gradus AD, a public company traded on the Bulgarian Stock Exchange AD – Sofia.

The Company is managed and represented jointly by the Executive Director and the Procurator.

3. MUTUAL FUND DATA

Name: “ADVANCE EUROPEAN INFRASTRUCTURE”

The Mutual Fund has been established and is managed pursuant to a resolution of the Board of Directors of Karoll Capital Management EAD adopted on 28 July 2025, on the grounds of Article 5, paragraphs 2 and 4, and Article 6 of the Act on the Activity of Collective Investment Schemes and Other Undertakings for Collective Investment, in conjunction with § 1, item 10 of the Additional Provisions of the same Act. The risk profile of the Fund is high risk. The Fund has been entered in the register under Article 30, paragraph 1, item 5 of the Financial Supervision Commission Act by decision of the Financial Supervision Commission No. 708-DF / 25 November 2025.

In this Prospectus, the terms “the Mutual Fund” and/or “the Fund” refer to Mutual Fund “Advance European Infrastructure”.

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

Closed period: No closed period is envisaged.

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

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

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

5. TAX REGIME

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

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

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

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

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

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

6. ACCOUNTING DATES AND INCOME ALLOCATION DATES

Accounting Dates

ADVANCE EUROPEAN INFRASTRUCTURE Mutual Fund presents to the Financial Supervision Commission and the public:

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

Income Allocation Dates

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

7. INFORMATION ABOUT THE AUDITORS

The annual financial statements of Mutual Fund “ADVANCE EUROPEAN INFRASTRUCTURE” for year 2025 has been audited and certified by:

Name of the audit company: Grant Thornton OOD

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

Telephone: (+3592) 987 28 79

Web site: www.gtbulgaria.com

E-mail: office@bg.gt.com

Responsible auditor for 2022, 2023 and 2024: Silvia Dinova

8. NUMBER AND FACE VALUE OF THE FUND UNITS

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

9. TYPE OF UNITS AND RIGHTS UNDER THEM

Mutual Fund Units

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

Share Right over the Fund's Property

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

Liquidation Quota Right

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

Redemption Right

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

Right of information

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

- To use the information contained in the Prospectus, the Key Information Document and the regular reports of the Fund, as well as any other public information related to it or its activity;
- To get acquainted with and receive a copy of the Fund Rules;
- To receive information about material changes in the activity of the Managing Company, as well as other information about it as stipulated by the law;
- to submit a complaint without being required to pay any fee therefor, whereby all complaints received shall be registered, processed, reviewed, and responded to by the Management Company in accordance with the procedure and time limits set out in Ordinance No. 44 on the Requirements for the Activity of Collective Investment Schemes, Management Companies, National Investment Funds, Alternative Investment Funds and Entities Managing Alternative Investment Funds, as well as in accordance with the applicable complaints-handling policy of the Management Company.

10. TERMINATION OF THE FUND

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

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

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

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

In the event of withdrawal of the license to carry out activity, termination, or declaration of insolvency of the Management Company managing the Mutual Fund, the Management Company shall terminate the management of the Fund and shall immediately transfer to the Fund's Depositary Bank all information and documentation in its possession relating to the management of the Fund. Until the conclusion of an agreement with another management company or until the transformation of the Fund through merger or absorption, the Depositary Bank shall, by way of exception, perform management actions for a period not exceeding three months. If no management company is selected or approved to manage or, respectively, to transform the Mutual Fund, or if the Deputy Chairperson of the Financial Supervision Commission refuses to grant authorization to the new management company to manage or, respectively, to transform the Fund, a procedure for termination of the Mutual Fund shall be initiated regardless of the expiration of the three-month period referred to in the preceding sentence.

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

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

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

12. PROCEDURE FOR TRANSFERRING UNITS AT SECONDARY TRADE

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

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

The transfer of the ownership over the Fund units in case of donation and inheritance is performed through a

licensed investment broker operating as a registration agent.

13. TERMS AND PROCEDURE FOR ISSUANCE AND SALE OF UNITS

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

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

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

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

13.2. Terms and conditions for purchasing units

Purchasing units of the MF ADVANCE EUROPEAN INFRASTRUCTURE Mutual Fund is done based on a written agreement with the customer pursuant to the provisions of Ordinance № 44 on the requirements for the activity of the collective investment schemes, the management companies, the national investment funds, the alternative investment funds and the entities managing alternative investment funds. The written form is considered observed if the agreement has been concluded by electronic statements signed with a qualified electronic signature within the meaning of the Electronic Documents and Electronic Signature Act. Issuance (sale) of units of a collective investment scheme may be performed only if the unit issue price has been paid in full. To purchase Fund units, an investor submits a unit subscription order along with the attachments to it.

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

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

The amounts for purchasing units are deposited in EUR. The transfer of the amount must be done when placing the order for subscription of units, to a bank account of the Mutual Fund with the Depositary Bank..

Payment details – unit purchase order for ADVANCE EUROPEAN INFRASTRUCTURE Mutual Fund.

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

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

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

- By a natural person applicant: ID card;
- By a legal entity applicant: certificate of good standing, ID card of the authorised representative;

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

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

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

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

In transactions and payments for the purchase of units of the Mutual Fund by foreign investors, such investors shall be obliged to comply with the specific rules of the Currency Act regarding the import of Bulgarian lev and foreign currency in cash, where applicable.

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

13.3.1. Calculation of the total number of purchased units

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

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

13.3.2. Execution term for unit purchase orders

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

13.4. Confirmation of executed unit purchase orders

Upon the sale of units of the Fund, the Management Company shall notify the unit holder, on a durable medium or, where applicable, via electronic means of communication, as soon as possible, of the execution

of the order. The confirmation shall be provided no later than the first business day following execution or, where the Management Company has received confirmation from a third party, no later than the first business day following receipt of such confirmation from the third party. The requirement set out in the preceding sentence shall not apply where the confirmation would contain the same information as the confirmation that is immediately sent to the unit holder by another person. For the purposes of providing information by electronic means of communication regarding the execution of an order for the sale of units of the Fund, the provisions of Article 106, paragraph 3 of Ordinance No. 44 shall apply.

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

14.1. Redemption obligation

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

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

14.2. Terms and procedure for temporary suspension of the redemption

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

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

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

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

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

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

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

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

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

14.3. Conditions for redemption of units

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

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

14.4. Redemption price of fund units

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

The unit redemption price is determined every business day for the previous business day and is announced by the end of the same day on the web site of the Asset Management Company. The Management Company shall redeem the Fund units at a price equal to the redemption price announced for the closest day following

the day of submission of the redemption order. "The closest day following the day of submission of the redemption order" means the first day following the day of submission of the redemption order, on which a new redemption price has been determined.

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

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

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

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

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

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

The order for the redemption of units becomes irrevocable at 10:00 a.m. on the date on which the redemption price at which the respective order will be executed is determined..

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

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

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

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

14.6.1. Calculation of the total value of the order

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

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

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

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

The repayment of the monies is performed as follows: to the bank account stated in the unit redemption order.

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

14.7. Confirmation of executed unit redemption orders

At redemption of Fund units, the Management Company shall inform the unit-holder as soon as possible about the order execution, using a hard copy or respectively through electronic communication means, if applicable. The conformation must be done not later than the first working day after the execution or if the Management Company has received confirmation from a third person – not later than the first working day upon receiving the third-person confirmation. The provision of the previous sentence does not apply if a confirmation would contain the same information as the confirmation that is sent immediately to the unit-holder by another person. For the purposes of providing information via electronic communication means regarding the execution of a Fund unit redemption order, the provisions of Art. 106, Para. 3 of Ordinance № 44 on the requirements for the activity of the collective investment schemes, management companies, national investment funds, alternative investment funds and the entities managing alternative investment funds will apply.

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

15. DESCRIPTION OF THE RULES FOR DETERMINING THE INCOME

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

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

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

16.1. INVESTMENT OBJECTIVES OF THE FUND

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

There is no certainty that the ADVANCE EUROPEAN INFRASTRUCTURE Mutual Fund will achieve the stated investment objectives.

16.2. INVESTMENT POLICY OF THE FUND

16.2.1. Main investment strategy

Mutual Fund Advance European Infrastructure is an actively managed, sector-focused mutual fund aimed at long-term capital appreciation through strategic investments in shares of European publicly traded companies that own, operate and/or derive revenues from infrastructure assets across Europe. The Fund will primarily invest in infrastructure sectors such as transportation, energy, construction, utilities, digital infrastructure, social infrastructure, and defense. These investments typically offer stable and predictable cash flows, long asset lives based on long-term contracts, inflation-linked revenues, and defensive characteristics, making them an attractive option across different economic cycles while also capturing growth opportunities. The Management Company applies liquidity criteria that serve as an initial filter for the selection of shares to be subsequently subject to detailed analysis.

The characteristics of the selected focus sectors include:

- ✓ Transportation: companies in the road and rail transport, shipping, automotive manufacturing, ports, and airports sectors, featuring monopolistic characteristics and long-term concessions or regulatory frameworks.
- ✓ Energy infrastructure: pipelines, storage facilities, electricity generation and transmission infrastructure, and renewable energy sources.
- ✓ Construction: production of construction materials, steel and other metals, and engineering and construction activities.
- ✓ Utilities and water: regulated electricity and gas distribution networks, water supply and treatment systems, and waste management facilities.
- ✓ Digital infrastructure: fiber-optic networks, data centers, communication towers, and edge computing facilities, which are essential to sustaining the growth of global data consumption.
- ✓ Social infrastructure: healthcare, education, and public service facilities.
- ✓ Defense: all activities related to the design, production, and maintenance of military equipment, technologies, and systems supporting national defense and security.

The Fund will also seek to actively participate in IPO transactions (initial public offerings of shares by issuing companies). The Fund's participation in IPOs in various countries in Western Europe, as well as in Central and Eastern Europe, shall be at the discretion of the Management Company. In addition to long-term strategic investments, participation in IPOs may aim at tactically exploiting attractive short-term opportunities, in which case a shorter investment horizon is permissible. The Fund may also invest in private companies that plan to acquire public status in the future (pre-IPO transactions).

The investment professionals carry out in-depth bottom-up fundamental financial analysis of the key characteristics of companies, focusing on cash flow forecasts, the stability of financial statements, the quality of management, and the regulatory environment, including:

- ✓ Focus on quality and income: preference is given to companies with stable earnings, attractive dividend yields, and solid returns on invested capital.
- ✓ Adequate diversification: investments are diversified across different geographical regions and sectors in order to reduce country-specific and sector-specific risks.
- ✓ Geographical focus: the Fund has a pan-European focus, including all countries of the European Union, as well as the London Stock Exchange, United Kingdom; SIX Swiss Exchange, Switzerland; Oslo Stock Exchange (Euronext Oslo Børs), Norway; Iceland Stock Exchange, Iceland; and Istanbul Stock Exchange, Turkey.
- ✓ Regional allocation: exposure will include both Western European markets and emerging markets in Central and Eastern Europe with strong infrastructure growth prospects.
- ✓ Portfolio construction: a target equity portfolio of 30–50 companies.

In accordance with the Rules of the Mutual Fund, its assets shall be invested in the following asset groups and within the limits set out below:

Structure of the Fund's Assets:	
Type of assets	Relative share of the Fund's total assets

Shares admitted to trading or traded on a regulated market pursuant to Article 152, paragraphs 1 and 2 of the Markets in Financial Instruments Act; Shares traded on a regulated market other than that referred to in Article 152, paragraphs 1 and 2 of the Markets in Financial Instruments Act, in the Republic of Bulgaria or in another Member State, which operates regularly and is recognized and publicly accessible; Shares admitted to trading on an official market of a stock exchange or traded on another regulated market in a third country, which operates regularly and is recognized and publicly accessible, included in a list approved by the Financial Supervision Commission upon proposal of the Deputy Chairperson of the Financial Supervision Commission or provided for in the Rules of the Fund; newly issued shares, the terms of issue of which include an undertaking to apply for admission to trading and to be admitted, within a period not exceeding one year from their issuance, to trading on an official market of a stock exchange or on another regulated market which operates regularly and is recognized and publicly accessible, included in a list approved by the Financial Supervision Commission upon proposal of the Deputy Chairperson of the	Up to 100%
Shares of non-public companies that plan to carry out an initial public offering in the future (pre-IPO transactions);	Up to 10 %
Deposits with credit institutions, receivables under bank deposits, cash	Up to 50 %

The specific asset structure of the Fund depends on prevailing market conditions and is dynamic within the limits of the adopted asset allocation and the applicable statutory restrictions, while at the same time remaining consistent with the stated objectives. In the event of a prolonged decline in equity markets, investments will be withdrawn from the equity asset class and the share of cash and bank deposits will be increased, with the aim of protecting investors' capital.

The Fund may invest in the following types of assets permitted under the Act on the Activity of Collective Investment Schemes and Other Undertakings for Collective Investment:

1. shares admitted to trading or traded on a regulated market pursuant to Article 152, paragraphs 1 and 2 of the Markets in Financial Instruments Act;
2. shares traded on a regulated market other than that referred to in Article 152, paragraphs 1 and 2 of the Markets in Financial Instruments Act, in the Republic of Bulgaria or in another Member State, which operates regularly and is recognized and publicly accessible;
3. shares admitted to trading on an official market of a stock exchange or traded on another regulated market in a third country, which operates regularly and is recognized and publicly accessible, included in a list approved by the Commission upon proposal of the Deputy Chairperson, or provided for in the Rules of the Fund;
4. newly issued shares, the terms of issue of which include an undertaking to apply for admission to trading and to be admitted, within a period not exceeding one year from their issuance, to trading on an official market of a stock exchange or on another regulated market which operates regularly and is recognized and publicly accessible, included in a list approved by the Commission upon proposal of the Deputy Chairperson, or provided for in the Rules of the Fund;
5. shares of non-public companies that plan to carry out an initial public offering in the future (pre-IPO transactions);
6. deposits with credit institutions payable on demand or which may be withdrawn at any time, and with a maturity not exceeding 12 months; credit institutions in a third country must comply with rules and be subject to supervision which the Commission, upon proposal of the Deputy Chairperson, has determined to be equivalent to those under European Union law;
7. cash.

The Fund shall not invest in money market funds (MMFs) within the meaning of Regulation (EU) 2017/1131 of the European Parliament and of the Council of 14 June 2017 on money market funds (Regulation (EU)

2017/1131), irrespective of the possibilities provided for in the Fund's investment policy to invest in financial instruments, deposits, and techniques for efficient portfolio management. Furthermore, although certain assets in the Fund's portfolio may in substance also constitute eligible investments for MMFs, Karoll Capital Management EAD does not intend to take any actions to align the structure and nature of the Fund's assets with the requirements for eligible assets in which MMFs may invest pursuant to Regulation (EU) 2017/1131, and accordingly shall not allow the Fund to effectively acquire the characteristics of an MMF within the meaning of Regulation (EU) 2017/1131.

In applying the adopted Sustainable Finance Policy and the principles of sustainable investing when making investment decisions in respect of the Fund's portfolio, the Management Company applies several approaches, ranked by significance as follows:

✓ *Principle of exclusion*

The Management Company avoids investments in companies that are included on sanctions lists, violate human rights and basic ethical standards, are known for corrupt practices, operate in conflict regions, have significant negative environmental impacts, as well as in other companies such as those generating the majority of their revenues from the tobacco and pornographic industries.

✓ *Principle of inclusion of best-performing companies according to ESG criteria (best-in-play)*

The Management Company uses ESG ratings and indicators from external providers in identifying and assessing principal adverse sustainability impacts as part of the investment process. Consideration is given both to the individual ESG rating of the respective issuer, its evolution over time, and its level relative to the ESG ratings of other companies in the industry in which it operates. In this sense, a low ESG rating from an external provider alone does not constitute sufficient grounds for refraining from or divesting an investment in a given issuer.

For companies for which no external ESG ratings are available, the Management Company applies internal assessment of the relevant factors based on its own model, which takes into account both the criteria themselves and the specific characteristics of the sectors in which the companies operate, as well as their capacity to collect and disclose information on their actions related to sustainability and social responsibility. The Management Company recognizes that insufficient disclosure by companies is often due to a lack of experience and resources rather than an intention to conceal breaches of sustainability criteria. Therefore, a leading principle in the investment process is, all other things being equal, to give preference to companies that disclose a greater volume of relevant information, without explicitly excluding those for which such information is not fully available. Where possible, the company's performance is compared with that of other companies in the relevant sector.

Where it is possible to quantify the impact of ESG criteria on the fair value of a company in which the Management Company has invested or intends to invest, such impact may be integrated into the traditional financial analysis. In cases where such risks are more difficult to quantify, the portfolio manager incorporates their potential impact in other ways, either explicitly, for example by reducing the expected future value of the issuer, or indirectly, for example by adjusting the weight of the issuer's securities in the Fund's portfolio depending on the degree to which the sustainability risk is considered likely to affect the issuer.

The consideration of sustainable investment factors forms part of the investment process. Responsibility for taking such factors into account when structuring the investment portfolio, as well as for the use and calculation of ESG ratings, lies with the financial analysts and the portfolio manager, while the Investment Committee oversees the application of the Sustainable Finance Policy. The portfolio manager and the investment committee review investments at least annually, as well as on an ad hoc basis. Where changes of an environmental, social, or governance nature are identified that could potentially have a significant negative impact on their value or materially adversely affect their financial returns, the Management Company shall decide on the subsequent steps to be taken in order to ensure compliance with the principles set out in the Sustainable Finance Policy and to safeguard the interests of the Fund's unit holders..

Although some of the investments made by the Fund will comply with the principles of sustainable investing, the Fund does not have environmental and/or social characteristics within the meaning of Article 8 of Regulation (EU) 2019/2088 of the European Parliament and of the Council of 29 November 2019 on sustainability-related disclosures in the financial services sector. As a result of the application of the Management Company's Sustainable Finance Policy in relation to the assets under management, the Fund may have limited exposure to certain companies and may refrain from certain investment opportunities or

divest from certain holdings that do not comply with its sustainability criteria. Consequently, the Fund may underperform other funds that do not apply similar criteria to their investments.

The investments underlying this financial product do not take into account the EU criteria for environmentally sustainable economic activities within the meaning of Article 7 of Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment and amending Regulation (EU) 2019/2088.

The declared circumstance relates to the following environmental objectives: climate change mitigation and climate change adaptation, applicable as of 1 January 2022.

16.2.2. Other investment strategies, techniques and instruments

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

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

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

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

10. The Fund can invest not more than 10 per cent of its assets in other transferable securities, other than those under Art. 38, Para. 1 of the LACISOUCI.

11. The Fund cannot acquire valuable (precious) metals and certificates for them.

The above limitations shall not apply where the Mutual Fund exercises subscription rights arising from transferable securities forming part of its assets.

Subject to compliance with the principle of risk diversification, the Fund may, within a period of up to six months from the receipt of authorization to carry out its activity, refrain from applying the limitations set out in items 1–7 above. Where the investment limitations are breached due to reasons beyond the control of the Mutual Fund or as a result of the exercise of subscription rights, the Fund shall, as a matter of priority and no later than six months from the occurrence of the breach, restore its assets to compliance with the investment limitations through sale transactions, taking into account the interests of the unit holders. In the cases referred to in the preceding sentence, the Fund shall be obliged, within seven days from the occurrence of the breach, to notify the Financial Supervision Commission, providing information on the reasons for the breach and on the measures taken to remedy it.

16.2.4. OTHER RESTRICTIONS. USING A LOAN

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

- Compensation loans for acquisition of foreign currency pursuant to Art. 27, para. 2 of the LACISOUCI and Art. 56 of Ordinance № 44 on the requirements for the activity of the collective investment schemes, management companies, national investment funds, alternative investment funds and the entities managing alternative investment funds;

- Loans, whose total amount for a certain period of time does not exceed 10 per cent of the Fund's assets and a permit has been issued for the use of each loan by the Commission on the proposal of the Deputy Chairperson and each loan fulfils the following requirements simultaneously: the loan is not longer than 3 months, it is needed for covering the liabilities for repurchase of Fund units, the terms of the loan agreement are not less favourable than the usual ones for that market and the Fund Rules allow for the conclusion of such an agreement.

A lender may be only a bank, excluding the Depositary Bank.

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

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

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

16.2.5. LIQUIDITY REQUIREMENTS

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

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

- 2.** Cash to the amount not less than 70 per cent of the weighted current liabilities of the Fund, excluding the

liabilities related to participation in the increase of capital of public companies.

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

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

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

1. Budget payables – weight 1.00;
2. Remuneration of the Management Company and the Depositary Bank – weight 1,00 and the remaining liabilities – weight 0,25;
3. Loans received – as per the terms of the loan agreement.

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

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

Not less than 70 per cent of the investment in assets as per Art. 38, Para. 1 of the LACISOUCI must be in assets whose fair value is not calculated using valuation techniques and generally accepted methods as per the Rules for portfolio evaluation and determination of the asset value of the ADVANCE EUROPEAN INFRASTRUCTURE Mutual Fund.

17. RISK PROFILE OF THE MUTUAL FUND. EXPECTED RISKS

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

17.1. RISK PROFILE

The risk profile of the Mutual Fund is high risk.

There is no assurance that the Fund will achieve its investment objectives; investors may lose money by investing in the Fund. Investments in mutual funds and investment companies are not insured or guaranteed by the State or by any state agency.

It should also be taken into account that, in accordance with the investment strategy described above, the Fund intends to invest the majority of the funds raised in shares of European companies. Equity investments are generally considered to be riskier than investments in government securities or in corporate or municipal bonds, and in this sense the risk borne by the unit holders of Mutual Fund "Advance European Infrastructure" may be considered higher than that borne by unit holders of funds focused on government securities and other debt instruments. This risk will be mitigated through broad portfolio diversification and professional selection of the shares comprising the portfolio; however, in the event of a significant adverse change in equity prices on the stock markets, it can be expected that the value of the units will also decline.

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

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

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

- **Currency Risk** – the risk of a decrease in the value of an investment in a security or deposit denominated in a currency other than the euro, due to changes in the exchange rate between that currency and the euro. Currency risk is measured by using the historical volatility of the exchange rate of the respective currency against the euro, relative to the net currency exposure.

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

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

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

- **Settlement risk** is the risk ensuing from the possibility that the Mutual Fund does not receive cash or financial instruments from a counter-party at the settlement date after the Fund has fulfilled its obligations on certain transactions toward such a counter-party. The Management Company measures this risk through the value of all unsettled transactions with a given counter-party as a percentage of the value of the managed portfolio. Transactions concluded under settlement condition of delivery versus payment and performed at markets with functioning clearing mechanism are not included;

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

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

A. Internal operational risks:

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

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

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

B. External operational risks: these are the risks, which exist outside of the Fund and can have material impact on its activity. The Fund is not able to influence external risks but accounts for their impact on its activity. The

Risk Management Department has identified the following external risks related to the Fund's activity:

- Legislation risk – risk of unexpected amendments of laws and regulations that may limit the Fund activities and development.
- Risk of physical interference – risk of suffering losses because of robbery, unauthenticated intrusion in the information systems of the Fund or the Management Company.

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

- **Liquidity risk** – the risk of the possibility of losses because of indispensable sale of assets at unfavourable market conditions to settle unexpected short-term liabilities;
- **Concentration risk** – the possibility of losses because of incorrect diversification of expositions to issuers, groups of related issuers, issuers of one and the same economic sector, geographic area or occurred from one and the same activity, that can cause material loss, as well as the risk related to big indirect credit expositions;
- **Sustainability Risks** – the possibility of the occurrence of events of an environmental, social, or governance nature that may have a material adverse impact on the value and/or financial return of a given investment.
- Investors in units of “ADVANCE EUROPEAN INFRASTRUCTURE” should also take into account the higher risk associated with investments in shares of companies that have not previously been traded on a stock exchange.

The specific methods and organizational arrangements for the management of the above-mentioned risks are governed by the Risk Assessment and Risk Management Rules of Mutual Fund “ADVANCE EUROPEAN INFRASTRUCTURE”.

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

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

THE VALUE OF THE UNITS OF ADVANCE EUROPEAN INFRASTRUCTURE MUTUAL FUND AND THE INCOME FROM THEM CAN DECREASE, THE PROFIT IS NOT GUARANTEED AND THERE IS A RISK THAT INVESTORS MAY NOT RECEIVE THE FULL AMOUNT OF THE INVESTED FUNDS. THE INVESTMENTS IN THE MUTUAL FUND ARE

NOT GUARANTEED BY A GUARANTEE FUND ESTABLISHED BY THE STATE OR BY ANY OTHER GUARANTEE. PREVIOUS RESULTS OF THE FUND ACTIVITY CANNOT BE RELATED IN ANY WAY TO ITS FUTURE RESULTS. IT IS POSSIBLE THAT THE NET VALUE OF THE FUND ASSETS BE SUBJECT TO FLUCTUATIONS DUE TO THE COMPOSITION OF OR THE TECHNIQUES FOR MANAGING ITS PORTFOLIO.

18. ASSET VALUATION RULES

The Rules for Portfolio Valuation and for Determining the Net Asset Value of Mutual Fund “ADVANCE EUROPEAN INFRASTRUCTURE”, adopted by the Board of Directors of Karoll Capital Management EAD and available on the website of the Management Company at www.karollcapital.bg, contain detailed information regarding:

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

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

The issue price and the redemption price of the Fund units are calculated by the Management Company under the control of the Depositary Bank pursuant to Rules for portfolio evaluation and determining the net value of the Fund assets adopted by the Management Company and approved by the Financial Supervision Commission. The Asset Management Company determines the net asset value per unit, the issue price and the redemption price every business day for the previous business day and announced it by the end of the same business day. The announcement of the issue price and the redemption price is done by:

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

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

- 0.9% (zero point nine per cent) of the net asset value per unit for purchase orders for units with a value of up to EUR 50,000 (fifty thousand euro) inclusive;
- 0.7% (zero point seven per cent) of the net asset value per unit for purchase orders for units with a value from EUR 50,000.01 (fifty thousand euro and one cent) up to EUR 250,000 (two hundred and fifty thousand euro) inclusive;
- 0.25% (zero point two five per cent) of the net asset value per unit for purchase orders for units with a value from EUR 250,000.01 (two hundred and fifty thousand euro and one cent) up to EUR 500,000 (five hundred thousand euro) inclusive;

- 0% (zero per cent) of the net asset value per unit for purchase orders for units with a value exceeding EUR 500,000 (five hundred thousand euro).

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

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

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

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

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

20. FEES AND COMMISSIONS AT PURCHASE AND SALE OF UNITS

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

- 0.9% (zero point nine per cent) of the net asset value per unit for purchase orders for units with a value of up to EUR 50,000 (fifty thousand euro) inclusive;

- 0.7% (zero point seven per cent) of the net asset value per unit for purchase orders for units with a value from EUR 50,000.01 (fifty thousand euro and one cent) up to EUR 250,000 (two hundred and fifty thousand euro) inclusive;

- 0.25% (zero point two five per cent) of the net asset value per unit for purchase orders for units with a value from EUR 250,000.01 (two hundred and fifty thousand euro and one cent) up to EUR 500,000 (five hundred thousand euro) inclusive;

- 0% (zero per cent) of the net asset value per unit for purchase orders for units with a value exceeding EUR 500,000 (five hundred thousand euro).

The determined maximum amount of issuance expenses shall apply unless the Management Company waives, in part or in full, the collection of issuance expenses by applying, for a certain period, a rate lower than the determined maximum amount. In such cases, the Management Company shall be obliged to notify the unit holders by means of a publication on the website of the Management Company of the decision to apply a

reduced amount of issuance expenses, indicating the applicable amended amount and the period of its application. Such notification shall be published no later than the day preceding the commencement of the period during which the reduced issuance expenses will apply.

No issuance fees shall be charged in the event of an investment in units of the Fund by institutional investors within the meaning of § 1, item 1, letter “c” of the Additional Provisions of the Public Offering of Securities Act, as well as in the event of an investment in units of the Fund on behalf of investors as a result of and pursuant to a concluded portfolio management agreement with Karoll Capital Management EAD.

Investors shall not owe separate fees or commissions upon the redemption of units of the Fund.

In the event of secondary trading of the units of the Mutual Fund on an over-the-counter (OTC) market or in the case of other transfers of units of the Fund (donation, inheritance), investors may be required to pay additional fees and commissions in accordance with the tariff of the investment intermediary they have chosen to use for the execution of such transfers.

Bank charges related to the transfer of funds in connection with a submitted order for the purchase of units of the Fund and to the payment of amounts by the Management Company to the investor shall be borne by the investor.

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

The purpose of this section is to inform investors of the costs associated with their investment in units of Mutual Fund “ADVANCE EUROPEAN INFRASTRUCTURE”, including: (1) the costs borne directly by the respective investor/unit holder upon the purchase and redemption of units of the Mutual Fund (“Investor/Unit Holder Transaction Costs”); and (2) the annual costs related to the operation of the Fund (“Operating Costs”), which are borne by all unit holders and are paid from the assets of the Mutual Fund.

21.1. TRANSACTION COSTS FOR INVESTORS/UNIT HOLDERS

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

- 0,9% (zero point nine per cent) of the net asset value per unit for purchase orders for units with a value of up to EUR 50,000 (fifty thousand euro) inclusive;
- 0.7% (zero point seven per cent) of the net asset value per unit for purchase orders for units with a value from EUR 50,000.01 (fifty thousand euro and one cent) up to EUR 250,000 (two hundred and fifty thousand euro) inclusive;
- 0.25% (zero point two five per cent) of the net asset value per unit for purchase orders for units with a value from EUR 250,000.01 (two hundred and fifty thousand euro and one cent) up to EUR 500,000 (five hundred thousand euro) inclusive;
- 0% (zero per cent) of the net asset value per unit for purchase orders for units with a value exceeding EUR 500,000 (five hundred thousand euro).

The determined maximum amount of issuance expenses shall apply unless the Management Company waives, in part or in full, the collection of issuance expenses by applying, for a certain period, a rate lower than the determined maximum amount. In such cases, the Management Company shall notify the unit holders by means of a publication on its website of the decision to apply a reduced amount of issuance expenses, indicating the applicable amended amount and the period of its application. Such notification shall be

published no later than the day preceding the commencement of the period during which the reduced issuance expenses will apply.

The unit holders of the Fund shall not pay any expenses upon the redemption of units of the Fund.

In the event of a change in the maximum amount of issuance and redemption expenses for the units of the Fund, the Management Company shall be obliged to notify the unit holders by means of a publication on the website of the Management Company immediately after the approval of the amendments to the Rules of the Mutual Fund, but no later than the day following the date on which it became aware of the approval of such amendments.

21.2. ANNUAL OPERATIONAL COSTS

These costs are deducted from the assets of Mutual Fund “ADVANCE EUROPEAN INFRASTRUCTURE” and are thus indirectly borne by all unit holders. They constitute the second component of costs that investors should consider when investing in the Mutual Fund. The table below sets out the maximum annual operating costs of Mutual Fund “ADVANCE EUROPEAN INFRASTRUCTURE”, expressed as a percentage of the annual average net asset value of the Fund, as planned by the Management Company:

Maximum allowable annual operating costs of the Fund, as a percentage of the annual average NAV of the Fund

Management Company remuneration	1.5 %
Other operating expenses	1 %
Total operating expenses	2.5 %

The remuneration of the Management Company is accrued on a daily basis and is payable at the beginning of the month following the month for which such remuneration is due. The Management Company may waive part of this remuneration. At its discretion, on certain days the Management Company may accrue no remuneration or may accrue remuneration in an amount lower than the permissible maximum.

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

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

The remuneration of the Depositary Bank consists of fixed components (for transfers related to transactions in financial instruments, corporate actions, control over the calculation of the Fund's net asset value, and others) and a variable component (for the safekeeping of financial instruments). The variable component is calculated as a percentage of the net asset value of the Fund, with the remuneration accrued on a daily basis and paid at the beginning of the month following the month for which it is due. In addition, the Management Company, acting on behalf of the Fund, shall reimburse the Depositary Bank for any fees and expenses paid

by it to third parties in connection with the performance of its powers under the agreement and the instructions given by the Management Company.

The Management Company shall take measures to limit the total amount of the listed “Other Operating Costs” to 1 per cent of the annual average net asset value of the Fund, thereby limiting the total annual operating costs of the Fund, including the management fee payable to the Management Company, which may not exceed 1.5 per cent, to a total of 2.5 per cent of the annual average net asset value of the Fund as reflected in its balance sheet. The limitation set out in the preceding sentence shall not include expenses related to executed transactions in securities and the investment of the Fund’s assets, expenses related to the revaluation of investments in securities, expenses arising from negative exchange rate differences, extraordinary expenses not attributable to the fault of officers or arising from causes beyond the control of the Management Company, as well as other expenses determined in accordance with the procedure prescribed by law.

The Management Company may not charge fees that are not provided for or that exceed the amounts provided for in this Prospectus and in the Rules of the Fund. The same shall apply to the issuance and redemption expenses for the units of the Fund (the so-called “Investor/Unit Holder Transaction Costs”) provided for in this Prospectus and in the Rules of the Fund.

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

As a newly established mutual fund, Mutual Fund “ADVANCE EUROPEAN INFRASTRUCTURE” has no expenses for prior periods.

Item	As of 31.12.2025, in EUR	% of the average annual net asset value of the Fund*
Remuneration for the Management Company	0	n/a*
Remuneration for the Depositary Bank	0	n/a*
Fees payable to the Financial Supervision Commission	478	n/a*
Central Depositary Charges	3 323	n/a*
Audit expenses	0	n/a*
Advertising Costs	0	n/a*
Other expenses of the Mutual Fund	14	n/a*
TOTAL:	3 815	n/a*

*Being recently created mutual fund MF Advance European Infrastructure has not raised funds, respectively has no assets and has not invested as of 31.12.2025.

22. INFORMATION ABOUT THE DEPOSITARY BANK

Name: “Eurobank Bulgaria” AD

Registered office and management address: 260 Okolovrasten Pat St., Vitosha District, Sofia

UIC 000694749

Telephone: (+359 2) 8166 000

Fax: (+359 2) 988 81 10

E-mail: contact@postbank.bg

Web site: www.postbank.bg

License to conduct bank activities: № Б 05/02.04.1991, issued by BNB

“Eurobank Bulgaria” AD is a universal bank providing a full range of banking services, including depositary services. The depositary services agreement governs the relations between Karoll Capital Management EAD, acting on behalf of the Fund, and the Depositary Bank, Eurobank Bulgaria AD. Pursuant to an agreement dated 28 July 2025, Eurobank Bulgaria AD, in its capacity as Depositary Bank of the Fund, performs the following activities against remuneration:

- safekeeping of the Fund’s cash;
- safekeeping of the Fund’s securities held in custody;
- execution of all payments on behalf of and for the account of the Fund within the statutory deadlines;
- maintenance of accounts for dematerialized financial instruments owned by the Fund through its sub-accounts with Central Depository AD, the Bulgarian National Bank, or another depositary institution;
- ensuring the issuance (sale), redemption, and cancellation of the Fund’s units in accordance with the law, the implementing regulations, the Prospectus, and the Rules of the Fund;
- exercising control over the calculation by the Management Company of the issue price and the redemption price of the units, which must be in compliance with the law, the Prospectus, the Rules of the Fund, and the Rules for valuation of the Fund’s assets;
- ensuring that the collection and use of the Fund’s income are carried out in accordance with the law and the Rules, as well as monitoring whether the remuneration of the Management Company has been calculated and paid in accordance with the law and the Rules of the Fund.

In the performance of depositary services, the Depositary Bank safeguards the entrusted assets as follows:

- dematerialized financial instruments owned by the Fund are recorded with a depositary institution in a sub-account of the Depositary Bank;
- the remaining assets of the Fund are held in its name with the Depositary Bank.

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

The Depositary Bank may dispose of the Fund’s entrusted assets only upon instructions from duly authorized persons.

As of the date of preparation of the Prospectus, no conflicts of interest related to the depositary services agreement are known or identified.

The Depositary Bank uses the services of sub-custodian banks. As of the date of preparation of this Prospectus, the Depositary Bank uses the following sub-custodian banks: Bank of New York, Belgium; Eurobank S.A., Greece; Citibank, Romania; Clearstream Banking, Luxembourg; Stopanska Banka AD – Skopje, North Macedonia.

As of the date of preparation of the Prospectus, no conflicts of interest related to the use of sub-custodian bank services are known or identified..

The Management Company declares that, upon request by an investor, it shall provide up-to-date information regarding: (a) the identification details of the Depositary Bank, a description of its duties, and any conflicts of interest that may arise; and (b) all safekeeping functions delegated by the Depositary Bank, the list of entities to which functions have been delegated or sub-delegated, and any potential conflicts of interest that may arise from such delegation.

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

There are no consulting firms or external consultants providing advisory services under contract whose remuneration is paid from the assets of Mutual Fund “ADVANCE EUROPEAN INFRASTRUCTURE”.

24. RESULTS OF THE FUND ACTIVITY

Being a recently created mutual fund, as of 31.12.2025 Mutual Fund “ADVANCE EUROPEAN INFRASTRUCTURE” has not raised funds, respectively has no assets and has not invested as of 31.12.2025. Having in mind the above, as of 31.12.2025 the Fund has no data for prior periods regarding the structure of assets and the investment portfolio by sector; selected financial information; the minimum, maximum, and weighted average issue price and redemption price of its units; the number of units outstanding at year-end, as well as the number of units issued, sold, and redeemed.

25. INFORMATION ABOUT THE APPROVED AND USED LOANS

The collective investment scheme does not intend to apply for and/or utilize borrowings.

THE VALUE OF THE UNITS OF MUTUAL FUND “ADVANCE EUROPEAN INFRASTRUCTURE” AND THE INCOME DERIVED THEREFROM MAY DECREASE; PROFITS ARE NOT GUARANTEED, AND INVESTORS BEAR THE RISK OF NOT RECOVERING THEIR INVESTMENTS IN FULL. INVESTMENTS IN THE MUTUAL FUND ARE NOT GUARANTEED BY A STATE-ESTABLISHED GUARANTEE FUND OR BY ANY OTHER FORM OF GUARANTEE. PAST PERFORMANCE IS NOT INDICATIVE OF FUTURE RESULTS OF THE FUND. THE NET ASSET VALUE OF THE FUND MAY BE SUBJECT TO FLUCTUATIONS DUE TO THE COMPOSITION OR THE MANAGEMENT TECHNIQUES OF ITS PORTFOLIO.

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

The investment policy of Mutual Fund “ADVANCE EUROPEAN INFRASTRUCTURE” предсметрива predominantly investing in shares of leading companies in the targeted sectors across European markets. This implies that the Fund seeks to achieve high returns while assuming a high level of risk. In addition, certain markets considered to be emerging carry relatively higher risk. For these reasons, Karoll Capital Management EAD considers that Mutual Fund “ADVANCE EUROPEAN INFRASTRUCTURE” is suitable for investors who seek high long-term returns and are prepared to accept significant short-term price volatility. The Fund is suitable for investors with basic knowledge and some experience with financial products, who understand that they may incur a loss of their investment. With a view to reducing the risk of short-term price fluctuations, Karoll Capital Management EAD recommends an investment horizon of three or more years for investors in the Fund.

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

Investors may obtain the Prospectus, the Rules of the Fund, the Key Information Document, the annual and semi-annual reports, as well as additional information, free of charge prior to entering into a contract for the subscription and redemption of units, as well as thereafter, on each business day from 10:00 a.m. to 5:00 p.m. (Bulgarian time) at the office of Karoll Capital Management EAD, located at 1 Zlatovrah Street, Lozenets District, Sofia.

The Prospectus, the Rules of the Fund, the Key Information Document, as well as the annual and semi-annual reports, are also available on the website of the Management Company at www.karollcapital.bg

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

The supervisory state authority is the Financial Supervision Commission.

The number and date of the authorization for the establishment and management of Mutual Fund “ADVANCE EUROPEAN INFRASTRUCTURE” are Decision No. 708-DF / 25 November 2025.

29. DATE OF PROSPECTUS UPDATE

This Prospectus is as of 21 April 2026.

Karoll Capital Management EAD, acting on behalf of Mutual Fund “ADVANCE EUROPEAN INFRASTRUCTURE”, has prepared this Prospectus. The legal representatives of Karoll Capital Management EAD declare that the Prospectus complies with the requirements of the law.