

## RULES OF UBB PLATINUM BULGARIA MUTUAL FUND

### I. GENERAL APPLICATIONS

#### Status

**Art. 1.** *(Amended by decision of 07.02.2012)* **(1)** The mutual fund is a collective investment scheme, which is a separate asset for the purpose of collective investment in transferable securities or other legally provided liquid financial assets of funds raised through public offering of shares, and operates on the principle of risk allocation. Shares of the mutual fund are dematerialized and are subject to redemption, directly or indirectly, based on the net asset value at the request of the shareholders.

**(2)** Section XV "Company" of the Law on Obligations and Contracts shall apply to the mutual fund, with the exception of Art. 359, para. 2 and 3, Art. 360, 362, Art. 363, letters "c" and "d" and Art. 364, insofar as the Collective Investment Schemes and Other Undertakings for Collective Investments Act (CISOUCIA) or the present Rules do not provide otherwise.

**(3)** *(Amended by decision of 23.05.2018)* The mutual fund is organized and managed by a Management Company, after obtaining permission from the Financial Supervision Commission (the Commission) and is considered established after its entry in the Register under Art. 30, para. 1, item 4 of the Law on the Financial Supervision Commission. The FUND is entered in the register under Art. 30, para. 1, item 4 of the Law on the Financial Supervision Commission.

**(4)** *(amended by decision of 25.05.2021)* The mutual fund is not a legal entity. All decisions regarding its creation, operation, transformation and termination are taken by the Management Company, respectively the Branch, which acts on its own behalf, stating that it acts on account of the mutual fund.

**(5)** *(new, adopted by decision of 25.05.2021, amended by decision of 29.06.2021, amended by decision of 11.04.2022)* The mutual fund has been transformed (transformed) into a feeder collective investment scheme within the meaning of Art. 67 of the ACISCIPA after receiving permission from the Commission, objectified in Decision No. 490-DF of 13.07.2021 of the Commission (the **"Transformation"**) and invests at least 85% of its assets in shares of the Horizon Platinum Portfolio (the **"Main Sub-Fund"**) of Horizon NV (Horizon N.V.), an open-ended investment company duly established and existing under the laws of the Kingdom of Belgium, with its head office and registered address: Havenlaan 2, B-1080, Brussels, Kingdom of Belgium and managed by KBC ASSET MANAGEMENT N.V. (**Main Umbrella Fund**). The date on which the mutual fund as a feeder fund started to invest in the main sub-fund is 22.11.2021.

**(6)** *(new, adopted by decision dated 25.05.2021, amended by decision dated 29.06.2021 and by decision dated 29.11.2022)* The Mutual fund has participated as a receiving fund in two conversion procedures in accordance with CISOUCIA and the acts on its implementation. Within the first conversion procedure in which the Mutual fund participated, eight collective investment schemes, UBB Platinum Euro Bond, UBB Balanced Fund, UBB Premium Equity, UBB Patrimonium Land, UBB Global Farm Invest, UBB Global Child Fund, UBB Global Growth and UBB Global Dividend (**"KBC AM Transforming Funds"**) have flowed into the Mutual fund (the **"First Conversion"**). The procedure for the First Conversion was carried out after receiving permission from the Commission, objectified in Decision No. 489-DF of 13.07.2021 of the Commission, with an effective conversion date of 12.11.2021.

In the framework of the second conversion procedure, in which the Mutual fund participated, Conservative Fund Bulgaria, UIK 175035639 (which together with the KBC AM Transforming Funds collectively constitute the **"Converting Funds"**), until the date of the conversion managed from UD "KBC Investment Management" EAD, with UIC 175015558, has joined the Mutual fund (the **"Second Conversion"**), and together with the First Conversion collectively representing the **"Conversions"**). The Second Conversion procedure was carried out after receiving permission from the Commission, objectified in Decision No 20-DF/05.01.2023 of the Commission, with an effective date of conversion ... 2023.

As a result of the Conversions, all assets and liabilities of the Converting Funds have been acquired and transferred to the Mutual Fund, the holders of units in the Converting Funds have acquired units of the Mutual Fund in accordance with the specified exchange ratios and the Converting Funds have been terminated, thereby the property of the mutual fund includes the assets and liabilities of the Converting Funds.

#### Name

**Art. 2. (1)** *(Amended by decision of 25.05.2021)* The name of the FUND is UBB Platinum Bulgaria Mutual Fund (Договорен фонд "ОББ Платинум България"), which may also be written abbreviated as follows: ДФ "ОББ Платинум България".

**(2)** For brevity in these Rules the abbreviated name "FUND" is also used.

**(3)** *(Amended by decision of 25.05.2021)* In Roman script the name of the FUND shall be written as follows: "UBB Platinum Bulgaria".

### **Management Company**

**Art. 3. (1)** *(Amended by decision of 07.02.2012 and decision of 11.01.2016, 02.06.2020, 15.09.2020)*  
As a result of the restructuring through the merger of UBB Asset Management EAD into KBC Asset Management N.V. - Belgium, the FUND is managed through KBC Asset Management N.V. - Branch KCHT, Bulgaria, with its head office and registered address: Sofia 1463, Triaditsa district, Vitosha Blvd. 89B, bl. Millennium Centre, 6th floor, entered in the Commercial Register at the Registry Agency with Company ID: 205422541, from the foreign Management company KBC Asset Management N.V. - Belgium, Brussels, Havenlaan 2, 1080, entered in the Belgian register of legal entities with number 0469.444.267 and received a permit in Belgium, which is subject to regulation by the Belgian regulator of the Financial Services and Markets Authority (FSMA), and through its branch to the Financial Supervision Commission (FSC), referred to in these Rules as the "Branch of the Management Company".

**(2)** *(Amended by decision of 15.09.2020)* In all documents related to the activity of organizing and managing the FUND, the branch of the Management Company must indicate its company, head office, registered address, EIK number, as well as the name and Company ID of the FUND.

**Art. 4.** *(Amended by decision of 07.02.2012, 15.09.2020)* **(1)** *(Amended by decision of 15.09.2020)* In connection with the organization and management of the FUND, the branch of the Management Company performs the following activities and services:

a) *(amended by a decision of 29.06.2021, 23.08.2022, 31.08.2022)* investment management by investing in shares of the Main Sub-Fund and keeping cash in a bank, up to the amount necessary to fulfill the redemption orders submitted by investors, as well as to cover other current expenses or derivative financial instruments that can be used only for the purposes of risk hedging and meet the conditions under Art. 38, para. 1, items 7 and 8, art. 42 and 43 of the CISOUCA, of funds raised through public offering of shares of the FUND, carried out on the principle of risk allocation;

b) sale and redemption of shares of the FUND;

c) *(amended by decision of 29.06.2021)* exercising the rights to the shares acquired from the Main Sub-Fund, including participation in the general meeting of shareholders in the Main Sub-Fund, as well as controlling payments in connection with the acquired financial instruments, subject to the requirements of the normative acts for carrying out the respective actions;

d) *(Amended by decision of 15.09.2020)* determination of the net asset value of the FUND according to the Rules for portfolio valuation and determination of the net asset value adopted by the Top Management of the branch of the Management Company and approved by the Deputy Chairman of The Commission, as well as calculation of the issue value and the redemption price of the FUND shares under the control of the Depository Bank;

e) administration of the shares of the FUND;

f) keeping accounts, maintaining and storing of the accounting of the FUND in connection with the management of its assets;

g) requests for information from investors;

h) monitoring and risk assessment for each position of the FUND's portfolio and its impact on the risk profile of the portfolio as a whole;

i) legal services and control for compliance with legal requirements;

j) distribution of dividends (part of the profit) and other payments;

k) issue, sale and redemption of shares;

l) performance of contracts;

m) advertising and marketing activities of the FUND;

n) disclosing information about the FUND and establishing contacts with investors and shareholders.

**(2)** *(Amended by a decision of 11.01.2016 and a decision of 23.05.2018, of 15.09.2020)* In carrying out the activities and functions specified in para. 1, the Top Management of the branch of the Management Company takes all decisions related to the FUND organized and managed by it, including, but not limited to:

a) prepares, amends, completes or updates the FUND Rules, the Rules for portfolio valuation and determination of the net asset value of the FUND, the Risk Management Rules, the Prospectus for public offering of FUND shares, the Key Investor Information Document, The rules for maintaining and managing the liquidity of the FUND, when taking due care and in accordance with the provisions of current Bulgarian legislation;

b) approves the accounting policy of the FUND;

c) selects and concludes contracts for execution of investment orders with investment intermediaries;  
d) selects and concludes an agreement with the Depository Bank;  
e) selects and dismisses registered auditors for certification of the annual financial report of the FUND;  
f) prepares and approves the annual financial report after certification by the appointed auditors  
g) monitor and analyze the financial markets in view of possible changes in the investment objectives and policies of the FUND;

h) (*Amended by a decision of 15.09.2020*) takes investment decisions (through an investment consultant) and orders their implementation by investment intermediaries authorized by virtue of a contract with the branch of the Management Company;

i) (*amended by a decision of 29.06.2021*) structures and manages the portfolio of assets of the FUND and evaluates its effectiveness;

j) manages the activity of issuing /selling/ and redeeming the shares of the FUND, in compliance with the terms and conditions provided for in the regulations, the Rules and the Prospectus of the FUND,

j) decides to suspend the sale and redemption of shares of the FUND in the cases provided by law and these Rules.

l) (*Amended by decision of 25.05.2021*) introduces a Policy for collaterals and reinvestment of the Fund's cash collateral and a Policy for anticipation of possible losses from assets received as collateral for the Fund, in order to comply with the requirements of Art. 48a of Ordinance No. 44<sup>1</sup>. The policies are applied when the Fund invests in derivative financial instruments that require assets as collateral;

m) (*new, adopted by a decision of 25.05.2021*) decides on the restructuring of the FUND, including its transformation into a collective investment scheme, which is not a feeder collective investment scheme.

**(3)** (*Amended by decision of 15.09.2020*) The branch of the Management Company is obliged to implement the investment policy in order to achieve the investment objectives of the FUND, as well as to comply with the investment restrictions provided in the CISOU CIA, in the acts of its implementation and in these Rules.

**(4)** (*Amended by decision of 15.09.2020*) The branch of the Management Company is obliged to comply with the Rules for portfolio valuation and determination of the net asset value of the FUND.

**(5)** (*Amended by decision of 15.09.2020*) The branch of the Management Company is obliged to:

a) act loyally and fairly in the best interests of the FUND and of market integrity;

b) act with the necessary skill, care and attention in the best interests of the FUND and of market integrity;

c) has and uses effectively the resources and procedures necessary for the proper performance of its business;

d) avoid conflicts of interest and, where unavoidable, ensure that the FUND is treated fairly;

e) comply with all regulatory requirements in carrying out its activities in the best interests of investors and market integrity.

**(6)** (*Amended by decision of 15.09.2020*) The branch of the Management Company is obliged:

a) not to do activities at the expense of the FUND outside the investment objectives, direction and restrictions set out in the Rules and the Prospectus of the FUND, as well as in violation of the investment restrictions contained in the regulations;

b) not to provide false or misleading information, including:

- the net asset value of the FUND;

- the volume, dynamics and structure of the FUND's assets;

c) not to incur expenses on account of the FUND, which are not explicitly stated in these Rules.

d) not to use the assets of the FUND for purposes contrary to the law and these Rules

e) (*amended by decision of 29.06.2021*) not to invest the funds of the FUND in assets in violation of a statutory ban or investment restrictions;

f) not to provide loans and not to be a guarantor of third parties with the property of the FUND;

g) not to use the assets of the FUND to secure its own liabilities or liabilities of third parties.

**Art. 5.** (*Amended by a decision of 07.02.2012 and a decision of 30.10.2020*) The management company separates its assets from the assets of the FUND and compiles an independent balance sheet for it.

**Art. 6.** (*Amended by decision of 07.02.2012, 15.09.2020*) The Management Company, as well as the members of its management and control bodies, including the branch of the Management Company, act in the interest of all shareholders and are obliged to treat them fairly.

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<sup>1</sup>Ordinance №44 of 20.10.2011 on the requirements for the activity of collective investment schemes, management companies, national investment funds and persons managing alternative investment funds

### Term

**Art. 7.** The existence of the FUND is not limited in time.

## II. MAIN OBJECTIVES AND LIMITATIONS OF INVESTMENT ACTIVITY AND INVESTMENT POLICY

### Main objectives and direction of the investment activity

**Art. 8. (1)** *(Amended by decision of 23.05.2018, 02.06.2020 and 25.05.2021)* THE FUND is a feeder collective investment scheme within the meaning of Art. 67 of the CISOU CIA and invests 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 Main Sub-Fund.

**(2)** The financial objective of the FUND is to increase the value of the shares issued by it in the long run while ensuring high liquidity of the investors' funds.

**(3)** *(new, adopted by decision of 25.05.2021)* The investment objective of the FUND is to invest all or almost all of its assets, but in any case not less than 85% of them, in the Main Sub-Fund in order to provide investors with the opportunity to invest in a well diversified main collective investment scheme with big investment base, high net asset value and global outlook. In this way, investors will be able to benefit from professional asset management in a leading European market, as well as cost reductions due to economies of scale.

The investment objective of the Main Sub-Fund is to generate the highest possible return for its shareholders in accordance with its investment policy. This is reflected in its striving to generate capital gains and income.

### Strategy and policy for achieving the objectives

**Art. 9. (1)** *(Amended, with decision of 14.01.2014, 15.09.2020, 25.05.2021, 29.06.2021, 23.08.2022)* All or almost all of the funds raised by the FUND are invested in the Institutional F shares BG class of the Main Sub-Fund. The FUND may also use derivatives to a limited extent (for example futures) to hedge market risk arising from the time difference between the execution of redemption and subscription orders in the FUND and the execution of the corresponding FUND orders in the Main Sub-Fund. The FUND's portfolio has the following structure:

Asset class	Percentage of FUND assets
Institutional F shares BG class in the Horizon Platinum Portfolio; Currency BGN; ISIN BE6328052632	At least 85%
Cash in bank	Up to 15%
Derivatives according to art. 38 para, 1 item 7 and item 8 and art. 42, 43 of the CISOU CIA	

**(2)** *(Amended, with decision of 14.01.2014 and 25.05.2021)* As the FUND is a feeder collective investment scheme that invests all or almost all of its assets in the Institutional F share BG class of the Main Sub-Fund, its investment policy and performance depends significantly on the investment policy of the Main Sub-Fund.

**(3)** *(Repealed by decision of 25.05.2021)*

**(4)** *(Repealed by decision of 25.05.2021)*

**(5)** *(Repealed by decision of 25.05.2021)*

**(6)** *(Repealed by decision of 25.05.2021)*

**(7)** *(Repealed by decision of 25.05.2021)*

**(8)** *(Repealed by decision of 25.05.2021)*

**(Title amended by decision of 25.05.2021) Investments in derivatives and techniques for effective portfolio management. Collateral policy**

**Art. 9a** *(New, with a decision of 23.05.2018, amended by a decision of 25.05.2021)* **(1)** The FUND may use financial derivative instruments that meet the requirements of Art. 38, para. 1, items 7 and 8, and Art. 42 and 43 of the ACISCIPA.

**(2)** *(Amended by decision of 25.05.2021)* Derivatives may be used by the FUND only for the purpose of hedging risks.

**(3)** *(Amended by decision of 25.05.2021)* The total value of the FUND's exposure related to derivative instruments may not exceed the net value of its assets. For this purpose, the FUND shall calculate its total risk exposure by combining its own direct risk exposure to derivative instruments with the actual risk exposure to derivative financial instruments of the Main Sub-Fund in proportion to its investment in the Main Sub-Fund or the maximum total exposure of the Main Sub-Fund to derivative financial instruments provided for in the articles of association of the Main Umbrella Fund, in proportion to the amount of the FUND's investment in the Main Sub-Fund.

**(4)** *(Amended by decision of 15.09.2020 and 25.05.2021)* The branch of The Management Company, when acting on account of the FUND, does not intend to use techniques and tools for effective portfolio management, within the meaning of Art. 50, para. 1 of Ordinance No. 44 - repo transactions.

**(5)** *(Amended by decision of 25.05.2021)* In case it decides to enter into transactions with OTC derivative financial instruments on account of the FUND, the branch of the Management Company acting on account of the FUND may receive collateral to reduce the risk of insolvency of the counter party to such transaction (credit risk). Any collateral received for this purpose must comply with applicable law, in particular with regard to liquidity, valuation, issuer quality, correlation and risk associated with collateral management. In obtaining and managing the collateral, the branch of the Management Company acting on account of the FUND shall also take into account the relevant sections of the European Securities and Markets Authority Guidelines for competent authorities and UCITS management companies (Ref. No.: ESMA/2014/937). Given that the investment objective of the FUND is to invest at least 85% of its assets in the General Sub-Fund, and in this regard there may be only limited positions in derivatives for hedging purposes, the Branch of the Management Company does not envisage receiving collateral in amount of and over 30% of the FUND's assets.

**(6)** *(Amended by decision of 25.05.2021)* Where transactions in OTC derivatives are carried out on account of the FUND, any collateral used to reduce the risk exposure to the counter party shall at all times meet the following criteria:

- a) *(amended 23.08.2022)* liquidity - any non-cash collateral should be highly liquid and traded on a regulated market or multilateral trading facility with transparent pricing so that it can be sold quickly at a price close to its prior valuation the sale; the received collateral should meet the requirements of art. 49 CISOUCA;
- b) *(amended 23.08.2022)* valuation - the resulting collateral should be valued at least once a day and assets showing high price volatility should not be accepted as collateral unless sufficiently conservative levels of potential losses are provided;
- c) high credit rating of the issuer of assets provided as collateral;
- d) *(amended 23.08.2022)* correlation - the collateral received from the relevant Sub-Fund should be issued by an entity that is independent from the counterparty and which is expected not to show strong dependence on the results of the counterparty's activity;
- e) *(amended 23.08.2022)* collateral diversification - collateral should be diversified in terms of countries, markets and issuers, with the risk for a given issuer not exceeding 20% of the net asset value of the relevant Sub-Fund;
- f) risks related to collateral management should be identified, managed and mitigated through the risk management process;
- g) the collateral received must be kept by the depositary of the FUND;



- h) in case of default of the counter party, the branch of the Management Company acting on account of the FUND may proceed to the liquidation of the collateral at any time without notice to the counter party or its approval;
- i) assets from received non-monetary collateral may not be sold, reinvested or pledged before the default of the counter party;
- j) the cash collateral may be deposited only in a credit institution within the meaning of Art. 38, para. 1, item 6 of the CISOUCA.

**(7)** *(new, adopted by decision of 25.05.2021)* The branch of the Management Company, acting on account of the FUND, may accept the following types of collateral:

- a) cash in hand
- b) bonds issued or guaranteed by a country in the European Economic Area or another country party to the Organization for Economic Co-operation and Development Agreement, their central banks, their local authorities, the European Central Bank, the European Investment Bank or an international a public organization of which at least one country is a member, part of the European Economic Area, as well as qualifying debt securities issued or guaranteed by third countries with a credit rating not lower than that assigned by a credit rating agency, registered or certified in accordance with Regulation (EU) (1060/2009).

**(8)** *(new, adopted by decision of 25.05.2021)* The branch of the Management Company determines the required level of collateral in accordance with the counter party risk limits applicable to the FUND, taking into account the nature and characteristics of the transactions, the counter party, its creditworthiness and prevailing market conditions.

**(9)** *(new, adopted by decision of 25.05.2021)* The branch of the Management Company decides on the reduction of the valuation of the collateral provided (haircut), applicable to an asset received as collateral, based on the following factors:

- a) type of collateral received;
- b) maturity of the asset provided as collateral (if applicable);
- c) credit rating of the issuer of the asset provided as collateral (if applicable).

The branch of the Management Company may decide to further reduce the valuation of the collateral provided if it is denominated in a currency other than the euro.

**(10)** *(new, adopted by decision of 25.05.2021)* The non-monetary collateral shall be kept by the depositary of the FUND at the expense of the latter. Assets received as collateral may not be sold, reinvested or pledged by the branch of the Management Company before the counter party defaults on an OTC derivative transaction. The branch of the Management Company, acting on account of the FUND, may sell financial instruments received as collateral when the counter party has fallen into default under the derivatives contract and the terms of the contract give this right.

**(11)** *(new, adopted by decision of 25.05.2021)* In case that the branch of the Management Company acting on account of the FUND decides to enter into transactions with OTC derivative financial instruments, it may also provide collateral on account of the FUND in order to reduce its exposure to the counter party in transaction of OTC derivative instruments. The collateral provided must be sufficiently liquid so that it can be sold at a price close to its estimate before the time of the sale. When calculating the risk exposure of the FUND to the counter party, the branch of the Management Company shall take into account the investment restrictions and concentration limits applicable to the FUND. The collateral provided may be stated at net value if the branch of the Management Company can guarantee the implementation of the netting agreements with the counter party to the OTC derivatives transaction on behalf of the FUND.

### **(Title amended by decision of 25.05.2021) Investment policy of the Main Sub-Fund**

**Art. 10. (1)** *(Amended, with decision of 25.05.2021)* The main sub-fund invests partly in a global selection of investments in accordance with the investment strategy of the Management Company and partly in investments in Central and Eastern Europe.

**(2)** *(Amended by decision of 25.05.2021)* The target distribution of the Main Sub-Fund's investments in asset classes is 30% in shares and share-related instruments ("equity component") and 70% in bonds and/or bond-related investments ("bond investment component"), i.e. the portfolio of the Main Sub-Fund contains mainly bonds and to a lesser extent shares.

Nevertheless, there may be a deviation from the target distribution of investments, based on the investment strategy of the Management Company, i.e. to be invested in asset classes that are not included in the target distribution of investments. However, this deviation reflects only on the target distribution of the global selection of investments in the equity component and in the bond component.

**(3)** *(new, adopted by decision of 25.05.2021)* The target distribution of the equity investment component is 15% in a global selection of investments from each region, sector or area and 15% in Bulgarian shares.

The target distribution of the bond investment component is 20% in a global selection of bond investments or bond-related investments from each region, sector or area and 50% in a selection of bond and debt instruments from Central and Eastern Europe.

**(4)** *(new, adopted by decision of 25.05.2021)* The bond investment component consists of bonds and debt securities issued by companies and government securities.

The Main Sub-Fund invests, directly and/or indirectly, at least 50% of the assets invested in bonds and debt instruments in securities with an investment rating (minimum rating - long-term BBB-/Baa3, short-term A3/F3/P3) provided by Moody's, Moody's Investors Service; Standard & Poor's (S&P, Standard & Poor's, McGraw-Hill) or Fitch (Fitch, Fitch Ratings), and/or government securities issued in local currency and non-subordinated corporate bonds that do not have a credit rating from these rating agencies but the issuer has been assigned an investment credit rating by at least one of the rating agencies, and/or in money market instruments whose issuer has received an investment rating from one of the above mentioned rating agencies (minimum short-term rating A3/F3/P3).

In addition, the Main Sub-Fund may invest up to 50% of the assets invested in bonds and debt instruments, incl. government securities, in lower rated securities (or money market instruments whose issuer has a lower rating) or in securities for which no credit rating is available from any of the above agencies (or instruments of the money market whose issuer is not rated by one of the above agencies).

**(5)** *(new, adopted by decision of 25.05.2021)* The Main Sub-Fund may use derivatives both to achieve investment objectives and to hedge risks. To achieve the objectives, derivative instruments accepted or not accepted for trading on a regulated market may be used: these may be forward contracts, futures, options or securities swaps, indices, currencies or interest rates, or other transactions involving derivative financial instruments. Transactions in derivatives that are not accepted for trading on a regulated market will be concluded only with first-class financial institutions specializing in such transactions.

**(6)** *(new, adopted by decision of 25.05.2021)* As a feeder collective investment scheme, the FUND has the same risk profile as the Main Sub-Fund. According to the internal methodology of the Management Company, this risk profile is defensive. According to the Methodology for classification of the collective investment schemes of the Bulgarian Association of Asset Management Companies, the risk profile of the FUND, determined according to the geographical and market risk to which it is exposed, corresponds to a global mixed "balanced" fund.

### **(Title amended by decision of 25.05.2021) Additional liquid assets**

**Art. 11.** *(Amended by decision of 25.05.2021, repealed 23.08.2022, amended 31.08.2022)* The FUND may keep cash in the bank up to the amount necessary for the FUND to fulfill the redemption orders submitted by investors, as well as to cover other current expenses, but in any case not more than 15% of its net assets.

### **Restrictions on investment activity**

**Art. 12.** *(Amended by decision of 07.02.2012, 15.09.2020 and 25.05.2021)* The FUND may not invest in assets other than those specified in Art. 9, para. 1 of these Rules.

**Art. 13.** *(Amended by decision of 07.02.2012, 15.09.2020)* **(1)** The branch of the Management Company and the Depository Bank, when acting on account of the FUND, may not provide loans or be guarantors to third parties.

**(2)** *(Repealed by decision of 25.05.2021)*

**(3)** *(Repealed by decision of 25.05.2021)*

**Art. 14.** *(Amended by decision of 07.02.2012, 15.09.2020 and 25.05.2021)* Fees and expenses incurred directly or indirectly by the FUND may not exceed 5% of the average annual value of the FUND's net assets.

**Art. 15.** *(Amended by a decision of 07.02.2012 and a decision of 23.05.2018, 15.09.2020)* The branch of the Management Company and the Depository Bank, when acting on account of the FUND, may not use loans, except in cases and in compliance with the requirements of the CISOU CIA.

### **III. FUND PROPERTY. RIGHTS OF SHAREHOLDERS.**

**Art. 16.** *(Amended by decision of 07.02.2012)* **(1)** The assets of the FUND are divided into shares, the number of which changes as a result of the issue (sale) of new shares or their redemption.

**(2)** The mutual fund shall be considered as an issuer of the shares into which it is divided.

**(3)** The net value of the FUND's assets may not be less than BGN 500,000 (five hundred thousand). This minimum amount must be reached within one year from the receiving of the permit for organization and management of the FUND.

**(4)** *(New, with decision of 23.05.2018)* If for 6 consecutive months the average monthly net asset value of the mutual fund is less than BGN 500,000 (respectively their equivalent in EUR), the management company must within 10 working days announce the reasons for this, the measures that it will undertake to attract new investors, and the period in which these measures will be implemented and in which the mutual fund is expected to recover the amount of the net asset value. The period of 10 working days under sentence one shall start to run from the expiration of 6 consecutive months under sentence one.

**(5)** *(New, with decision of 23.05.2018, 15.09.2020)* The disclosure under para. 4 shall be performed on the website of the branch of the Management Company and in another appropriate way in view of the established means for contact with the investors. The branch of the Management Company shall submit to the Commission a copy of the disclosed information by the end of the next working day after its disclosure and information on the results of the measures taken by the 10<sup>th</sup> of each month until reaching the minimum amount under para. 3.

### **Property structure. Contributions**

**Art. 17.** *(Amended, with decision of 07.02.2012)* **(1)** The structure of the assets and liabilities of the property of the FUND, as well as its liquidity shall comply with the respective applicable legal requirements and these Rules.

**(2)** The contributions to the property of the FUND may be only in cash.

**(3)** *(Amended, with decision of 29.07.2015)* The acquisition of a share of the FUND is made against payment of its full issue value, which is equal to the amount of the net asset value of one share, determined for the date of submission of the purchase order, increased by the issue costs.

**(4)** *(Amended, with a decision of 14.01.2014 and with a decision of 29.07.2015, 15.09.2020)* The minimum amount that the investor may apply for the acquisition of shares in the FUND is BGN 100 (one hundred), with the exception of Art. 29a, and in case of concluding a contract for systematic investment - BGN 20 (twenty), divided by the issue value of 1 share.



**(5)** *(New, with a decision of 14.01.2014, previous para 6, numbering amended on para 5, with a decision of 29.07.2015)* The FUND is not entitled to issue shares whose issue value has not been paid in full.

### **Increasing and decreasing the property of the FUND**

**Art. 18.** The property of the FUND increase or decrease depending on the change in the net asset value, including as a result of the sold or redeemed shares of the FUND.

### **Shares of the mutual fund**

**Art. 19. (1)** *(Amended by decision of 07.02.2012)* The shares of the FUND according to § 1, item 4 of the Additional Provisions of the CISOUCA are financial instruments issued by the FUND, which express the rights of their holders over its assets. The shares are registered on accounts with Central Depository AD and can be offered publicly.

**(2)** The nominal value of one share is BGN 10 (ten).

**(3)** The number of shares shall be determined by their issuance and redemption and shall not be limited by a minimum or maximum size.

### **Types of shares**

**Art. 20 (1)** The FUND shall issue whole and partial shares.

**(2)** The shares shall be issued on the basis of the net value of the assets of the FUND and shall be acquired against a cash contribution in a certain amount.

**(3)** The number of shares that the investor acquires shall be determined as a private part between the cash contribution made (the amount requested for investment) of a certain amount and the issue value of one share, calculated for the respective day.

**(4)** *(Amended, with decision of 11.01.2016 and 25.05.2021)* In case an integer number of shares cannot be issued against the amount paid, the investor shall also acquire a partial share, the number of shares being determined to the fourth decimal place.

### **Book of shareholders**

**Art. 21.** *(Amended by decision of 07.02.2012, 15.09.2020 and 25.05.2021)* The book of the holders of shares of the FUND is kept by the distributor of the FUND, through open sub-accounts to the account of the distributor in Central Depository AD.

### **Transfer of shares**

**Art. 22.** *(Amended by decision of 07.02.2012)* The shares of the FUND are transferred freely, without restrictions or additional conditions, according to the will of their owners, subject to the specific requirements of the current legislation for disposal of financial instruments.

### **Rights of the shareholder**

**Art. 23. (1)** Each of the shares gives to its holder equal rights.

**(2)** *(Amended by decision of 23.05.2018)* Each share entitles its holder to a relevant part of the FUND's property, including in the event of its liquidation, the right of redemption, the right to information and the right to file complaints.

**(3)** In the cases of acquired partial shares, the property rights shall be acquired and exercised in proportion to the owned partial share.

### **Right to file complaints**

**Art. 24.** *(Amended by decision of 23.05.2018, 15.09.2020, 30.10.2020, new para 1, adopted by decision of 25.05.2021)* **(1)** Investors have the right to file free complaints against actions and inactions of The Management Company, the branch of the Management Company and the persons providing them with services, for example with regard to share administration activities, requests for information from investors, valuation of the net asset value and calculation of the price per share, compliance with legal requirements, keeping a book of shareholders, distribution of payments, issuance, sale and redemption of shares, performance of contracts, record keeping.

**(2)** *(New, adopted by decision of 25.05.2021)* Information on the Procedure for filing and reviewing complaints, requests and objections of shareholders is provided free of charge to investors, upon request, and is published on the website of the branch of the Management Company.

**(3)** *(New, adopted by decision of 25.05.2021)* The branch of the Management Company and the distributor of the FUND maintain a special register of complaints filed by the holders of shares in the FUND

against the actions and inactions of the Management Company, the branch of the Management Company and their service providers, incl. the distributor of the FUND.

**(4)** *(New, adopted by decision of 25.05.2021)* The branch of the Management Company and - where applicable - the distributor of the FUND review and register all filed complaints, and depending on the subject of the complaints, they are forwarded to prepare a response or provide information to the branch of the Management Company or the distributor of the FUND, depending on their obligations and responsibilities to investors.

**(5)** *(New, adopted by decision of 25.05.2021)* In the relations between the branch of the Management Company, including when acting on account of the FUND, and the FUND's distributor, the distributor of the FUND shall be responsible for any non-performance and default of obligations and duties to the investors as specified in the contracts with such investors and in the orders placed for performance to the distributor; to this end the distributor shall be responsible for the relations with the branch of the Management Company and for the estimation, including wrong estimation, of the circumstances described in the complaint regarding the non-performance of the said obligations of the distributor. Nevertheless, the ultimate responsibility of the branch of the Management Company towards the investors regarding non-fulfillment of the obligations assigned to the distributor of the FUND does not disappear.

**(6)** *(New, adopted by decision of 25.05.2021, amended by decision of 20.06.2022)* The branch of the Management Company should ensure that there is information about all submitted complaints and prepared answers to investors by the FUND distributor, and in this regard the branch of the Management Company and the FUND's distributor agree on the introduction of a procedure for providing information to the Compliance officer in the branch of the Management Company, within a certain term after receiving the complaint from the distributor, respectively for coordination of the answer with the branch of the Management Company.

**(7)** *(New, adopted by decision of 25.05.2021)* Investors can file complaints:

- in the office of the branch of the Management Company;
- in the branches of the FUND's distributor;
- online through the websites of the branch of the Management Company and the distributor of the FUND.

**(8)** *(New, adopted by decision of 25.05.2021)* Complaints are considered only if the investor provides correct information about his name and unique civil number/similar credentials and contact details - postal address, telephone number, email address, etc.

**(9)** *(New, adopted by decision of 25.05.2021)* Complaints are examined by the branch of the Management Company and, where applicable, by the FUND's distributor, who analyses the complaint, verifies the relevant data, collects evidence and takes measures to address the complaint, and a reasoned written response should be sent to the applicant not later than 10 working days from the day of filing the complaint.

**(10)** *(New, adopted by decision of 25.05.2021)* Each investor has the right to file a complaint against the Management Company, the branch of the Management Company or the FUND's distributor to the Commission and/or any other competent authority, as well as to use other available means for alternative dispute resolution, such as mediation, out-of-court settlements and other forms of out-of-court settlement of disputes, including the procedure before the *Sectoral Conciliation Commission for consideration of disputes in the field of activities and services under Art. 5 (2) and (3) of MFIA and for activities and services under Art. 86 (1) and (2) of the CISOU CIA, including in the provision of distance financial services in these sectors.*

**(11)** *(New, adopted by decision of 11.04.2022)* Investors may file complaints in Bulgarian or in one of the official languages of their Member State.

### **Right of redemption**

**Art. 25.** *(Amended by decision of 07.02.2012)* **(1)** Each holder of shares in the FUND may request that they be redeemed, unless the redemption is temporarily suspended in the cases described in Art. 32 of these Rules.

**(2)** The redemption request may refer to part or all of the shares held by the investor.

**(3)** *(New, with decision of 14.01.2014)* The investor has the right to submit a redemption order for all or part of the shares held by him. If when submitting a redemption order it is evident that after its execution the remaining shares of the investor's balance would be less than 10 (ten) shares of the Fund, the redemption order should be submitted for all shares held and the investor should zero his account.

### **Right to information**

**Art. 26.** *(Amended by decision of 07.02.2012, 15.09.2020)* **(1)** Each shareholder may receive public information about the FUND's activities contained in these Rules, the FUND's Prospectus, the Key Investor

Information Document, as well as that relating to the Management Company and the branch of the Management Company.

**(2)** The Prospectus, the Key Investor Information Document for the investors and the last published annual and 6-monthly report of the FUND shall be provided free of charge to any investor who wishes to get acquainted with them, with a view to making an investment decision.

**(3)** *(Amended by decision of 15.09.2020)* The information is made available to investors and shareholders on the websites of the Management Company's branch and the distributor, as well as in the distributor's branches where the sale and redemption of shares of the FUND takes place. On demand of the investors, the distributor shall provide a free paper copy of the information.

**(4)** *(New, adopted by decision of 25.05.2021)* In addition, each shareholder and each investor may request to be provided a free paper copy of the prospectus and the latest annual and semi-annual financial statements of the Main Umbrella Fund, which also contain information about the Main Sub-Fund in order to make an investment decision.

### **Right to liquidation share**

**Art. 27. (1)** Each holder of shares of the FUND is entitled to a part of the property of the FUND upon its liquidation, corresponding to the shares held.

**(2)** This right may be exercised insofar as, after the satisfaction of the creditors of the FUND, property has remained for distribution.

**(3)** In case the property remaining after repayment of the obligations to the creditors of the FUND is insufficient for payment of the share of all investors, they shall be satisfied in proportion to the owned shares.

## **IV. PUBLIC OFFERING AND REDEMPTION OF SHARES**

**Art. 28.** *(Amended by decision of 07.02.2012, 15.09.2020)* The branch of the Management Company is obliged to constantly issue (sell) the shares of the FUND and at the request of their holders, to redeem them, except in cases of suspension of the issue (sale) and redemption of shares of the FUND, explicitly the cases specified in these Rules. The redeemed shares are invalidated.

### **Conditions and procedure for public offering and redemption of shares**

**Art. 29.** *(Amended by decision of 15.09.2020)* **(1)** The activity of issuing (selling) and redeeming shares of the FUND shall be carried out by the branch of the Management Company through the distributor, at the expense of the FUND.

**(2)** *(Amended by decision of 23.05.2018 and decision of 15.09.2020)* The Management Company provides, through the distributor with whom it has a contract, a network of branches, where orders for purchase and redemption of shares are accepted and contacts are made with investors and shareholders.

**(3)** *(Amended by decision of 15.09.2020 and 25.05.2021)* The sale and redemption of shares of the FUND is carried out by submitting a written order from the applicant to the distributor. The written order is based on a sample with a minimum content determined by an ordinance. The necessary documents, which are provided as attachments to the order, are specified in the Prospectus for public offering of shares of the FUND. When placing an order for the first time, a contract is concluded with the distributor, on the basis of which orders are accepted for each specific case.

**(4)** The purchase orders, respectively redemption of shares of the FUND, shall be executed at issue value and redemption price, determined for the nearest day following the day of submission of the purchase order, respectively redemption of shares.

**(5)** *(Amended by a decision of 07.02.2012 and a decision of 14.01.2014 and a decision of 11.01.2016, 28.07.2020 and a decision of 15.09.2020 and repealed by a decision of 11.04.2022 and amended by a decision of 20.06.2022)* Orders for the simultaneous redemption of units from the FUND and the purchase of units from another collective investment scheme (CIS), also managed by the branch of the Management Company, and vice versa can be submitted only for the CIS, the nominal values of one unit, which are calculated in same currency. Orders for the simultaneous redemption of shares to the FUND and purchase of shares from another CSI, also managed by the branch of the Management Company, and vice versa, are executed at the redemption price and issue value, respectively.

**(6)** All sales and redemption orders received in the period between two calculations of the issue value and the redemption price shall be executed at the same value.

**(7)** The orders for purchase of shares of the FUND shall be executed within 7 days from the date of submission of the purchase order, and for redemption of shares - within 10 days from the date of submission

of the redemption order.

**(8)** *(Repealed by a decision of 11.04.2022 and amended by a decision of 20.06.2022)* The orders under para. 5 are performed within 7 days from the date of submission of the order.

**(9)** *(New, with decision of 23.05.2018, 25.05.2021)* When placing orders for the purchase of shares, their value is divided by the issue value.

### **Conditions and procedure for concluding Contracts for systematic investment**

**Art. 29a.** *(New with decision of 07.02.2012, amended by decision of 11.01.2016, 15.09.2020)* **(1)** *(Amended by decision of 15.09.2020)* The distributor may also conclude with investors (individuals) a Systematic Investment Contract (Systematic Investment Plan), pursuant to which orders for subscription of shares issued by the FUND are executed periodically, on dates selected by the investor.

**(2)** *(Amended by decision of 02.03.2012 and decision of 14.01.2014, by decision of 11.01.2016 and by decision of 25.05.2021)* Upon concluding a Contract for systematic investment, the investor undertakes to provide on his account(s) the amount of investment chosen by him, on the date specified in the contract and its annexes and this availability to be on his account(s) until the execution of the order. Purchase orders under a systematic investment contract are generated automatically on the investment days specified by the investor, whereby the orders are considered submitted. In the cases when the dates chosen by the investor for periodic orders for subscription of shares coincide with a non-working day, the orders are generated, respectively they are considered submitted on the first following working day.

**(3)** *(Amended by a decision of 02.03.2012 and a decision of 14.01.2014, by a decision of 11.01.2016 and by a decision of 25.05.2021)* In case the investor has not provided sufficient funds on his account, the order is considered invalid, as it is automatically canceled by the system and moved to the next investment period.

**(4)** *(Amended by decision of 11.01.2016, 15.09.2020)* If the investor does not provide the amount/s selected and on the date/s selected by him, the distributor does not fulfill the order/s and moves on to the next investment period.

**(5)** *(Amended by decision of 11.01.2016, revoked 15.09.2020)*

## **V. CALCULATION OF THE NET ASSET VALUE, THE ISSUED VALUE AND THE REDEMPTION PRICE OF THE SHARES**

### **Net Asset Value**

**Art. 30.** *(Amended by decision of 07.02.2012 and decision of 27.06.2012)* **(1)** The net asset value of the FUND is determined every working day of the week, including the value of all assets and liabilities owned by the FUND on the balance sheet at the day to which the assessment relates. If a business day is officially declared a non-business day, the calculation of the issue value and the redemption price of the shares shall be performed on the first following business day.

**(2)** In calculating the net asset value, a uniform and consistent valuation system shall be used, taking into account the respective costs related to the sale and redemption of shares, including the remuneration of the Management Company and the Depository Bank, as well as other costs if any are considered.

**(3)** *(Amended by decision of 15.09.2020)* The net asset value of the FUND is equal to the sum of the book value of all FUND assets, less the sum of the book value of all liabilities. The net asset value per share is equal to the net asset value divided by the number of FUND's shares in circulation. The book value of assets and liabilities is determined in accordance with the Rules approved by the Vice-President of the Commission for valuation of the portfolio and determination of the net asset value of the FUND.

**(4)** *(Amended, with a decision of 11.04.2022)* The valuation of the FUND's assets shall be performed upon initial acquisition (recognition) - at acquisition price. The subsequent valuation of the FUND's assets is performed on a daily basis at fair value. The fair value of the shares in the Main Sub-Fund, including in cases of temporary suspension of redemption, will be the last announced redemption 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.

**(5)** *(Amended, with a decision of 14.01.2014 and with a decision of 25.05.2021)* Subsequent valuation of the FUND's financial instruments is performed at fair value, in accordance with the Rules for portfolio valuation and determination of the net asset value of the FUND.

**(6)** *(Repealed, with decision of 25.05.2021)*

**(7)** *(Repealed, with decision of 25.05.2021)*

**(8)** *(Repealed, with decision of 25.05.2021)*

**9)** *(Repealed, with decision of 25.05.2021)*

**(10)** *(Repealed, with decision of 25.05.2021)*

**(11)** *(Repealed, with decision of 25.05.2021)*

**(12)** Financial assets denominated in foreign currency shall be converted into BGN equivalent, determined at the central rate of the Bulgarian National Bank, valid for the day to which the assessment refers.

**(13)** The value of liabilities is equal to the sum of the carrying amounts of short-term and long-term liabilities on the balance sheet. Liabilities denominated in foreign currency are calculated at the official BNB's exchange rate announced on the day of the valuation. Valuation of liabilities is performed in accordance with International Accounting Standards and the accounting policy of the FUND.

**(14)** *(Amended by decision of 15.09.2020)* The top management of the branch of the Management Company adopts Rules for portfolio valuation and determination of the net asset value, containing the principles and methods for asset valuation, as well as the system for organization of this activity.

## **Conditions and procedure for determining the issue value and redemption price of the FUND shares**

**Art. 31.** *(Amended by decision of 07.02.2012, 15.09.2020)* **(1)** The issue value and the redemption price of the shares shall be determined by the branch of the Management Company under the control of the Depository Bank.

**(2)** *(Amended by decision of 27.06.2012 and decision of 11.01.2016)* The issue value and the redemption price of the shares are determined every business day (named day T+1 "the day on which the valuation is performed") for the previous day (called day T "the day on which the valuation is carried out"). If the respective day is officially declared a non-working day, the calculation of the issue value and the redemption price of the shares shall be performed on the first following working day.

**(3)** *(Amended by decision of 27.06.2012 and amended by decision of 23.05.2018 and decision of 15.09.2020 and by a decision of 11.04.2022)* The branch of the Management Company, until the end of each working day in which the valuation is performed (day T+1), announces them in the manner specified in the Prospectus for public offering of shares of the FUND. The branch of the Management Company of the collective investment scheme announces to the Commission summary information on the issue values and redemption prices of its shares once a month - within three business days from the end of the month.

**(4)** *(Amended by decision of 25.05.2021)* The issue value of one unit is equal to the net asset value of one share plus the issue costs, which are up to 2.5% of the net asset value per share, and the redemption price of one share is equal to the net asset value per share minus the redemption fee in the amount of 5% of the net asset value per share, if the redemption order is submitted within one month from the date of subscription of the shares in the Fund. After the expiration of the one-month period, the redemption price of one share is equal to the net asset value of one share in the Fund.

**(5)** *(amended by decision of 28.07.2020 and by decision of 15.09.2020)* In case of change in the amount of expenses for issuance and redemption of the FUND shares, the branch of the Management Company is obliged to notify the FUND's shareholders, in an appropriate manner specified in the Prospectus, immediately after the approval of the changes in the FUND's Rules by the Deputy Chairman of the FSC. The obligation under the previous sentence shall be fulfilled no later than the next day after learning of the approval of the changes.

## **VI. SUSPENSION OF REDEMPTION**

### **Terms and conditions**

**Art. 32.** *(Amended by decision of 07.02.2012, 15.09.2020, 25.05.2021)* **(1)** The Management Company, by decision of its competent corporate body or the Branch by decision of the Top Management, may suspend the redemption of shares in the FUND in exceptional cases, if the circumstances require so and if the suspension is justified in the interests of shareholders, including in the following cases:

1. when on a regulated market on which a significant part of the FUND's assets are admitted or traded, the conclusion of transactions is terminated, suspended or subject to restriction;

2. when the assets or liabilities of the FUND cannot be properly valued or the Management Company cannot dispose of them without harming the interests of the shareholders;

3. *(Amended by a decision of 25.05.2021)* when a decision is made to terminate or restructure by merger or acquisition of the FUND or transforming the FUND into a collective investment scheme, which is not a feeder collective investment scheme.

4. *(Revoked, with decision of 14.01.2014, new, adopted with decision of 25.05.2021)* in case that a



decision is taken to liquidate or restructure the Main Umbrella Fund or the Main Sub-Fund.

5. *(Amended by a decision of 23.05.2018 and 25.05.2021)* in case of termination of the contract with the Depository Bank due to culpable non-fulfillment of its obligations, revocation of the banking license of the Depository Bank or imposition of other restrictions on its activities, which make it impossible to fulfill its obligations under the depository services contract and may harm the interests of the shareholders of the FUND.

6. *(New, adopted by decision of 25.05.2021)* The Management Company may suspend the redemption of shares in the FUND when the Main Sub-Fund has suspended the redemption of its shares.

**(2)** *(Amended by decision of 15.09.2020 and 25.05.2021)* In the cases under para. 1, the branch of the Management Company shall notify the Commission, the distributor of the FUND and the Depository Bank of its decision by the end of the business day, respectively notify it of the resumption of redemption by the end of the business day preceding the resumption.

**(3)** *(Amended by decision of 23.05.2018 and decision of 15.09.2020)* When making a decision under para. 1, the Branch of the Management Company through the distributor shall be obliged to immediately suspend the issuance of shares for the term of the suspension of the redemption, if such is provided.

**(4)** *(Amended by decision of 11.01.2016, 28.07.2020 and by decision of 15.09.2020 and repealed by a decision of 11.04.2022 and amended by decision of 20.06.2022)* The acceptance of orders for the simultaneous redemption of shares of the FUND and the purchase of shares of another collective investment scheme in BGN, also managed by the branch of the Management Company, and vice versa, is suspended if the repurchase of the shares of any of the two collective investment schemes will be temporarily suspended until its resumption.

**(5)** *(Amended by decision of 15.09.2020, 25.05.2021)* In case it is necessary to extend the term for suspension of the redemption of the shares, the Management Company, by decision of its competent corporate body, or the Branch by decision of the Top Management, may take a decision for extension of the term and the Branch of the Management Company shall notify about it, by the order of para. 2, the Commission, the distributor of the FUND and the Depository Bank, not later than 7 days before the expiration of the term initially determined by him. If the period of suspension is shorter than seven days, including in cases where the redemption has been suspended for technical reasons, the branch of the Management Company shall make the notifications under the previous sentence by the end of the business day preceding the date on which the redemption had to be renewed.

**(6)** *(Amended by decision of 15.09.2020 and 25.05.2021)* Redemption shall be resumed by the Management Company, by decision of its competent corporate body or by the Branch by decision of the Top Management, upon expiration of the term specified in the decision to suspend redemption, respectively in the decision to extend the redemption.

**(7)** *(Amended by decision of 15.09.2020)* The branch of the Management Company notifies the shareholders of the FUND of the suspension of the redemption, respectively of its resumption, immediately after the decision is made to announce it in the manner specified in the Prospectus of the FUND. The branch of the Management Company announces on its website the decision to suspend the redemption, respectively for its resumption. The notification for resumption shall be made including by the order of para. 2.

**(8)** *(Amended by decision of 15.09.2020 and 25.05.2021)* Orders submitted after the last redemption price announcement before the start date of the suspension period shall not be executed. The management company, through the distributor, restores the amounts of the investors, who have submitted orders for purchase of shares, to their bank account by the end of the business day following the day of submitting the orders.

## **VII. FEES AND EXPENSES ON ACCOUNT OF THE FUND**

**Art. 33.** *(Amended by decision of 07.02.2012, 15.09.2020)* **(1)** The following expenses and fees shall be paid with the funds of the FUND:

a) *(Amended by decision of 15.09.2020, 25.05.2021, 08.08.2022)* Remuneration of the branch of the Management Company - the Fund owes to the branch of the Management Company a remuneration for management of the Fund, which is calculated only on that part of the Fund's assets that is invested (i.e. represents investments) in financial instruments other than shares issued by the Main Sub-Fund, and amounts to 1.20% per year.

In addition, the Management Company, which is also the management company of the Main Sub-Fund, collects a management fee, which will be calculated and charged on the Main Sub-Fund's assets acquired as

a result of the Fund's investments in the Main Sub-Fund. This management fee is calculated on the basis of the average total assets of the Main Sub-Fund and is max. 1.26% per year. Thus, this management fee is indirectly borne by the Fund as a shareholder in the Main Sub-Fund, which means that it is finally indirectly borne by the Fund's shareholders.

However, the Management Company does not charge a management fee on the Fund's assets that are invested (i.e. represent investments) in shares issued by the Main Sub-Fund, thus avoiding the double charging of a management fee on the same assets.

b) Remuneration of the Depository Bank;

c) (*Amended by decision of 15.09.2020, 25.05.2021 and 29.06.2021*) Other running costs and fees paid by the FUND, including but not limited to:

- for establishing the Fund and approving its investment in the Main Sub-Fund;
- for commissioning of the investment intermediaries, authorized by virtue of a contract with the branch of the Management Company to execute investment orders;
- for remuneration of the registered auditor for verification of the annual financial statements;
- for state fees, fees collected by the Commission, Central Depository AD and other institutions;
- other necessary operating fees and expenses.

These other current expenses and fees, calculated on the basis of the average amount of the Fund's assets, amount to 0.20% per year.

d) (*New, adopted by decision of 25.05.2021*) Other current expenses and fees paid by the Main Sub-Fund in connection with its investments, which are accrued on the assets of the Main Sub-Fund, acquired as a result of the Fund's investments in the Main Sub-Fund. Thus, these costs and fees are indirectly borne by the Fund as a shareholder in the Main Sub-Fund, which means that they are finally indirectly borne by the Fund's shareholders.

Other running costs and fees of the Main Sub-Fund, which are indirectly borne by the Fund in addition to the management fee specified in p. a) above, include operational and administrative costs as follows:

- Administrative fee in the amount specified in the part for the Main Sub-Fund from the prospectus of the Main Umbrella Fund;
- Deposit fee in the amount specified in the part for the Main Sub-Fund from the prospectus of the Main Umbrella Fund;
- Other running costs and fees of the Main Sub-Fund (for example government fees, audit fees, marketing costs, etc.), with an expected amount of up to 0.10% of the net assets of the Main Sub-Fund per year;
- Taxes paid by the Main Sub-Fund in connection with its investments, where applicable law provides for such;
- Subscription and redemption fees paid by the Main Sub-Fund in connection with its investments in other collective investment undertakings in pursuance of its investment objectives and policies, the amount of which depends on the volume of operations carried out each year;
- Other expenses paid by the Main Sub-Fund in connection with its investments in other collective investment enterprises in pursuance of its investment objectives and policies, the amount of which depends on the rules of these other collective investment undertakings and the value of the General Sub-Fund's assets invested in them.

The exact amount of running costs and fees paid by the Main Sub-Fund shall be published in the annual financial statements of the Main Umbrella Fund.

Fees and expenses incurred directly or indirectly by the Fund may not exceed 5% of the average annual value of the Fund's net assets.

**(2)** (*Amended by decision of 15.09.2020 and 25.05.2021*) Fees paid by investors are:

- fee for issuing shares up to 2.5% of the net asset value per share;

- redemption fee, in case the investor requests redemption within one month from their subscription - in the amount of 5% of the net asset value per share;
- other fees for investment services, performed by the distributor of the Fund and collected according to its Tariff.

**Art. 34. (1)** *(Amended by a decision of 07.02.2012, by a decision of 29.07.2015, by a decision of 15.09.2020, by a decision of 25.05.2021, by a decision of 08.08.2022)* The annual remuneration of the branch of the Management Company is determined by a decision of the Top Management of the branch as a percentage of the average annual net asset value of the FUND and amounts to 1.20% (one percent and twenty tenths) of the average annual net asset value as it is calculated only on that part of the Fund's assets that is invested (i.e. represents investments) in financial instruments other than shares issued by the Main Sub-Fund.

**(2)** *(Amended by decision of 15.09.2020)* The branch of the Management Company withholds the agreed remuneration in advance, in monthly payments, in the amount of 1/12 of the percentage of the average monthly net value of the FUND's assets determined in the decision of the Top Management of the branch of the Management Company. The branch of the Management Company shall order the payment from the accounts of the FUND in the Depository Bank to the account specified by it by the tenth day of the month following the month for which the remuneration is due.

**(3)** *(Amended by decision of 02.03.2012, by decision of 15.09.2020, revoked by decision of 25.05.2021)*

**Art. 35.** *(Amended by decision of 07.02.2012, 24.04.2014 and revoked by decision of 23.05.2018)*

## **VIII. REPLACEMENT OF THE MANAGEMENT COMPANY AND RULES FOR ENSURING THE INTERESTS OF THE SHAREHOLDERS IN CASE OF SUCH REPLACEMENT**

**Art. 36** *(Amended by a decision of 07.02.2012 and a decision of 23.05.2018, 28.07.2020, 15.09.2020)*

**(1)** Replacement of the Management Company with another management company in the Republic of Bulgaria shall be carried out after approval by the Deputy Chairman of the FSC, in the cases when:

a) *(amended by decision of 28.07.2020 and by decision of 15.09.2020)* The competent authority shall revoke the license of the Management Company or impose restrictions on its activities that make it impossible to fulfill its obligations through the branch of the Management Company to the FUND and may harm the interests of the investors;

b) *(Amended by decision of 15.09.2020)* The General Meeting of the Management Company decides to terminate its activities or the Executive Committee of the Management Company decides to terminate the activities of the branch in the Republic of Bulgaria;

c) The management company is declared bankrupt.

**(2)** In the presence of any of the circumstances in para. 1, the Management Company shall submit to the depository bank within 5 days all available information and documentation in connection with the management of the FUND. Until concluding a contract with another Management Company or restructure the FUND through a merger or acquisition, the depository bank shall exceptionally manage the FUND for a period not longer than 3 /three/ months.

**(3)** *(Amended by decision of 15.09.2020)* The Vice-President of the Commission approves another management company under the terms and conditions of Chapter Five, Section I of Ordinance No. 44 of 20 October 2011 on the requirements for the activity of collective investment schemes, management companies, national investment funds, alternative investment funds and persons managing alternative investment funds.

## **IX. DEPOSITORY BANK**

### **Depository services contract. Functions of the Depository Bank**

**Art. 36a** *(Amended by decision of 15.09.2020)* **(1)** *(New, with a decision of 23.05.2018 and with a decision of 15.09.2020)* The relations between the branch of the Management Company representing the

mutual fund, on the one hand, and the depositary bank, on the other hand, shall be settled by a written contract for depositary services.

**(2)** The contract with the depositary bank shall be concluded in compliance with the established requirements and restrictions in the CISOU CIA, the acts on its implementation and in Regulation (EU) 2016/438.

**(3)** *(Amended by decision of 15.09.2020)* The minimum mandatory elements of the contract between the branch of the Management Company and the depositary are set out in Regulation (EU) 2016/438 as follows:

a) a description of the services that are going to be provided by the depositary and description of the procedures that shall be put in place by the depositary for each type of asset in which the FUND may invest and which is entrusted to it;

b) a description of the way in which the storage and supervision functions will be performed depending on the type of assets and the geographical regions in which the FUND intends to invest, incl. in relation to conservation obligations, lists of countries and procedures for adding or removing countries from those lists. This is in accordance with the information provided in the rules of the FUND, in the constituent documents and in the offering documents concerning the assets in which the FUND may invest;

c) the period of validity and the conditions for amending and terminating the contract, including the circumstances which may lead to the termination of the contract, as well as information on the termination procedure and procedures by which the depositary transmits all relevant information to its successor;

d) the obligations of confidentiality applicable to the parties under the relevant laws and regulations. These obligations shall not hinder the competent authorities from having access to relevant documents and information;

e) *(Amended by decision of 15.09.2020)* the means and procedures by which the depositary transmits to the branch of the Management Company all information necessary for that company to fulfill its obligations, including the exercise of all rights relating to assets, and to have a timely and accurate view of the accounts of the FUND;

f) *(Amended by decision of 15.09.2020)* the means and procedures by which the branch of the Management Company transmits to the depositary all information it needs to carry out its obligations - or provides access to it, including the procedures by which the depositary will receive information from other persons designated by the branch of the Management Company;

g) the procedures to be followed in case of a planned amendment to the rules of the FUND, the instruments of incorporation or the instruments of offer, detailing the circumstances in which the depositary must be informed or with the prior consent of the depositary in order to proceed to the amendment;

h) *(Amended by decision of 15.09.2020)* all necessary information to be exchanged between the branch of the Management Company or a third party acting on behalf of the FUND, on the one hand, and the depositary, on the other, relating to the sale, subscription, re-purchase, issuance, cancellation and redemption of shares of the FUND;

i) *(Amended by decision of 15.09.2020)* all the necessary information to be exchanged between the branch of the Management Company or a third party acting on behalf of the FUND, on the one hand, and the depositary, on the other, in connection with the performance of the depositary's obligations;

j) where the parties intend to entrust a third party with their respective obligations, the obligation to provide regular information on each designated third party and, on request, information on the third party selection criteria used and the steps taken to control the actions of the third party the selected third party;

k) information on the tasks and responsibilities of the parties to the contract in relation to their obligations in the field of preventing money laundering and fighting against the financing of terrorism;

l) *(Amended by decision of 15.09.2020)* information on all cash accounts opened in the name of the branch of the Management Company acting on behalf of the FUND and the procedure for notifying the depositary of the opening of a new account;

m) *(Amended by decision of 15.09.2020)* information on the step-by-step procedure of the depositary, incl. for the persons in the branch of the Management Company to whom the depositary should turn when initiating such a procedure;

n) the depositary's obligation to notify as soon as it learns that the division of assets is not - or is no longer - sufficient to protect them from the insolvency of a third party to whom, in accordance with Article 22a of Directive 2009/65/EU are delegated storage functions in a given jurisdiction;

o) *(Amended by decision of 15.09.2020)* the procedures by which the depositary is allowed, in connection with his duties, to monitor the activities of the branch of the Management Company and to assess

the quality of the information received, including by accessing the accounting books of the Management Company's branch or by on-site visits;

p) (*Amended by decision of 15.09.2020*) the procedures by which the branch of the Management Company may analyse the results of the depositary in relation to its contractual obligations.

(4) The information about the means and the procedures under para. 3, points a) - p) shall be specified in the contract for designation of a depositary and in any subsequent amendment thereof.

(5) The contract certifying the designation of the depositary, as well as in each subsequent agreement, shall indicate the law applicable to the respective contract.

**Art. 37** (*Amended by decision of 07.02.2012*) **(1)** (*Amended by decision of 28.07.2020, 15.09.2020 and 25.05.2021*) The dematerialized financial instruments held by the FUND are kept in the depositary's sub-accounts with the sub-depositary of his choice, and the remaining assets are kept by the depositary, who makes all payments on behalf of the FUND. The branch of the Management Company keeps the assets of the FUND in one depositary. The depositary bank is obliged to:

1. ensure that the issuance, sale, redemption and invalidation of the shares of the FUND are carried out in accordance with the CISOUCA and the rules of the FUND;

2. ensure that the value of the shares of the FUND is calculated in compliance with the CISOUCA and the rules of the FUND;

3. (*Amended by a decision of 15.09.2020*) carries out regular checks for compliance between the accounts kept by the branch of the Management Company and the depositary bank for the assets of the FUND, and in the cases under Art. 37a from the CISOUCA - the accounts kept by the third party too;

4. ensure the transfer within the usual terms of all funds in favor of the FUND arising from transactions with its assets;

5. ensure that the income of the FUND is distributed in accordance with the CISOUCA and the rules of the FUND;

6. (*Amended by decision of 15.09.2020*) shall be reported at least once a month to the branch of the Management Company for the entrusted assets and the operations performed with them, including by providing a complete inventory of the FUND's assets, by the 5<sup>th</sup> of the following month.

7. (*New, with a decision of 11.04.2022*) checks whether the Branch of the Management company has adopted and introduced procedures for conducting stress tests for liquidity of the FUND.

**(2)** (*Amended by decision of 23.05.2018, amended by decision of 28.07.2020, 15.09.2020*) The depositary bank monitors the cash flows of the FUND, including monitoring whether all payments made by investors or on their behalf at the time of subscription of shares of the FUND have been received and whether all funds of the FUND have been posted to accounts:

1. (*Amended by decision of 15.09.2020*) are opened in the name of the FUND or in the name of the branch of the Management Company, acting in the name and on account of the FUND, or in the name of the depositary, acting in the name and on account of the FUND;

2. are opened in a central bank, a bank licensed by the order of Credit Institutions Act, a bank licensed in a Member Country or a bank authorized in a third country, and

3. are managed in compliance with the following requirements:

3.1. maintains records and the accounts in a way that allows at any time to immediately distinguish the assets held by the FUND from the assets held for another client, as well as from the own assets of the depositary;

3.2. maintains records and the accounts in a way that ensures their accuracy;

3.3. (*Amended by decision of 15.09.2020*) carries out regular checks for compliance between the accounts kept by the branch of the Management Company and the depositary for the assets of the FUND, and in the cases under Art. 37a from the CISOUCA - the accounts kept by the third party too;

3.4. take the necessary measures to ensure that all funds of the FUND deposited with a third party can be clearly distinguished from the funds of the depositary bank and that third party through individual accounts of the holders kept by the third party or through equivalent measures that achieve the same level of protection;

3.5. take the necessary measures to ensure that the funds of the FUND in the accounts with a person under item 2 are kept in an individual account or in accounts separately from all accounts for holding funds of the person in whose name the assets of the FUND are kept;

3.6. introduces an appropriate organization and takes the necessary actions to minimize the risk of loss or reduction as a result of abuse, fraud, mismanagement, poor management and record keeping, including through negligent behavior.

4. When cash accounts are opened in the name of a depositary acting in the name and on account of the FUND, the cash of a person under item 2 and the own funds of the depositary bank shall not be accounted



for on these accounts.

5. *(Repealed by decision of 25.05.2021)*

6. *(Repealed by decision of 25.05.2021)*

7. The assets on which the depository bank carries out custodial activities may not be used by them or by a third party to whom a custodial function has been delegated, at their expense. Use within the meaning of the previous sentence includes all transactions with assets under custody, including transfer, pledge, sale and lending.

8. Use under item 7 of the assets on which the depository bank carries out custodial activities is permitted only under the following conditions:

8.1. is carried out on account of the FUND;

8.2. *(Amended by a decision of 15.09.2020)* the depository bank acts by order of the branch of the management company, acting in the name and on account of the FUND;

8.3. the use is in the interest of the FUND and of the shareholders, and

8.4. the transaction is secured by a high quality and liquid asset received from the FUND under a contract with transfer of rights. The market value of the collateral under this item may not be less than the market value of the assets used plus the premium.

**(3)** *(Amended by decision of 28.07.2020)* The depository bank takes care of a good trader, performs its duties honestly, fairly, professionally, independently and solely in the interests of the collective investment scheme and the shareholders in the collective investment scheme.

**(4)** *(New, with decision of 23.05.2018, amended with decision of 28.07.2020)* The depository bank shall be liable to the FUND and to the shareholders of the FUND for all damages caused by it or by the third party under Art. 37a of the CISOUCA in case of loss of financial instruments under custody. In case of loss of any of the financial instruments under its custody, the depository bank shall return to the FUND a financial instrument of the same type or its monetary equivalent without undue delay.

**(5)** *(New, with decision of 23.05.2018)* The depository bank shall not be liable for losses if it proves that they are the result of an external event which is beyond its control and the consequences of which are inevitable regardless of the measures taken to prevent them.

**(6)** *(New, with decision of 23.05.2018)* The depository bank shall be liable to the Management Company and to the shareholders for all other damages as a result of negligence or willful failure to fulfill the obligations of the depository bank under the CISOUCA by employees of the depository or members of its management or supervisory bodies.

**(7)** *(New, with a decision of 23.05.2018, amended with a decision of 28.07.2020)* The delegation of powers under Art. 37a of CISOUCA does not release the depository from liability under para. 4 - 6. The depository's liability may not be excluded or limited by agreement.

**(8)** *(New, with decision of 23.05.2018)* Any agreement concluded in contradiction with para. 7, is insignificant.

**(9)** *(New, with decision of 23.05.2018, 15.09.2020)* Shareholders may seek liability from the depository bank directly or indirectly through the branch of the Management Company, provided that this does not lead to the payment of benefits already paid or to unequal treatment of shareholders in the FUND.

**(10)** *(Prev. Para 5, with decision from 23.05.2018, amended with decision from 28.07.2020)* The depository bank reports separately the funds and other assets of the FUND and separates the non-monetary assets of the FUND from its own assets. The depository bank is not liable to its creditors with the assets of the FUND.

**(11)** *(New, with decision of 28.07.2020, 15.09.2020)* In case of insolvency or equivalent procedure under the law of the Member Country of the depository bank and/or a third party under Art. 37a of the CISOUCA, as well as in the cases of placing a depository bank under special supervision, the assets of the FUND may not be distributed among or liquidated in favor of the creditors of this depository and/or a third party under Art. 37a from CISOUCA. The conservator or the trustee in bankruptcy or the temporary trustee in bankruptcy of the depository shall be obliged to transfer the assets of the FUND to the new depository within 5 working days of the replacement of the depository according to an application from the branch of the management company.

**(12)** *(New, with decision of 28.07.2020, amended with decision of 25.05.2021)* The depository bank assists the FUND in obtaining information and participating in general meetings of the shareholders of the Main Sub-Fund and assumes other obligations related to the entrusted assets, according to the concluded contract.

### **Requirements for the Depository Bank**

**Art. 38** *(Amended by decision of 07.02.2012 and decision of 23.05.2018)* **(1)** The depository bank may

be a bank that meets the requirements of Art. 35 of the CISOU CIA.

**(2)** *(Amended by decision of 28.07.2020)* The depository bank shall not be the same person as the management company of the FUND.

**(3)** The depository bank, when acting on account of the FUND, may not use loans except in the normatively determined cases.

**(4)** The depository bank, when acting on account of the FUND, may not provide loans or be a guarantor of third parties.

**(5)** The depository bank may not set off its receivables against the FUND at the expense of the funds and financial instruments entrusted to it by the FUND.

**(6)** *(New, with decision of 28.07.2020, 15.09.2020)* The depository bank shall not perform operations for the FUND or for the branch of the Management Company acting on behalf of the FUND, which may create a conflict of interest between the FUND, its investors, the Management Company, the branch of the Management Company and the depository itself, unless there is functional and hierarchical division between the functions performed by the depository bank for the FUND and its other functions, as well as if the conflicts of interest that may arise are duly identified, managed, monitored and disclosed to the investors in the FUND.

### **Rules for determining the remuneration of the Depository Bank**

**Art. 39. (1)** *(Amended by decision of 28.07.2020, 15.09.2020)* The depository bank receives a monthly remuneration for its activities in the amount specified in the depository services contract concluded with the branch of the Management Company, at the expense of the FUND. The remuneration of the depository bank may not exceed the usual for the services provided.

**(2)** *(Amended by decision of 25.05.2021)* The depository bank shall also receive fees and commissions, in accordance with the contract under para. 1.

## **X. REPLACEMENT OF THE DEPOSITORY BANK AND RULES FOR SECURING THE INTERESTS OF SHAREHOLDERS IN CASE OF SUCH EXCHANGE**

**Art. 40 (1)** *(Amended by decision of 07.02.2012 and decision of 23.05.2018, 28.07.2020)* Replacement of the depository bank is allowed after approval by the Vice Chairman of the FSC under the terms and conditions of the CISOU CIA and Ordinance 44.

**(2)** *(New, with a decision of 23.05.2018, amended with a decision of 30.10.2020 and 25.05.2021)* According to the applicable legislation, the contract with the depository bank may be terminated under the following conditions:

- by mutual agreement of the parties, expressed in writing;
- unilaterally by each of the parties, with three months' written notice;
- upon termination of the FUND;
- upon revocation of the license of the Management Company to operate as a management company;
- upon revocation of the permit of the Management Company for management of the Mutual Fund;
- upon termination or declaration of bankruptcy of the Management Company.
- in case of revocation of the license or declaration of bankruptcy of the depository bank;
- in case of amendment by the BNB of the depository bank's license, such as exclusion or restriction of certain activities necessary for the performance of depository services;
- upon imposition of a coercive administrative measure on the depository.

**(3)** *(Prev. Para 2, amended by decision of 23.05.2018, 28.07.2020)* The contract with the depository bank may be terminated by the branch of the Management Company, at the expense of the FUND with three months' notice after approval by the Deputy Chairman of the FSC of the replacement of the depository bank.

**(4)** *(Previous para 3, amended by decision of 23.05.2018, 15.09.2020 and 25.05.2021)* The Top Management of the branch of the Management Company is obliged to submit to the Commission the necessary documents for approval of the replacement of the Depository Bank immediately after learning that the depository bank has ceased to meet the requirements of Art. 35 of the CISOU CIA or other applicable legislation.

**(5)** *(Previous para 4, amended with a decision of 23.05.2018, 28.07.2020)* The contract with the Depository Bank shall determine specific terms, conditions, order and procedures for transferring the FUND's assets to another Depository Bank, according to a contract concluded with it, after approval by the FSC's Deputy Chairman of the replacement of the Depository Bank and the expiration of the relevant notice. These terms cannot be longer than 10 days from the receipt of the approval for the replacement by the Deputy

Chairman of the FSC.

**(6)** *(New, with a decision of 23.05.2018, amended with a decision of 28.07.2020)* The replacement of the depository bank shall be carried out in a manner guaranteeing without interruption the fulfillment of the obligations under Art. 37 of the Rules.

## **XI. RESTRUCTURING AND TERMINATION OF THE FUND**

### **Restructuring of the FUND**

**Art. 41** *(Amended by decision of 07.02.2012)* **(1)** The FUND may be restructured only by merger and acquisition after permission of the Commission.

**(2)** The FUND may not be restructured into a collective investment undertaking, which is not a collective investment scheme within the meaning of the CISOUCA.

**(3)** *(Amended by decision of 15.09.2020 and 25.05.2021)* Restructuring of the FUND is carried out by a decision of the Top Management of the Branch and after obtaining permission from the Commission.

**(4)** *(Amended by decision of 25.05.2021)* In case of restructuring of the FUND, the provisions of Chapter Fourteen, Sections I to IV of the ACISCIPA and Chapter Four, Sections I, II and IV of Ordinance No. 44 shall apply accordingly.

**(5)** The restructuring of the FUND shall be carried out by order and under conditions determined by an ordinance.

### **Termination of the FUND**

**Art. 42.** *(Amended by decision of 07.02.2012, 15.09.2020)* **(1)** The FUND shall be terminated in the following circumstances:

1. by decision of the Executive Committee of the Management Company;  
2. upon revocation of the permission of the Management Company for organization and management of the FUND;

3. when no new management company has been elected or the FUND has not been restructured by merger or acquisition within three months after a revocation of the license, termination or declaration of bankruptcy of the Management Company.

4. *(New, adopted by decision of 25.05.2021)* in case of liquidation of the Main Umbrella Fund or the Main Sub-Fund, unless the Commission approves investment of at least 85% of the FUND's assets in shares of another main collective investment scheme or amendment of the Rules so that the FUND can be restructured into a collective investment scheme, which is not a feeder collective investment scheme;

5. *(New, adopted by decision of 25.05.2021)* in case of restructuring of the Main Umbrella Fund or the Main Sub-Fund, unless the Commission issues one of the following FUND approvals:

- to continue to be a feeder collective investment scheme of the Main Sub-Fund or another collective investment scheme resulting from the restructuring of the Main Umbrella Fund or the Main Sub-Fund;
- to invest at least 85% of its assets in shares of another main collective investment scheme that does not participate in the restructuring;
- to amend these Rules in order to restructure into a collective investment scheme, which is not a feeder collective investment scheme.

**(2)** *(Amended by decision of 15.09.2020)* Within 14 days from the occurrence of grounds for termination of the FUND, the branch of the Management Company is obliged to submit to the Commission an application for issuance of a permit for termination.

**(3)** The termination of the FUND shall be carried out by order and under conditions determined by an ordinance.

**(4)** *(Amended by decision of 25.05.2021, 31.08.2022)* Members of the Board of Directors of KBC AM or other persons who have worked under a contract for KBC AM may not be appointed as liquidators, if systematically violated the ACISOUCA, the Public Offering of Securities Act, the Market in Financial Instruments Act, the repealed Law on the companies with a special investment purpose, the Law on companies with a special investment purpose and on securitization companies and the Law on the implementation of measures against market abuse of financial instruments or the acts on their implementation, as well as the applicable regulations of the European Union in the field of capital markets. **(5)** Upon termination of the FUND regarding the obligations of the liquidator and the protection of the creditors of the FUND, Art. 267, art. 268, para. 1 and 3, Art. 270, Art. 271 and Art. 273 of the Commercial Law, as the functions of a governing body

under Art. 270, para. 2 and Art. 272, para. 4 of the Commercial Law are implemented by the Management Company.

## **Procedure in cases of liquidation or restructuring of the Main Umbrella Fund or the Main Sub-Fund**

**Art. 42a.** *(New, adopted by decision of 25.05.2021)* **(1)** In case of planned liquidation of the Main Umbrella Fund or the Main Sub-Fund, the branch of the Management Company will provide the Commission with the necessary documents and applications for approval or investment of at least 85% of the FUND's assets in shares in another main collective investment scheme or an amendment to these Rules in order to enable the FUND to be restructured into a collective investment scheme which is not a feeder collective investment scheme or, if such decision is taken the FUND will be liquidated in accordance with the requirements set out in Article 42 above.

**(2)** In case of planned restructuring of the Main Umbrella Fund or the Main Sub-Fund, the branch of the Management Company will submit to the Commission the necessary applications and the relevant information for obtaining approval from the Commission of FUND for continuing to be a feeder collective investment scheme of the Main Sub-Fund or other collective investment scheme obtained as a result of the transformation of the Main Umbrella Fund, respectively of the Main Sub-Fund; to invest at least 85% of the assets in shares of another main collective investment scheme which is not the result of the restructuring; or to amend these Rules to restructure it into a collective investment scheme which is not a feeder collective investment scheme, or, if such decision is taken, the FUND will be liquidated in accordance with the requirements set out in Article 42 above.

**(3)** The procedures for obtaining the approval of the Commission in the cases referred to in the preceding paragraphs shall be carried out in accordance with the provisions of Chapter Eight, Section II of the ACISCIPA and Chapter Three, Section III of Ordinance No. 44.

**(4)** Notwithstanding Article 42 above, if the Management Company decides that the FUND will be liquidated upon liquidation, respectively restructuring of the Main Umbrella Fund or the Main Sub-Fund, it shall notify the Commission of this decision within the time limits and take the necessary action to comply with the other requirements specified in Chapter Three, Section III of Ordinance No. 44. In addition, the branch of the Management Company, acting on behalf of the FUND, will immediately inform the shareholders of the decision to initiate the liquidation of the FUND.

## **XII. ANNUAL FINANCIAL CLOSURE. REPORTS**

### **Documents Related to The Fiscal Finalization**

**Art. 43.** *(Amended by a decision of 07.02.2012 and a decision of 23.05.2018, 15.09.2020 and 25.05.2021)* **(1)** Annually, within 90 days from the end of the financial year, the senior management of the branch of the Managing Authority company prepares Annual Report of the FUND with the content under Art. 73, para. 1 of Ordinance No. 44, for the past calendar year and presents it for inspection to the registered auditors selected by him.

**(2)** The results of the audit of the annual financial statements performed by the auditor shall be reflected in a separate report, which is part of the annual financial report.

**Art. 44** *(Amended by decision of 07.02.2012)* The Annual Report describes the activities of the FUND and the condition of its assets and explains the annual financial statements.

### **Disclosure of information about the FUND by the Management Company**

**Art. 45** *(Amended by decision of 07.02.2012, 15.09.2020)* **(1)** The branch of The Management Company shall submit to the Commission an annual report prepared in accordance with the requirements of International Accounting Standards and a six-monthly report covering the first 6 months of the financial year and notifies about other important information in accordance with statutory deadlines, conditions and minimum disclosure requirements.

**(2)** *(Amended by decision of 15.09.2020)* The branch of the Management Company discloses to the public the information about the FUND under para. 1 in a manner specified in the prospectus and the key investor information document.

**(3)** *(Amended by decision of 15.09.2020)* The branch of the Management Company submits to the Commission to the six-monthly and annual report additional information determined by an ordinance.

**(4)** *(Amended, with a decision of 14.01.2014 and with a decision of 15.09.2020)* The branch of the Management Company submits to the Commission for supervisory purposes by the 10<sup>th</sup> day of the month following the reporting, monthly balance sheet of the FUND and information on the volume and structure of investments in the portfolio of issuers and types of financial instruments.

**(5)** *(New, with a decision of 23.05.2018 and with a decision of 15.09.2020)* The branch of the Management Company, by the 10<sup>th</sup> day of the respective month, publishes on its website summary information on the structure of the FUND's portfolio as of the last date of the previous month, which contains the least amount of data on the percentage of the Fund's assets invested in various types of financial instruments.

### **XIII. TERMS AND CONDITIONS FOR DISTRIBUTION OF DIVIDENDS (PARTS OF PROFITS) OR FOR THEIR REINVESTMENT**

**Art. 46** *(Amended by decision of 07.02.2012, amended by decision of 23.05.2018)* **(1)** The FUND does not distribute the achieved profit as a dividend (income) between the shareholders.

**(2)** *(Amended by decision of 15.09.2020)* The branch of the Management Company reinvests the profit of the FUND, as a result of which the net asset value of the FUND increases, in the interest of the shareholders of the FUND.

**(3)** The reinvestment of the income shall be carried out in accordance with the investment goals, strategies, policy and restrictions of the FUND, taking into account the specific market conditions and in compliance with the normative requirements and the internal acts of the FUND.

**Art. 47.** *(Repealed by decision of 15.09.2020)*

### **XIV. FINAL PROVISIONS**

**§1.** For all questions that are not regulated in these Rules, the provisions of the normative acts regulating the respective legal matter shall apply.

**§2.** In case of a subsequent discrepancy between the provisions of the Rules and the normative act, the latest shall apply without the need for an immediate amendment to the Rules, unless this is expressly provided for.

**§3.** When in certain texts of these Rules a reference has been made to specific legal acts or if specific state bodies have been indicated, and subsequently, as a result of changes in the legal documents, the titles of the indicated legal acts have been changed or the acts have been revoked, it will be considered that the new titles, or the new acts, respectively, which regulate the relevant legal field, shall replace de jure their corresponding references in the texts of these Rules, without the need for subsequent amendment of the Rules. The same applies to the cases with the specifically mentioned state bodies.

**§4.** Special terms used in the Rules, which are important for its interpretation and application, have the following content:

1. "rules for valuation of assets" are Rules for valuation of the portfolio and for determining the net asset value of the FUND, containing the principles and methods of valuation of the assets, as well as the system of organization of this activity.

2. *(Amended by decision of 25.05.2021)* "Shares of the FUND" are financial instruments issued by the FUND, which express the rights of their holders over the assets of the FUND.

**§5.** These rules were adopted by a Decision of the Board of Directors of UBB Asset Management EAD, taken at a meeting of the Board of Directors of UBB Asset Management EAD and reflected in Minutes No. 15 of 29.09.2005, amended and supplemented by Decision of the Board of Directors of UBB Asset Management AD, reflected in Minutes No. 32 of 05.07.2006, amended and supplemented with Minutes No. 40 of 09.10.2006, Minutes 53 of 04.04.2007, Minutes 55 of 25.04.2007, Protocol 114 of 14.04.2009, Protocol No. 201 of 07.02.2012, Protocol No. 207 of 02.03.2012, Protocol No. 219 of 27.06.2012, Protocol No. 266 / 14.01.2014, Minutes No. 309 of 29.07.2015, Minutes No. 321 of 11.01.2016, Minutes No. 376 of 23.05.2018, Minutes No. 395 of 02.06.2020, with Decision of the competent authority of "KBC Asset Management NV" from 28.07.2020, with Decision of the Senior Management of the branch from 15.09.2020, with Decision of the Top Management of the branch from 30.10.2020, with Decision from 25.05.2021 and with Decision of 29.06.2021, , with Decision of the Senior Management of the branch from 11.04.2022, with Decision of the Senior Management of the branch from 20.06.2022, with Decision of the Senior Management of the branch from 08.08.2022 and



23.08.2022, from 31.08.2022 and with the Decision dated 29.11.2022, with the amendments and additions to the rules adopted with the decision dated 29.11.2022 entering into force after the implementation of the Second Conversion.

**§6.** *(Amended, by decision of 02.06.2020)* The amendments and supplements to the Rules shall come into force upon receiving of approval by the competent body under the CISOU CIA.

**§7.** *(New, with a decision of 30.10.2020)* "Senior Management" within the meaning of § 1, item 2 of ORDINANCE 44 of 20.10.2011 on the requirements for the activity of collective investment schemes, management companies, national investment funds and individuals, managing alternative investment funds, of KBC Asset Management N.V. - Branch BFT, Bulgaria are the Manager and the Deputy Manager (by power of attorney) of KBC Asset Management N.V. - Branch BFT, Bulgaria.