

## ***Rules for valuation of the portfolio and determination of the net asset value of UBB Platinum Bulgaria Mutual Fund***

These Rules for valuation of the portfolio and determination of the net asset value of UBB Platinum Bulgaria Mutual Fund (the “**Rules**”) define the rules and process of valuation of assets and liabilities, as well as the methods of determination of the net asset value (“**NAV**”), the NAV per share, the issue value and the reverse price redemption of shares of the UBB Platinum Bulgaria Mutual Fund (the “**Fund**”).

The NAV of the Fund is determined every working day of the week in accordance with the requirements of the applicable legislation, the Rules of the Fund and these Rules.

### ***I. INFORMATION ABOUT THE FUND AND THE COMPOSITION OF ITS PORTFOLIO***

In accordance with the Rules of the Fund and its Prospectus, the Fund is a feeder collective investment scheme within the meaning of Art. 67 of the Collective Investment Schemes and Other Undertakings for Collective Investments Act (**CISOU CIA**) and shall invest, without complying with the provisions of Art. 4, para 1, item 1, Art. 38, 45, 48 and Art. 49, para. 2, item 3 of the CISOU CIA, at least 85% of its assets in shares of the Horizon Platinum Portfolio sub-fund (the “**Main Sub-Fund**”) of Horizon N.V. , an open-ended investment company duly incorporated and existing under the laws of the Kingdom of Belgium, having its head office and registered address: Havenlaan 2, B-1080, Brussels, Kingdom of Belgium.

### ***II. BASIC PRINCIPLES***

The valuation of the Fund's assets is performed by the management company, which is entrusted with the management of the Fund - KBC Asset Management NV, a company incorporated under the laws of the Kingdom of Belgium, having its head office and registered address: 1080, Havenlaan 2, B-1080, Brussels, Kingdom of Belgium, entered in the Register of Legal Entities of Brussels under identification number 0469.444.267 (the “**Management Company**”), through KBC Asset Management N.V. - Branch, a branch of a foreign legal entity established under the laws of Bulgaria, having its head office and registered address: Sofia 1463, Triaditsa district, Blvd. Vitosha No. 89B, Millennium Centre, 6th floor, entered in the Commercial Register and the Register of Non-Profit Legal Entities at the Registry Agency with Company ID 205422541 (the “**Branch**”), under the control of the depository bank of the Fund („**The depository bank**”), in accordance with the requirements of the CISOU CIA, Ordinance No. 44 of 20.10.2011 and other applicable legislation.\*

The valuation of the assets and the determination of the Fund's NAV is performed in accordance with the following principles:

- The net asset value of the Fund is determined on each working day of the week, taking into account the value of all assets and liabilities held by the Fund on the balance sheet at the date to which the valuation relates.
- The calculation of the net asset value uses a general and consistent valuation system, taking into account the relevant costs associated with the sale and redemption of shares, including the remuneration for the Management Company - if any - and the Depository Bank, as well as other relevant individual and/or current expenses, including expenses related to the Fund's investment in the Main Sub-Fund.
- The net asset value of the Fund is calculated according to the accounting policies and procedures pursuant to the International Accounting Standards in accordance with § 1, item 8 of the Additional Provisions to the Accounting Act (“**IFRS**”).

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\* Ordinance No. 44 of 20.10.2011 on the requirements to the activity of collective investment schemes, their management companies, national investment funds and managers of alternative investment funds.

- The valuation of the Fund's assets is performed upon initial acquisition (recognition) – at acquisition cost. The subsequent valuation of the Fund's assets is performed on a daily basis at fair value.
- In securities transactions, the Fund adopts the method of accounting on the trade date (transaction date). In this method, securities are subscribed (written off) in the balance sheet of the Fund on the date of the transaction, and not on the date of transferring the ownership over them (settlement). The securities are written off from the balance sheet at their book value as of the date of concluding the sale transaction.
- The process of determining the NAV is carried out in the presence of reliable technology and software, allowing to minimize the possibility of errors.
- Reliability and representativeness of the information used for evaluation purposes.
- Documentary justification - use of a reliable system for collecting and evaluating the information needed to determine the NAV; duly documentation of the decisions related to the determination of the NAV, including the application of the relevant documents to the minutes of the decisions taken.
- The information related to the determination of the NAV is stored in a system for protection of the documentation, including storage on a durable medium.
- Observing the Rules for avoiding conflicts of interest and for providing protection against disclosure of inside information of the Branch in carrying out all processes under these Rules.
- Carrying out current control over the lawfulness, as well as methodological control over the evaluation activity.

### **III. EVALUATION OF ASSETS**

The value of the Fund's assets includes the value of each of the Fund's assets on the balance sheet as of the date to which the valuation relates.

In accordance with Section II *Basic Principles* above, the valuation of the Fund's assets is performed upon their initial acquisition (recognition) and on a daily basis at their fair value.

1. An asset's recognition is done at its acquisition cost determined in accordance with IFRS.
2. Subsequent evaluation of an asset is performed at fair value. Depending on the type of asset included in the Fund's portfolio, fair value is determined as follows:

#### **Valuation of shares of the Main Sub-Fund**

**2.1.** The fair value of the shares in the Main Sub-Fund, including in cases of temporary suspension of repurchase, will be the last announced redeemed price for the shares of the respective share class (Institutional F shares BG class), issued by the Main Sub-Fund, which is equal to the NAV per share of the respective class of shares of the Main Sub-Fund.

In case that the redemption of shares of the Main Sub-Fund is suspended for a period longer than 30 days, the fair value of the share is calculated by applying the net book value method.

The net book value method consists of calculating the value of a share of the above class of shares of the Main Sub-Fund, dividing the equity of the Main Sub-Fund (based on the last financial statement) by the total number of shares outstanding. The following formula is used to perform the calculation:

$$P = \frac{A - L - PS}{N}$$

where:  $P$  - the value of one share of the Institutional F shares BG class of the Main Sub-Fund;

A - assets;  
L - liabilities;  
PS - value of shares of other share classes in the Main Sub-Fund;  
N - total number of shares of the respective Institutional F shares BG class in circulation.

### **Valuation of additional liquid assets**

**2.2.** The fair value of the additional liquid assets of the Fund according to Art. 38, para. 4 of the CISOU CIA is assessed as of the day to which the assessment relates, as follows:

- a) cash on hand - at nominal value;
- b) term deposits - at nominal value;
- c) time deposits - at their nominal value;
- d) short-term receivables without a certain interest rate or income - at cost;
- e) short-term receivables with certain interest rate or income - at cost.

### **Evaluation of derivative financial instruments**

**2.3.** Ex-post valuation of derivative financial instruments, admitted to or traded on a regulated market in the Republic of Bulgaria, is performed as follows:

a) at the weighted average price of the transactions entered into with them, for the day on which the valuation is performed, as announced through the trading system or in the stock exchange bulletin;

b) if the price under the previous paragraph cannot be determined, the price of the derivatives shall be determined as the average value of the highest "buy" price of the orders valid at the time of closing the regulated market on the valuation day and the weighted average price of the transactions concluded with the respective derivative instruments for the same day. The price is determined in this way only if there are transactions concluded and orders with "buy" price.

c) if paragraph b) cannot be applied, the price of the derivatives will be the weighted average price of the transactions concluded with them for the nearest day during the last 30-day period preceding the valuation day, for which transactions are concluded.

**2.4.** The ex-post assessment of the fair value of derivative financial instruments with underlying assets admitted to or traded on regularly functioning, recognized, publicly available and active regulated markets abroad is performed as follows:

a) at the last price of a transaction concluded with them on the market on the day to which the valuation is performed;

b) if paragraph a) cannot be applied, the valuation shall be carried out at the "buy" price at the market closing on the valuation day as announced in the electronic system for price information of securities;

c) if paragraph b) cannot be applied, the valuation shall be carried out at the price of the last transaction concluded with them within the last 30-day period preceding the day on which the valuation is performed.

**2.5.** In case that the methods set out in paragraphs 2.3 and 2.4 cannot be applied, the subsequent assessment of the fair value of the options admitted to or traded in active regulated markets are performed using the *Black-Scholes* model to determine the price of the option. The *Black-Scholes* model treats the valuation of call options, so the formation of the value of the put option will be a function of the price of the call option for the respective asset under the same conditions.

The formula for determining the price of a put option is as follows:

$$P = C + Xe^{-rT} - S_0,$$

Where:

C - The price of the call option, calculated according to the Black-Scholes model;

X - The strike price of the option;

e - 2.71828, the basis of the natural logarithmic function;

r - Risk-free interest rate;

T - The term to maturity of the option in years;

$Xe^{-rT}$  = PV (X) - The current value of the strike price of the option;

$S_0$  - Current price of the underlying asset (the one for which the option is constructed)

Calculation of the price of the call option ("C") for the respective asset with the same parameters (Black-Scholes formula):

$$C_0 = S_0 N(d_1) - Xe^{-rT} N(d_2),$$

Where:

$$d_1 = \frac{\ln(S_0 / X) + (r + \sigma^2 / 2)T}{\sigma \sqrt{T}},$$

$$d_2 = d_1 - \sigma \sqrt{T}$$

and where:

$C_0$  - The current value of the call option;

$S_0$  - The current price of the underlying asset.

$N(d)$  - The probability that a random experiment on the standard normal distribution has a value less than d. The corresponding values can be found in tables with the values of the normal distribution.

X - The strike price of the option;

e - 2.71828, the basis of the natural logarithmic function;

r - Risk-free interest rate;

T - The term to maturity of the option in years;

$Xe^{-rT}$  = PV (X) - The current value of the strike price of the option;

ln - The natural logarithm function;

$\sigma$  - The standard deviation of the rate of return on an annual basis (permanently capitalized) of the underlying asset (volatility).

The standard deviation of the rate of return for n observations is calculated by the formula:

$$\sigma = \sqrt{\frac{n}{n-1} \sum_{t=1}^n \frac{(r_t - \bar{r})^2}{n}},$$

where  $\bar{r}$  is the average return for the sampling period. The rate of return on day t is determined according to the constant capitalization as  $r_t = \ln(S_t / S_{t-1})$ .

**2.6.** In case that the methods set out in paragraphs 2.3 and 2.4 cannot be applied, the subsequent assessment of the fair value of the futures admitted to or traded on active regulated markets, the subsequent valuation is performed as follows:

$$F = \{S - PV(D, 0, T)\} * (1 + R_f)^T,$$

Where:

F - the price of a futures contract;

S - the spot price of the underlying asset;

PV(D,0,T) - the present value of the expected dividend;

Rf - risk-free interest rate;

T - number of days of the contract divided by 365.

**2.7.** Subsequent assessment of fair value of derivative financial instruments traded on OTC markets is carried out at the mean "buy" price and "sell" price announced in an electronic price information system of financial instruments at the closing of the market on the work day on which the valuation is performed. If this rule cannot be applied:

a) an subsequent evaluation of options traded on OTC markets shall be performed using the formula set out in point 2.5;

b) the subsequent valuation of foreign exchange forward contracts is performed using the formula below. When the term to maturity of foreign exchange forward contracts is less than 1 month and in case of insignificant differences in interest rates due to the short term and negligible influence of discount factors, it is assumed that the forward exchange rate at the date of the subsequent valuation (t) is equal to the current spot exchange rate.

$$V_t = N \times \left( \frac{C}{(1+i_A)^{(T-t)}} - \frac{P}{(1+i_B)^{(T-t)}} \right)$$

where:

Vt - value of the forward contract;

N - amount of the forward contract;

C - the current spot rate between the two currencies;

P - forward exchange rate agreed upon at the conclusion of the forward contract;

Both exchange rates are expressed as units of currency B for one unit of currency A.

iA - risk-free interest rate for currency A;

iB - risk-free interest rate for currency B;

T - maturity date of the forward contract;

t - current date.

(c) subsequent evaluation of forwards other than those referred to in b. b), is performed using the formula set out in point 2.6.

**2.8.** Subsequent evaluation of financial instruments admitted to trade on more than one active regulated market shall be performed at the prices announced publicly by the regulated market to which the Management company has access and on which the financial instrument was initially purchased. If the financial instrument is purchased on more than one active regulated market, the subsequent valuation is performed at prices publicly announced by the regulated market on which the largest volume of the respective financial instrument was traded on the same day.

**2.9.** In cases when trading on a regulated market is not conducted on working days for Bulgaria or when certain financial instruments are temporarily suspended from trading, the subsequent assessment of financial instruments admitted to or traded on an active regulated market shall be the assessment valid for the day at the last trading session on the date to which the assessment relates.

The rule also applies in cases when a trading session is not held on a regulated market due to a non-working day in the respective country, which is a working day in Bulgaria.

The rule does not apply when trading sessions are not held on the regulated market for more than 5 working days. In this case the subsequent assessment is performed with the respective application of points 2.5 and 2.6.

**2.10.** For the purposes of this section, an "active market" in financial instruments is a market to which the Management Company has access and meets the following requirements:

- a) pricing information for financial instruments is easily accessible and regularly available from a pricing system, and comes from actual and regular fair transactions;
- b) the price is formed between a willing buyer and a willing seller in a fair deal.

**3. (Amended from 20.11.2020)** For accounting purposes the financial assets in the Fund's portfolio, denominated in foreign currency, are converted into BGN equivalent, determined at the official exchange rate of the Bulgarian National Bank, valid for the day to which the assessment refers.

#### **IV. LIABILITIES ASSESSMENT**

The value of the liabilities is equal to the sum of the book values of the short-term and long-term liabilities on the balance sheet of the Fund. Liabilities denominated in foreign currency are calculated at the official exchange rate of the Bulgarian National Bank, valid for the day on which the valuation is performed. Valuation of the Fund's liabilities is performed in accordance with IFRS and the Fund's accounting policy.

#### **V. NET ASSET VALUE**

The Fund's NAV is equal to the amount of its assets reduced by the amount of its liabilities.

The NAV per share is equal to the NAV divided by the number of shares in circulation of the Fund.

The issue value ("**IV**") per share is equal to the NAV per share increased by the issue fee, if such is provided in the Fund Rules, while the redemption value ("**RV**") per share is equal to the NAV for one share, reduced by the redemption fee, if such is provided for in the Fund's Rules.

#### **VI. CALCULATION PROCEDURE FOR NAV, IV AND RV**

The Fund's NAV is determined each working day ("the day on which the assessment is performed" or the day "T+1") for the previous day ("the day for which the assessment is performed" or the day "T"). The procedure for determining the NAV, the NAV per share, the IV and the RV of the Fund's shares is as follows:

- a) By 10:00 on the day of the valuation ("T+1" day), the Branch shall receive from the Fund's distributor (the "**Distributor**") information on transactions for the sale and redemption of shares of the Fund settlement and the number of shares in circulation for the Fund at the end of day "T";
- b) Between 10:00 and 13:00 on day "T+1":
  - the fair value of the Fund's assets is determined for day "T"; the data and/or analyses used in the determination of the fair value are applied to the calculation of the relevant price;  
the Fund's assets are reassessed at fair value, the Fund's balance sheet is prepared and the NAV for one share is determined, the IV and the RV for the Fund for day "T".
- c) By 13:00 on day "T+1" the Branch provides the Depository Bank with all information on the determined NAV of the Fund (including the number of sold and repurchased shares with completed settlement), as well as the calculated IV and RV.
- d) By 14:00 on day "T+1" the Branch receives confirmation from the Depository Bank for the calculated NAV, IV and RV.
- e) The Branch, by 17:00 on day "T+1", announces NAV, IV and RV for the Fund for day "T".

f) The Branch shall publish in the Financial Supervision Commission summary information on the IV and the RV of the Fund's shares once a month - within three working days from the end of the month.

g) In calculating the NAV, IV and RV, the Branch uses appropriate software that allows it to keep the Fund's accounts separately from its own.

h) All documentation and information used to determine the NAV, IV and RV for the Fund shall be kept by the Branch on paper, magnetic, optical or other technical media for at least 5 years, in that way providing access to it only to individuals authorized by it. For additional security, the information is stored on a second magnetic medium.

i) The net asset value, the issue value and the redemption price of the Fund's shares for a given "T" day shall be published by 17:00 on the next working day "T+1" on the Branch's website and on the website of the Distributor.

## **VII. ERRORS IN CALCULATION OF EU AND / OR COI**

If an error has been made in calculating the NAV per share, as a result of which the IV has been raised or the RV has been lowered by more than 0.5% of the NAV per share, the Management Company or the Depository Bank shall, as the case may be, restore the difference to the shareholders who bought shares under an increased IV, respectively sold back their shares at a reduced RV, at the expense of the Fund within 10 days of finding the error, unless the shareholder was unscrupulous.

If an error is made in calculating the net NAV per share, as a result of which the IV is understated or the RV is increased by more than 0.5% of the NAV per share, the Management Company or the Depository Bank shall, as the case may be, refund the amount due to the Fund for its own account within 10 days from the finding of the error.

## **VIII. MAIN SOURCES OF INFORMATION**

The following main sources of information are used to determine the NAV of the Fund:

- NAV information per share in the Main Sub-Fund received from the Main Sub-Fund, its depository bank or management company. The information is received on electronic media by e-mail at the following e-mail address: [ubbam@ubb.bg](mailto:ubbam@ubb.bg);
- Last published data on the NAV per share in the Main Sub-Fund, in case of delay in publishing and/or transmitting information on the NAV per share in the Main Sub-Fund, published at <https://www.kbc.be/retail/en/legal-information/investment-legal-documents.html?zone=breadcrumb>;
- Information received from Central Depository AD regarding the number of shares in circulation of the Fund and other relevant information received from Central Depository AD;
- The latest annual and half-yearly financial statements concerning the Main Sub-Fund;
- Official stock exchange bulletin or similar sources of information maintained by a trading venue used by the Management Company on behalf of the Fund;
- Quotations from Reuters, Bloomberg and other standard electronic systems for price information of assets traded or admitted to trading on a local or foreign trading venue and/or traded on an over-the-counter market. In case the Management Company does not have direct access to such electronic systems, access can be provided through banks, investment intermediaries or other financial companies, including KBC group companies;
- Official statistical and reference information;
- Analyses, publications and comments of certified Bulgarian and foreign consultants and analysts.

The following sources of information may be used in determining the NAV of the Fund:

- Horizon Prospect N.V. (Horizon N.V.), including information on the Sub-Fund;

- Solutions for transformation (by merging or incorporation) of Horizon N.V. (Horizon N.V.) or the Main Sub-Fund;
- Decisions for liquidation of Horizon N.V. (Horizon N.V.) or the Main Sub-Fund;
- Changes to the rules or statutes of Horizon N.V. (Horizon N.V.);
- Initiated lawsuits in which Horizon N.V. (Horizon N.V.) or the Main Sub-Fund is the defendant;
- Analysis of the general economic situation of the country/countries in which the Main Sub-Fund invests;
- Analysis of the general state of the market in which financial instruments are traded;
- Public and/or subscription-based information on transactions and quotations for transactions in financial instruments, including on the over-the-counter market.

These Rules have been adopted by Decision of the Executive Committee of KBC Asset Management N.V. (KBC Asset Management N.V.) dated 25.05.2021, amended by a decision of the Senior Management of “KBC Asset Management N.V. – branch”, Bulgaria on 28.07.2021, according to the instructions of the FSC with letter RG-08-54-16/27.07.2021, amended by a decision of the Senior Management of “KBC Asset Management N.V. – branch”, Bulgaria on 11.04.2022.