

RULES OF MUTUAL FUND "UBB PREMIUM EQUITY"

I. GENERAL TERMS

Status

Art. 1. (Am. with decision from 07.02.2012) **(1)** The mutual fund is a collective investment scheme which represents a separate property with objective of collective investment in transferable securities or any other statutory liquid financial assets of cash amounts raised through public offering of units, and operates on the principle of distribution of the risk. The units of the fund are dematerialized and are redeemable directly or indirectly, based on the net asset value upon request by the unitholders.

(2) The mutual fund is administered under Section XV "Company" of the Obligations and Contracts Act, with the exception of Art. 359, para. 2 and 3, Art. 360, 362, art. 363, letters "c" and "d" and Art. 364 as far as in the Law of the activities of the collective investment schemes and other collective investment undertakings (CISOUCI ACT) or in these rules otherwise.

(3) The mutual fund is organized and managed by a Management company after obtaining permission from the Financial Supervision Commission and is regarded as established after its entry in the register under Art. 30 para. 1 of the Financial Supervision Commission Act.

(4) The mutual fund is not a legal entity. All decisions concerning its establishment, operation, reorganization and dissolution are taken by the management company acting in the name and on behalf of the mutual fund.

Name

Art. 2. (1) The name of the Fund is Mutual Fund "UBB PREMIUM EQUITY", which is written and abbreviated as follows: "UBB PE".

(2) Briefly, in these Rules is used the name "THE FUND".

(3) In English the name of the fund shall be written as follows: "UBB PREMIUM EQUITY".

Management company

Art. 3. (Am. with decision from 07.02.2012 and decision from 11.01.2016) **(1)** MF "UBB PREMIUM EQUITY" is organized and managed by "UBB Asset Management" JSC headquartered and registered office - city of Sofia, 5, St. Sofia street, registered in the Commercial Register at the Registry Agency with UIC: 131239768, granted a license to conduct business as a management company by decision № 171 - MC / 04.03.2004, amended by decision № 66 - MC / 25.01.2006 of Financial Supervision Commission, mentioned hereinafter in these Rules as "The Management Company" or "The company".

(2) In all documents related to the activity of the organization and management of the Fund, the Company must indicate its company name, registered office, address, UIC number, as well as the name, the decision of the Financial Supervision Commission for establishment and BULSTAT Registration of the FUND.

Art. 4. (Am. with decision from 07.02.2012) **(1)** In connection with the organization and the management of the Fund the Management Company carries out the following activities and services:

a) investment management by investing in transferable securities or other liquid financial assets under Art. 38, para. 1 CISOUCI ACT of cash raised through public offering of units of the Fund, implemented on the principle of risk spreading;

b) the sale and redemption of units of the Fund;

c) exercising the rights under securities / financial instruments of the portfolio of the Fund, such as participation in general meetings, collecting dividends, interest, principal repayments, rights, free securities as well as controlling the payments in connection with securities, in compliance with the requirements of the regulations for carrying out the relevant activities;

d) determination of the net asset value of the Fund according to the Rules for valuation and determination of the net asset value adopted by the Board of Directors of the Management Company and approved by the Financial Supervision Commission, as well as calculation of the net asset value and the

subscription price and redemption of Fund units under the control of the Bank – Depository;

- e) administration of the units of the Fund;
- f) accounting, maintenance and preservation of the records of the Fund in relation to the management of its assets;
- g) requests for information to investors;
- h) Monitoring and risk assessment for each position of the portfolio and its impact on the risk profile of the portfolio as a whole;
- i) legal assistance and monitoring of compliance with legal requirements;
- j) distribution of dividends (part of the profit) and other payments;
- k) issuance, sale and redemption of units;
- l) execution of contracts;
- m) advertising and marketing activities of the Fund;
- n) disclosure of information about the Fund and communicating with investors and unitholders.

(2) *(Am. with decision from 11.01.2016)* During the described in par. 1 activities and functions, the Management Company takes all decisions, concerning the Fund, including, but not limited to:

- a) indites, amends and insets, respectively updates, the Rules of the Fund, the Rules for evaluation of the portfolio and determination of the net asset value of the fund’s assets, the Rules for risk management, the Prospectus for Public Offering of Units of the Fund, the Key Investor Information Document, the Rules for maintenance and management of the liquidity of the Fund, diligence and in accordance with the provisions of the effective Bulgarian legislation;
- b) approves the accounting policies of the Fund;
- c) selects and enters into contracts for the performance of investment orders by investment intermediaries;
- d) selects and enters into contract with the depository bank;
- e) elects and dismisses registered auditors to certify the annual financial statements of the Fund;
- f) prepares and adopts the annual financial statement after certification by statutory auditors;
- g) monitors and analyzes financial markets with a view to possible changes in the investment objectives and policies of the Fund;
- h) takes investment decisions (through investment advisor) and orders their execution by authorized with a contract with the management company investment intermediaries;
- i) structures and manages a portfolio of transferable securities, financial instruments or other liquid financial assets and evaluates its effectiveness;
- j) manages the issuance /sale/ and redemption of units of the Fund, as subjected in the terms and conditions laid down in the regulations, the Rules and the Prospectus of the Fund;
- k) deciding to suspend the sale and redemption of units of the Fund within the prescribed by the law and these Rules cases.

(3) The management company is obliged to carry out the investment policy in order to achieve the investment objectives of the Fund as well as to comply with the investment restrictions laid down in CISOUCI ACT in the acts for its implementation and in these Rules.

(4) The management company must comply with the Rules for valuation of the portfolio and determination of the net asset value of the Fund.

(5) The management company must:

- a) act honestly and fairly in the best interests of the Fund and the integrity of the market;
- b) act with due skill, care and diligence in the best interests of the Fund and integrity of the market;
- c) features and effectively use the resources and procedures necessary for the proper carrying out its activities;
- d) avoid conflict of interests, and when it cannot be avoided to ensure that The Fund is treated fairly;
- e) comply with all regulatory requirements in carrying out its activities in the best interest of investors and the integrity of the market.

(6) The management company is obliged to:

- a) has no activity on the account of the Fund outside the investment objectives, purpose and limits specified in the Rules and the Prospectus of the Fund as well as in violation of the investment restrictions contained in legal regulations;
- b) do not provide false or misleading information, including:
- The net asset value of the Fund;
 - the volume, dynamics and structure of the Fund's assets;
- c) incurs expenditure on account of the Fund that are not explicitly stated in these Rules;
- d) does not use the assets of the Fund for purposes which are contrary to the law and these Rules;
- e) does not invest the assets of the Fund in transferable securities, financial instruments and other liquid financial assets in violation of the legally settled prohibition or investment restrictions;
- f) does not provide loans and shall not be a guarantor to third parties of the assets of the Fund;

Art. 5. (Am. with decision from 07.02.2012) The management company separates its property from the assets of the Fund and draws on it a separate balance sheet.

Art. 6. (Am. with decision from 07.02.2012) The management company as well as the members of its management and supervisory bodies act in the interests of all unitholders and must treat them fairly.

Term

Art. 7. The existence of the Fund is not limited by time.

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

Main objectives and orientation of the investment activity

Art. 8. (1) The main objective of the Fund is to provide the unit holders preservation and increase in the value of their investments through realization of revenues from dividends, capital profits and interests at *moderate to high risk*.

(2) Financial objective of the Fund is to increase the value of the issued units *in long term while ensuring high liquidity of the funds of investors*.

Strategy and policy for achieving the objectives

Art. 9. (1) (Am. with decision from 14.01.2014) To achieve the objectives of art. 8 the management company follows *aggressive Investment policy by actively managing the investment portfolio* of financial instruments and cash of the Fund.

(2) (Am. with decision from 14.01.2014) (2) The resources of the Fund are invested primarily in equity securities of companies, operating across the healthcare sector, mainly in the pharmaceutical industry, biotechnology and medical device segment, admitted to trading on regulated markets in Bulgaria and abroad and are with high growth potential.

(3) (Am. with decision from 14.01.2014) The yield, which is expected to be realized in the management of the Fund's assets, is formed by revenues from dividend payments, price differences in the purchase and sale of financial instruments from the portfolio of the Fund and to a lesser extent - from interests from debt financial instruments of bank deposits and others.

(4) The choice of investment instruments is based on fundamental and technical analysis, as predominantly are selected securities with high growth potential for gaining profits from dividends and growth of their market prices in order to realize capital gains.

(5) Structuring and maintaining a diversified investment portfolio and to protect investors' funds from adverse market developments, the fund's assets are invested in shares issued by foreign issuers and in debt securities issued by states, municipalities and corporate Bulgarian and foreign issuers.

(6) Fixed income securities and deposits in the portfolio structure is mainly used for risk diversification, as well as the realization of current income in times of unfavorable market trend for equity securities.

(7) To ensure liquidity and to achieve higher profitability the management company may place at the expense of the Fund fixed term deals in the acquisition and sale of securities as well as contracts with the clause of redemption (repo agreements).

(8) In order to achieve the main objectives of the Fund and in risk management the management company may implement appropriate investment methods of protecting the portfolio (hedging) of different types of risk, in which may enter into transactions with rights, futures, forwards, options, swaps and other derivatives.

Art. 10. (Am. with decision from 23.11.2012) (1) To achieve the optimal portfolio diversification and to avoid over-exposure of the investment portfolio of the Fund to a particular industry or company management company supports, depending on the market situation, an appropriate sectoral structure of the portfolio.

(2) The Management Company maintains composition and structure of the fund's assets, subject to restrictions on investment, according to Art. 11-14 of these Rules.

Composition and structure of the assets

Art. 11. (Am. with decision from 07.02.2012) (1) The Fund's assets consist exclusively of:

1. transferable securities and money market instruments admitted to or traded on a regulated market within the meaning of Art. 73 of the Markets in Financial Instruments Directive (FIMA);

2. transferable securities and money market instruments traded on a regulated market other than that of art. 73 of FIMA, in Republic of Bulgaria or in another Member State, which operates regularly and is recognized and open to the public as well as securities and money market instruments issued by the Republic of Bulgaria or another Member State;

3. (Suppl. with decision from 14.01.2014) transferable securities and money market instruments admitted to trading on official market on a stock exchange or traded on another regulated market in a third country which operates regularly and is recognized and publicly accessible, included in a list approved by the Deputy Chairman of the FSC;

4. (Suppl. with decision from 14.01.2014) recently issued transferable securities in whose terms of issue is included a commitment admission, and within a period not exceeding one year from their issue, to be admitted to trading on an official market of stock exchange or another regulated market functioning regularly, recognized and publicly accessible, included in a list approved by the Deputy Chairperson of the FSC;

5. units of collective investment schemes and / or other collective investment undertakings and which satisfy the conditions of Art. 4 para. 1 CISOUICI ACT, regardless of whether they are established in a Member State, provided that:

a) other collective investment undertakings meet the following requirements:

aa) (Am. with decision from 14.01.2014) are authorized to conduct business in a law according to which they are subject to supervision that Deputy Chairman of the Financial Supervision Commission considers equivalent to the supervision under the law of the European Union and the cooperation between supervisory authorities is sufficiently ensured;

ab) the level of protection of unitholders, including the rules on asset allocation, usage and granting loans of transferable securities and money market instruments as well as the sale of securities and money market instruments, which undertakings for collective investment not possess, are equivalent to the rules and the protection of holders of units of collective investment schemes;

ac) the main investment focus of the CIS corresponds to the investment objectives of the FUND;

ad) they disclose information periodically by preparing and publishing annual and six-monthly reports enabling the evaluation of assets, liabilities, incomes and operations over the reporting period, and

b) no more than 10 percent of the assets of the collective investment schemes or other collective investment undertakings, whose acquisition is expected to be carried out may by their constitution or rules to be invested aggregate in units of other collective investment schemes or in other collective investment undertakings;

6. (*Am. with decision from 23.11.2012 and decision from 14.01.2014*) Deposits in credit institutions repayable on demand or for which there is a right to be withdrawn at any time with date to maturity not exceeding 12 months; credit institutions in a third country must comply with the rules and be subject to supervision by the Deputy-Chairman of the Financial Supervision Commission (FSC) as equivalent to those under EU law;

7. Derivative financial instruments, including equivalent instruments, obligations that can be settled in cash, traded on regulated markets under p. 1-3;

8. derivative financial instruments traded over the counter on condition that:

a) the underlying assets are instruments under par. 1, financial indices, interest rates, currency or foreign exchange rates;

b) (*Suppl. with decision from 14.01.2014*) the counterparty with these derivative financial instruments is an institution - subject to prudential supervision, and meets the requirements approved by the Deputy Chairman of the FSC;

c) are subject to reliable and verifiable daily valuation and at any time on the initiative of the Fund may be sold, liquidated or closed by an offsetting transaction at fair value;

9. money market instruments other than those traded on a regulated market as referred to in § 1, p. 6 of AP of CISOU CI ACT, if the issuer of such instruments is supervised in order to protect investors or savings and meet the following requirements:

a) issued or guaranteed by central, regional or local authorities in the Republic of Bulgaria or in another Member State of the Bulgarian National Bank, a central bank of another Member State, the European Central Bank, the European Union or the European Investment bank by a third country and in case of a federal state - by a member of the federal state, by a public international organization in which a member is at least one Member State;

b) were issued by an issuer whose issue of securities is traded on a regulated market under p. 1 -3;

c) issued or guaranteed by an entity over which takes place prudential supervision according to criteria defined by the European Union law, or by a person who is subject and comply with rules adopted by the relevant competent authority which are at least as stringent as the requirements specified by the European Union law;

d) (*Suppl. with decision from 14.01.2014*) are issued by issuers other than those under letters "a", "b" and "c" meeting the criteria approved by the Deputy Chairperson of the FSC ensuring that:

aa) investments in such instruments are the subject of investor protection equivalent to the protection to which the investments under letters "a", "b" and "c";

bb) the issuer is a company whose capital and reserves amount not less than the equivalent of 10 million euros which presents and publishes annual financial statements in accordance with the Fourth Council Directive of 25 July 1978 on the basis Art. 54, § 3, letter "g" of the Treaty on the annual accounts of certain types of companies (78/660 / EEC) or Regulation (EC) № 1606/2002 of the European Parliament and of the Council of 19 July 2002 on the application International accounting standards, and is a person who finances a group of companies which includes one or more companies admitted to trading on a regulated market or a person financing of securitization vehicles benefiting from a banking liquidity line to provide liquidity.

(2) The Company, for the account of the Fund may invest no more than 10 percent of fund assets in transferable securities and money market instruments other than those under par. 1.

(3) The Fund may not acquire valuable (precious) metals and certificates on them.

(4) The management company may not invest more than 5 percent of the fund's assets in transferable securities or money market instruments issued by one person.

(5) The management company may not invest more than 20 per cent of the fund assets in deposits of a person under par. 1, p. 6.

(6) The risk exposure of the fund to a counterparty in a transaction with OTC derivative financial instruments may not exceed 10 percent of the assets when the counterparty is a credit institution under par. 1, p. 6 and in other cases - 5 percent of the assets.

(7) The management company may invest up to 10 percent of fund assets in transferable securities or money market instruments issued by one person only on condition that the total value of investment in people, in each of which the Fund invests more than 5 percent of its assets must not exceed 40 per cent of its assets. The restriction under the first sentence does not apply to deposits with credit institutions that are implemented prudential supervision and to transactions with OTC derivative financial instruments with these institutions.

(8) In addition to the restrictions under par. 4-6 the total value of the fund's investments in transferable securities or money market instruments issued by a person, the deposits with this person, as well as exposure to the same person arising from transactions with OTC derivative financial instruments can not exceed 20 percent of its assets.

(9) The management company may invest up to 35 per cent of the fund's assets in transferable securities and money market instruments, issued by one person if the securities and money market instruments are issued or guaranteed by the Republic of Bulgaria, by another Member State, their regional or local authorities, a third country or by a public international organization to which belongs at least one Member State.

(10) Transferable securities and money market instruments under par. 9 shall be disregarded for the purposes of the limitation under par. 7.

(11) The investment restrictions under par. 4-9 could not be combined. The total value of the fund's investments in transferable securities or money market instruments issued by a person, deposits with this person, as well as exposure to the same entity, arising from transactions with derivative financial instruments under par. 4-9, may not exceed 35 percent of the Fund's assets.

(12) Companies included in the same group for the purposes of preparation of consolidated financial statements in accordance with recognized accounting standards are regarded as a person applying the restrictions under par. 4-11 and par. 14.

(13) The total value of investments in transferable securities or money market instruments issued by companies in a group, can not exceed 20 percent of the value of fund's assets.

(14) *(New, with decision from 14.01.2014)* The Fund may invest up to 25 per cent of its assets in bonds issued by a credit institution established in a Member State which is subject to special supervision designed to protect bond holders, including the requirement raised by the bond issue funds to be invested in assets that during the entire period of the issue provide coverage of claims in connection with bonds and in the event of insolvency of the issuer to be used in priority for payment of obligations to bondholders. The total investment in the first sentence beyond the limit under par. 4 of exposures to a single issuer may not exceed 80 percent of the Fund's assets. The bonds issued by credit institutions domiciled in a Member State that qualify under the first sentence, shall be published on the European Commission.

(15) *(Former par. 14, Am. with decision from 14.01.2014)* The management company may invest no more than 10 percent of the fund's assets in units of the same undertaking for collective investment under par. 1, p. 5, whether established in a Member State or not.

(16) *(former par. 15, Am. with decision from 14.01.2014)* The total amount of investments in units of collective investment undertakings other than the Fund can not exceeds 30 percent of its assets.

(17) *(Former par. 16, Am. with decision from 14.01.2014)* The Fund may acquire no more than:

1. ten percent of the shares without voting aloud issued by one person;
2. ten per cent of the bonds or other debt securities issued by one person;
3. Twenty-five percent of the shares of a collective investment scheme or undertaking for collective investment which meets the requirements of Art. 4 para. 1 CISOU Act;
4. ten percent of the money market instruments issued by one person.

(18) *(Former par. 17, Am. with decision from 14.01.2014)* The restrictions under this Article shall not apply when the asset management company, at the expense of the Fund, subscribes rights arising from transferable securities and money market instruments, which are part of its assets.

(19) *(Former par. 18, Am. with decision from 14.01.2014)* In violation of the investment restrictions for reasons beyond the control of the Management Company or as a result of exercising subscription rights, the Management Company priority, but not later than two months from the occurrence of the violation through sales transactions bring the assets of the Fund in compliance with investment restrictions, taking into account the interests of unitholders. In these cases, the Management Company is required within 7 days of the offense to notify the Commission by providing information on the causes of the accident and taken remedial action.

(20) *(Former par. 19, Am. with decision from 14.01.2014)* The total value of the Fund's exposure associated with derivative instruments, can not be greater than the net value of its assets.

(21) *(Former par. 20, Am. with decision from 14.01.2014)* The Fund may invest in derivative financial instruments in compliance with restrictions under par. 11-13 and provided that the exposure to the underlying assets do not exceed the investment limits under par. 4-13.

(22) *(Former par. 21, Am. with decision from 14.01.2014)* When the Fund invests in derivative financial instruments based on indices, these tools can not be combined for the purposes of investment restrictions under par. 4-13.

(23) *(Former par. 22, Am. with decision from 14.01.2014)* When transferable securities or money market instruments contain an embedded derivative instrument, the Fund's exposure to such derivative instrument is considered in the calculation of total exposure under par. 20.

(24) *(Former par. 23, Am. with decision from 14.01.2014)* The management company has structure of the Fund's portfolio by type of assets as follows:

Type of assets	Relative share to the total assets of the Fund
Equity securities admitted to or traded on regulated markets under Article 11, para. 1, p. 1-3; equity securities under Article 11, para. 1, p. 4; units of collective investment schemes whose investment policy corresponds to the risk focus of the Fund in complying with the restrictions of art. 11, par. 16; derivative financial instruments under Article 11, para. 1 pt. 7 and p.8.	Up to 95 %
Debt securities admitted to or traded on regulated markets under Art. 11, para. 1, p. 1-3; debt securities under Art. 11, para. 1, p. 4; units of collective investment schemes which have a balanced or conservative investment policy: money market instruments under art. 11, par. 1, p.1-3 and 9, which are beyond the concept of liquidity funds	Up to 50 %
<i>(Am. with decision from 14.01.2014)</i> Liquid funds, these include mainly deposits in banks under Art. 11, para. 1, p. 6 and money market instruments under Art. 11, para. 1, p. 1-3 and 9, which include the concept of liquid funds	Not less than 5 %
Securities and money market instruments under art. 11, par. 2	Up to 10%

Limitations of the investment activity

Art. 12. *(Am. with decision from 07.02.2012)* The management company may acquire on behalf of the Fund shares with voting aloud on one issuer that could enable it to exercise significant influence over the issuer.

Art. 13. *(Am. with decision from 07.02.2012)* **(1)** The management company and Depositary Bank

when acting on behalf of the Fund can not provide loans or guarantors to third parties.

(2) Notwithstanding the restrictions under par. 1 the Management Company and Depositary Bank may acquire transferable securities, money market instruments or other financial instruments pursuant to Art. 11, para. 1, p. 5, 7, 8 and 9, where their value is not fully paid.

(3) The Management Company and the Bank - custodian when operating at the expense of the Fund can not conclude a contract for short sales of transferable securities, money market instruments or other financial instruments under Art. 11, para. 1, p. 5, 7, 8 and 9.

Art. 14. *(Am. with decision from 07.02.2012)* All costs related to the Fund, including the annual remuneration of the management company of the Custodian and the auditor can not exceed 5 percent of the average annual net asset value on the balance sheet of the Fund.

Art. 15. *(Am. with decision from 07.02.2012)* **(1)** The management company and the Bank - custodian acting on behalf of the Fund can not borrow, except in cases and in compliance with the requirements of paragraph 2-9.

(2) The Management Company or the Bank - custodian acting on behalf of the Fund may acquire foreign currency by means of a compensation loan for the effective management of expenses of the Fund. The compensation loan occurs when a bank with which the Fund has contractual relationships lodged against the currency of the fund, provided by a foreign bank counterparty provision of loan to the fund in the respective foreign currency. The exposition of the Fund loan under this paragraph may not exceed 10 percent of its assets. Par. 7 and 9 shall apply accordingly. Funds under the loan under this paragraph can be used for:

1. Payment of submitted orders for redemption of Fund units outside Republic of Bulgaria;
2. purchase of instruments under Art. 38 CISOUICI ACT.

(3) The deputy chairman of the Financial Supervision Commission may permit the Fund to use a loan amounting to 10 percent of its assets if all of the following conditions are met:

1. The loan is for a period not longer than three months, and is required to meet the obligations under the redemption of shares of the Fund;
2. the terms of the loan are not more favorable than the usual for the market.

(4) The decision for using loan for the account of the Fund shall be taken by the Board of Directors of the Management Company.

(5) *(Suppl., with decisin from 14.01.2014)* For issuance of a permit for using a loan The management company shall submit an application to the Deputy Chairperson of FSC by approved by him pattern enclosing the documents specified in the ordinance.

(6) *(Suppl., with decisin from 14.01.2014)* The deputy chairman of the Financial Supervision Commission shall adopt a decision on the application for the use of the loan by grant or refuse to grant permission for its use.

(7) *(Suppl., with decisin from 14.01.2014)* Upon receipt of authorization to use the loan the management company is obliged to inform the Deputy Chairperson of the FSC for concluded contracts for lending and to provide a copy of it within 3 days from the date of its conclusion.

(8) The Fund may use more than one loan only if in the same period the total amount of the loans does not exceed indicated in par. 3 size.

(9) *(Suppl., with decisin from 14.01.2014)* The management company shall submit to the Deputy Chairman of the FSC once a month, by the 10th day of the following month report on the spending of the loan as well as its repayment to the final fulfillment of the obligation.

III. PROPERTY OF THE FUND. RIGHTS OF THE UNITHOLDERS

Art. 16. *(Am. with decision from 07.02.2012)* **(1)** The assets of the Fund is divided into units, whose number changes as a result of the issue (sale) of new units or its redemption.

(2) The Mutual Fund is considered an issuer of the units, to which is divided.

(3) The net asset value of the Fund can not be less than 500,000 (five hundred thousand) lev. This minimum amount must be reached within one year from receiving the authorization for organizing and managing the fund.

Structure of the property. Contributions

Art. 17. *(Am. with decision from 07.02.2012)* **(1)** The structure of assets and liabilities of the property of the Fund and its liquidity shall comply with relevant applicable legal requirements and these Rules.

(2) Contributions to the the property of the fund may be only in cash.

(3) The acquisition of units of the Fund is carried out against payment of its full issue price which is equal to the sum of the net asset value per share determined for the date of the purchase.

(4) *(Am. with decision from 14.01.2014)* The minimum amount the investor can claim for acquisition of units of the fund is 100 (one hundred) Levs, divided into the issue price of 1 unit. The issue price includes the cost of issuance.

(5) The provision of para. 4 shall not apply in the case of a contract for systematic investing.

(6) *(New, with decision from 14.01.2014)* THE FUND has no right to issue units, whose issue price is not paid in full.

Increasing and decreasing the property of the FUND

Art. 18. The property of the Fund is increased or decreased depending on the change in the net asset value, including as a result of the issue or redemption of units of the Fund.

Units of the Mutual Fund

Art. 19. (1) *(Am. with decision from 07.02.2012)* The units of the Fund in accordance with § 1, p. 4 of AP of CISOU CI ACT are financial instruments issued by the Fund, which express the rights of their holders on its assets. The shares are registered in accounts at the "Central Depository" JSC and may not be offered publicly.

(2) The nominal value of one units is 10 (ten) Leva.

(3) The number of units is determined by their issuance and redemption and is not limited by minimum or maximum size.

Types of units

Art. 20. (1) THE FUND issues whole and partial units.

(2) The units are issued on the base of the net assets of the Fund and are acquired against a cash contribution of a certain size.

(3) The number of units that the investor acquires is defined as the quotient between the made cash contribution (applied for investment amount) of a certain size and the issue price per unit calculated for the day.

(4) *(Am. with decision from 11.01.2016)* In case against the deposited amount the investor acquires a partial unit, as the number of units is cut with accuracy to the fourth decimal place.

Book of unitholders

Art. 21. *(Am. with decision from 07.02.2012)* The book of unitholders of the Fund is kept by the Management Company through an open sub-account in the "Central Depository" JSC.

Transfer of the units

Art. 22. *(Am. with decision from 07.02.2012)* The units of the Fund are freely transferable without restrictions or additional conditions, according to the will of their owners, in compliance with the specific

requirements of current legislation on disposal of financial instruments.

Rights of the holders of units

Art. 23. (1) Each of the units gives its owner equal rights.

(2) Each unit entitles its holder the right to a relevant part of the assets of the Fund, including its liquidation, redemption right, right to dividend (right part of the profit) and the right of information.

(3) In case of partial shares acquired the property rights are acquired and exercised in proportion to the partial unit owned.

Right to a dividend (part of profits)

Art. 24. (1) Unitholders are entitled to a part of the profits of the fund, respectively to the held by them whole or fractional units.

(2) The right to receive dividend have the persons registered at "Central Depository" JSC as unitholders on the 14th day following the date of the Meeting of the Board of Directors of the Management Company, which approved the annual financial statements of the Fund and has taken an appropriate decision on profit distribution.

(3) The Board of Directors of the Management Company may decide that the profit for the year will not be distributed fully or partially be reinvested in activity of the Fund according to the investment objectives and policies adopted by the Company.

(4) *(Am. with decision from 11.01.2016)* The Management Company distributes dividends (part of the profit) to the holders of units of the Fund, only if in the audited and approved annual financial statements of the Fund for the year, the net asset value (NAV) of the fund, decreased by the dividends to be paid, is not less than 500 000 (five hundred thousand) Levs.

(5) The management company pays dividends to unitholders within 3 months from the decision of the Board of Directors. All expenses on their payment shall be borne by the Fund.

Granted redemption rights

Art. 25. (Am. with decision from 07.02.2012) (1) Each unitholder of shares of the fund may request they to be redeemed, unless the redemption is not stopped in cases detailed in Art. 32 of these Rules.

(2) The request for redemption may apply to part or all shares held by the investor.

(3) *(New, with decision of 14.01.2014)* The investor may submit redemption of all or part of the shares owned by him. If at the time of redemption shows that after its implementation remainder of shares on balance investor would be less than 10 (ten) number of the fund redemption order should be filed for all owned shares and investor reset their lot.

Right of Information

Art. 26. (Am. with decision from 07.02.2012) (1) Each unitholder may obtain public information on the FUND, contained in these Rules, the Prospectus of the Fund, the Document with key investor information, and other related to the management company.

(2) The Prospectus, the key investor information document and the latest published annual and six-monthly statements of the Fund, are provided free of charge to any investor who wishes to get acquainted with them with a view to making an investment decision.

(3) The information under par. 1 is made available to investors and unitholders on the webpage of the Management Company, in its office and in places (counters), where sale and redemption of units of the Fund is carried out. Upon request by the investors The Management Company provides a free paper copy of the information.

Right to liquidation quota

Art. 27. (1) Each unitholder of shares of the Fund is entitled to part of the assets of the Fund at its liquidation, corresponding to the units held.

(2) This right may be exercised as far as after the satisfaction of creditors The Fund there is property left for distribution.

(3) In case the assets remaining after payment of the obligations to creditors of the Fund are insufficient to pay the proportion of all investors, they shall be satisfied in proportion to the units held.

IV. PUBLIC OFFERING AND REDEMPTION OF UNITS

Art. 28. The Management Company is required to continuously carry out the issue (sale) of shares of the Fund and where requested by their holders, to buy back, except in cases of suspension of the issue (sale) and redemption of fund under explicitly mentioned in these Rules cases. Repurchased units are invalidated.

Terms and conditions for implementing the public offering and redemption of units

Art. 29. (Am. with decision from 07.02.2012) (1) The activity on issuance (sale) and redemption of units of the Fund is carried out by The Management Company at the expense of the Fund.

(2) The Management Company provides, including via subcontractor (agent), with which has a contract, a network of offices ("counters"), which also take orders for purchase and redemption of units and make contacts with investors and holders of units.

(3) The sale and redemption of units of the Fund is carried out by submitting a written request by the applicant to the Management Company. The written order is a pattern with minimal content as prescribed by ordinance. The necessary documents are provided as annexes to the contract and the contents of the order are set out in the Prospectus for public offering of units of the Fund. When placing an order for the first time CE contract with the management company on the basis of which take orders for each case.

(4) Orders for purchase respectively redemption of units of the Fund shall be implemented at the issue price and the redemption price, determined on the next day following the day on which the purchase order, respectively the order for redemption of units is made.

(5) (Am. with decision from 14.01.2014 and decision from 11.01.2016) Orders for simultaneous sell of fund units and purchase of units of another collective investment scheme (CIS), also managed by the Company and vice versa may be submitted only for CIS nominal value of a unit, which are calculated in the same currency. The orders for simultaneous sell of units of the Fund and purchase of shares of another CIS, also managed by the "UBB Asset Management" JSC and vice versa, are executed respectively at the redemption price and the issue price.

(6) All sell orders and redemptions received between two calculations of the issue price and the redemption price are executed at the same value.

(7) Orders for purchase of units of the Fund are performed within 7 days of placing the order for purchase and for redemption of units - within 10 days from the date of the redemption order.

(8) Orders under par. 5 are executed within seven days from the date of placing the order.

Условия и ред за сключване на Договори за систематично инвестиране

Art. 29a. (New, with decision from 07.02.2012, am. with decision from 11.01.2016) (1) The Management Company concludes with investors (individuals) and Contract for systematic investments (Systematic Investment Plan) under which the Company performs monthly, on chosen by the investor date, orders for subscription of units issued by the Fund.

(2) (Am. with decision from 14.01.2014 and decision from 11.01.2016) Upon conclusion of Contract for systematic investment, the investor is obliged to provide on his/her account selected by him amount of investment on the indicated in the contract date and that sum to be on its account till the fulfillment of the order. The purchase order under a contract for systematic investment is automatically generated at the indicated by the investor day for investment, by which the order is considered to have been filed. In cases where the investor selected dates for recurring orders for subscription of units coincide with holiday, the

orders are generated, respectively, are considered filed on the next working day. In case the investor has indicated the same date for periodically investing in more than one fund, it should indicate priority to investment as the orders with a higher priority order are executed before the lower priority orders.

(3) *(Am. with decision from 14.01.2014 and decision from 11.01.2016)* In case the investor has not provided enough funds in your account, the order is considered invalid, as is canceled automatically by the system and proceed to the next period of investment. In case the investor has secured sufficient funds on account for part of the orders for investing in various funds as at the same date, the orders are fulfilled in sequence from a higher to a lower priority, the implementation of which has sufficient funds and the remaining orders are void as canceled automatically by the system. The order is executed at an issue price determined on the next business day following the day of submission.

(4) *(Am. with decision from 11.01.2016)* In case the investor has not provided enough funds in your account, the order is considered invalid, as is canceled automatically by the system and proceed to the next period of investment.

(5) *(Am. with decision from 11.01.2016)* If the investor misses installments within 3 consecutive months, the contract for systematic investment is automatically terminated in the part related to investment in funds for which there has not been the amount required to be executed order, and if there has not been the amount required to be executed even one of the orders, the entire contract for systematic investment is automatically terminated.

V. CALCULATION OF THE NET ASSET VALUE, EMISSION VALUE AND THE ISSUE PRICE OF THE UNITS FOR REDEMPTION

Net Asset Value

Art. 30. *(Am. with decision from 07.02.2012 and decision from 27.06.2012)* **(1)** The net asset value of the Fund is determined every business day of the week and includes the value of all held by the Fund assets and liabilities in balance on the date of the valuation. If any business day was declared officially a public holiday, the calculation of the issue price and the redemption takes place on the first business day.

(2) When calculating net asset value is used a uniform and consistent evaluation system, taking account of the costs associated with the activity of sale and redemption of units, including the remuneration of the Management Company and the Custodian as well as other expenses, if any be provided.

(3) The net asset value of the Fund is equal to the sum of the carrying value of all assets of the Fund, decreased with the amount of the carrying value of all liabilities. The net asset value per unit is equal to the net asset value divided by the number of Fund units outstanding. The carrying value of assets and liabilities shall be determined in accordance with approved by the Financial Supervision Commission Rules for valuation and determination of the net asset value of the Fund.

(4) The assessment of the fund's assets is carried out at initial acquisition (recognition) - at acquisition cost. The subsequent assessment of the fund's assets is carried out at fair value.

(5) *(Am. with decision from 23.11.2012, Am. with decision from 14.01.2014)* Subsequent measurement of the financial instruments of the Fund is carried out at fair value in case such can be defined as follows:

1. *(Am. with decision from 14.01.2014)* of securities and money market instruments issued by Republic of Bulgaria, traded on venues in an active market in the country, is based on the average of prices "buy" at market close on the last business day, announced by not less than two primary dealers of government securities under the current legislative act, governing the terms and conditions for issuing, acquiring and payment of dematerialized government securities. If the price is calculated on the basis of gross prices of primary dealers, it is used directly. On condition the price is clear, on the basis of interest characteristics and frequency of coupon payments, it is converted to gross and then used for revaluation. Failing to implement this point of the day for the valuation, for subsequent evaluation will apply the closest

established under this section fair price within the 30-day period preceding the day to which performed the assessment.

2. (*Am. with decision from 14.01.2014*) of issued by the Republic of Bulgaria securities and money market instruments as well as issued by another Member State securities and money market instruments traded on trading venues in active markets abroad is carried out:

a) "bid" price at market close on the date of the valuation, announced in an electronic system for price information;

b) if the foreign market is not working on the day to which is carried out the assessment - by price "buy" at market close on the last business day announced in an electronic system for price information.

c) in case the price is calculated according to letters "a" and "b" is gross, it is used directly. On condition the price is clear, on the basis of interest characteristics and frequency of coupon payments, it is converted to gross and then used for revaluation.

3. (*Am. with decision from 14.01.2014*) for Bulgarian and foreign shares and rights listed or traded on an active regulated market in Bulgaria - a average weighted price of transactions concluded on the day to which assessment takes place, announced through the trading system or stock exchange bulletin if the volume of transactions concluded on this day is not less than 0.02 percent of the volume of the corresponding issue.

a) if it could not be determined price under p. 3, the price of the shares or the rights shall be determined as the average of the highest price "buy" from orders that are valid at the time of closing of the regulated market on the day to which assessment takes place, and the weighted average price of the transactions with the relevant securities transactions for that day. The price is determined in this way only if there are completed transactions and bid price "buy."

b) if it can not be applied p. a the price of shares, respectively of the rights is the average weighted price of transactions concluded valid for the closest day in the last 30-day period preceding the day on which assessment takes place, for which there are transactions. In case in the previous 30-day period there has been an increase in capital or split of shares of the issuer or is declared payment of dividend, the weighted average price under the first sentence shall be adjusted by the ratio of the capital increase, or the division of shares or the amount of dividend, if the closest day in the last 30-day period preceding the day on which assessment takes place, for which have been concluded deals before the day, after which the shareholders are not entitled to participate in the capital increase, respectively, the day of the division or the day from which the holders of units are not entitled to dividend.

4. of units of collective investment schemes in Art. 38, para. 1, p. 5 CISOUICI ACT, including in cases of temporary suspension of redemption shall be carried out at the latest published redemption price.

5. (*Am. with decision from 14.01.2014*) of derivative financial instruments in the country - under p. 3.

6. (*Am. with decision from 14.01.2014*) of Bulgarian and foreign bonds and other forms of debt securities admitted to or traded on an active regulated market in Bulgaria - on average weighted price of transactions concluded on the business day to which assessment takes place, announced through the trading system or exchange bulletin, if the volume of transactions concluded for the day is not less than 0.01 percent of the volume of the corresponding issue.

If it can not be determined a price under p. 6, subsequent valuation of bonds is carried on the average weighted price of transactions, concluded with them for the closest day in the last 30-day period preceding the day, on which assessment takes place, for which there are transactions.

7. (*Am. with decision from 14.01.2014*) of Bulgarian and foreign transferable securities and money market instruments admitted to or traded on a regularly functioning, recognized and publicly accessible regulated markets abroad:

a) at the last price of a transaction concluded with them on the relevant market on the day to which they carry out the evaluation;

b) failing to apply the valuation method under letter "a" the assessment is carried out in "bid" price at market close on the day to which assessment takes place, announced in an electronic system for price information of securities;

c) if failing to apply the valuation method under letter "b" the assessment is done at the last price of a transaction concluded with them within the last 30-day period preceding the day to which is carried out the assessment;

8. of derivative financial instruments with underlying securities listed or traded on a regularly functioning, recognized and publicly accessible regulated markets abroad is conducted under pt. 7.

(6) In cases where no trade takes place on a regulated market in working for the country days or when certain securities are temporarily suspended from trading for subsequent valuation of securities admitted to trading on a regulated market, the value valid for the day of final trading session at a date for which is the valuation. At subsequent valuation of bonds under the first sentence is reported and the interest accrued on the respective days.

(7) The rule under par. 6 shall not apply when on the regulated market has no trading sessions held for more than 5 working days.

(8) The rule under par. 6 also applies in cases where on a regulated market is not conducted trading session due to a public holiday in the respective country day and which is business day in Republic of Bulgaria.

(9) The securities and financial instruments which can not be determined at fair value under par. 5 pt. 1-8, and those who are not admitted to trading on regulated markets are measured at fair value, calculated in accordance with the principles and methods defined and detailed in the approved by the Financial Supervision Rules for evaluation of the portfolio and determining the net asset value of the Fund.

(10) The deposits in banks, the money in cash, cash funds in current accounts and short-term receivables are evaluated on the date of the valuation as follows:

1. fixed-term deposits - at their nominal value;
2. money in cash - at nominal value;
3. demand deposits - at nominal value;
4. short-term receivables with no stated interest rate or income - at cost price;
5. short-term receivables with a fixed interest rate or income - at cost price.

(11) Subsequent measurement of the money market instruments admitted to or traded on a regulated market is defined under par. 5, p.7. In case of inability to be applied par. 5, p.7 the assessed value is determined in accordance with the principles and methods defined and described in details in the approved by the Financial Supervision Commission Rules for portfolio evaluation and determination of the net asset value of the Fund.

(12) The financial assets denominated in foreign currency are recalculated in BGN equivalent, using the exchange rate of the Bulgarian National Bank, valid for the day of the valuation.

(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 rate of exchange on on the day to which is carried out the assessment. Assessment of liabilities is performed in accordance with International Accounting Standards and the accounting policies of the Fund.

(14) The Board of Directors of the Management Company adopts rules for portfolio evaluation and determination of net asset value, incorporating the principles and methods of evaluation of assets, and the system of organization of this activity.

Terms and conditions for determining the issue price and the redemption price of the Fund units

Art. 31. (Am. with decision from 07.02.2012) **(1)** The issue price and the redemption price of the units shall be determined by the management company under the control of the Custodian.

(2) (Am. with decision from 27.06.2012 and decision from 11.01.2016) The issue price and the redemption price of the units are calculated each business day (called day T+1 "day that assessment is

carried out") to the previous (day T called "day to which is carried out the assessment"). If on the relevant business day was declared officially a public holiday, calculation of the issue price and the redemption takes place on the first business day.

(3) *(Am. with decision from 27.06.2012)* The management company by the end of the relevant business day, at which the assessment (day T + 1), declared them in the way specified in the Prospectus for public offering of units of the Fund. On the same day the issue price and the redemption price of the units is announced to the Financial Supervision Commission.

(4) The issue price of one unit is equal to the net asset value per unit and the redemption price of one unit is equal to the net asset value of one unit in case the owner holds the units for a period longer than 1 year and 6 months. In case the investor wants to repurchase in a shorter period, the redemption price is equal to the net asset value of one unit, decreased by 0.4% redemption costs. Costs for redemption will not be charged if the date of the initial amount invested is past the deadline under sentence. The date of the initial amount invested shall be the date on which the investor has bought shares for the first time, provided it is not done redemption of these shares for the period.

(5) Upon a change of the size of the costs for issuance and redemption of units of the Fund, the Management Company is obliged to inform unitholders of the Fund, in an appropriate manner specified in the Prospectus, immediately following the approval of the changes in the Rules of the Fund The financial supervision Commission. The obligation under the preceding sentence shall be executed no later than the next day after learning of the approval of the changes.

VI. TEMPORARY SUSPENSION OF REDEMPTION

Terms and conditions

Art. 32. *(Am. with decision from 07.02.2012)* **(1)** По решение на Съвета на директорите на Управляващото дружество може временно да бъде спряно обратното изкупуване на дяловете на ФОНДА само в изключителни случаи, ако обстоятелствата го налагат и спирането е оправдано с оглед на интересите на притежателите на дялове, включително в следните случаи :

1. Where a regulated market on which a substantial portion of the assets of the Fund are admitted or traded, the transactions are terminated, suspended or subject to restrictions;

2. when they can not be evaluated properly the assets or liabilities of the Fund or the Management Company can not dispose of them without harming the interests of unitholders;

3. when deciding on termination or reorganization through merge of the Fund.

4. *(Rep., decision from 14.01.2014)*

5. In case of termination of the contract with the bank - custodian for culpable breach of its obligations, revocation of banking license or impose other restrictions on its activities, and if the Bank - Depository be excluded from the list of art. 35, para. 1 CISOUCI ACT,, that obstruct the fulfillment of its obligations under the contract for depository services and may harm the interests of the unitholders of the Fund.

(2) In cases under par. 1 The management company shall notify the Financial Supervision Commission and the Custodian of its decision by the end of the working day accordingly and notify them to resume the buyback by the end of the business day preceding the resumption.

(3) In making a decision under par. 1 Management Company is obliged to immediately suspend the issuance of shares for the period of suspension of redemption.

(4) *(Am. with decision from 11.01.2016)* The adoption of orders for the simultaneous sale of shares of the Fund and purchase of shares of another collective investment scheme in Levs, also managed by the "UBB Asset Management" and vice versa, shall be suspended if the redemption of shares of any is both collective investment schemes be suspended until resumption.

(5) In case an extension of the suspension of the repurchase of shares is needed, The Board of Directors of the Management Company decided to extend the deadline and inform the under par. 2 Financial

Supervision Commission and the Custodian no later than 7 days before the expiration of the period determined by him. If the duration of the suspension is shorter than seven days, including in cases where redemption was suspended for technical reasons, the management company carried out notifications in the previous sentence to the end of the business day preceding the date on which it should be renewed the redemption.

(6) The redemption shall be resumed by decision of the Board of Directors of the Management Company upon expiration of the period specified in the decision to suspend the repurchase, respectively, in the decision to extend the suspension of redemption.

(7) The management company shall notify the unitholders of the Fund to suspend the repurchase, respectively on resumption, immediately after the decision of this announcement in specified in the fund's prospectus way. The management company shall disclose on its website the decision to suspend the repurchase, respectively, for their resumption. Notification of resumption is performed including under par. 2.

(8) Orders submitted after the last announcement of the redemption price before the starting date of the suspension are not fulfilled. The management company refunded the amounts investors submitted orders for purchase of shares in their bank account or to the cashier of the company by the end of the working day following the day of submission of orders.

VII. FEES AND EXPENSES ON THE ACCOUNT OF THE FUND

Art. 33. *(Am. with decision from 07.02.2012)* **(1)** With its resources the Fund shall pay the following fees and charges:

a) Remuneration of the management company;

b) Remuneration of the Custodian;

c) Other costs, including but not limited to:

- for organizing (formation) of the Fund;

- for preparation of the Prospectus for Public Offering of Units;

- for commissions to investment firms authorized under contract with the management company to perform investment orders;

- for remuneration of the auditor for audit of the annual financial statements;

- for charges levied regulated securities markets; - State fees, fees charged by the Financial Supervision Commission, "Central Depository" JSC and other institutions;

(2) Costs paid by investors:

- The cost of redemption, if the investor wants to buy back shares initially acquired for a period less than 1 year and 6 months - amounting to 0.4% of the net asset value per share;

- Fees charged by the Management Company, according to its Tariff.

Art. 34. *(Am. with decision from 07.02.2012)* **(1)** The annual remuneration of the management company shall be determined by the Board of Directors as a percentage of the average annual net asset value of the Fund and amounts to 2.9% of the average annual net asset value of its assets.

(2) The Management Company deducts the agreed remuneration in advance in monthly installments amounting to 1/12 of the prescribed in the decision of the Board of Directors percentage of the average monthly net asset value of the Fund. The management company arranges payment from the Fund in the Custodian to the account indicated by him until the tenth day of the month following the month for which the fee is due.

(3) *(Am. with decision from 02.03.2012)* According to decision of the Board of Directors of the Management Company, the MC deducts from the Fund the costs of redemption within the 10th day of the month following the month to which they relate.

Art. 35. *(Amend., By decision of 07.02.2012)* The asset management company recovers on account

of "UBB Premium Equities " costs after reaching the minimum net asset value of the Fund amounted to 500 000,00 lev and under compliance with the restriction in Art. 14.

VIII. REPLACEMENT OF THE MANAGEMENT COMPANY AND RULES FOR THE PROVISION OF INTERESTS OF UNITHOLDERS IN CASE OF AN EXCHANGE

Art. 36. (1) Replacement of the Management Company shall be made after approval by the Financial Supervision Commission, where:

a) the Financial Supervision Commission revoke the license of the Management Company or impose restrictions on its operations that make it impossible to execute its obligations to the Fund and may harm the interests of investors;

b) The General Meeting of the Management Company decide to terminate the activity him;

c) The management company has been declared bankrupt.

(2) Where any of the circumstances under par. 1 Management Company submitted to the depository bank in 5 days all relevant information and documentation related to the management of the Fund. By signing a contract with another management company or conversion of the Fund through a merger, the bank - custodian exceptionally manage the Fund for a period longer than 3 / three / months.

(3) The Financial Supervision Commission approved another management company under the terms and under Chapter Five, Section I of Regulation 44 requirements for the activities of collective investment schemes, investment companies and management companies.

IX. CUSTODY BANK

Contract for depository services. Functions of the Custodian

Art. 37. (1) Dematerialized financial instruments held by the Fund shall be entered in the register of the depository institution, the sub-account of the Custodian and other assets are stored in a depository bank that performs and all payments at the expense of the Fund.

(2) The Custodian:

1. controls the determination by the management company of the net asset value, issue price and redemption price of units of the Fund;

2. ensure the issuance, redemption and cancellation of units of the Fund is carried out in accordance with A, acts on its application and the present Rules;

3. monitor compliance CISOUICI Act, acts on its application and these Rules, when calculating the value of its units;

4. monitor the transfer at the usual time limits in favor of the Fund all cash arising from transactions with the assets of the portfolio;

5. ensure the collection and use of proceeds of the Fund is carried out in accordance with the law and these Rules, including monitor whether the management fee is calculated and paid in accordance with the law and rules of the Fund and whether it complied with the limit for expenditure borne by FUND in accordance with these Rules;

6. Dispose of the assigned storage assets of the Fund only by order of authorized persons and if the orders are not contrary to law, these Terms or the Contract for depository services;

7. regularly, at least once a month, reports to the management company for the assets entrusted and operations with them;

8. Upon revocation of the license to conduct business, termination or bankruptcy of the management company perform management functions for a period not exceeding three months to conclude a contract with another management company or conversion of the Fund through merger and in obtaining approval for

replacement of the management company or the conversion of the Fund from the financial supervision Commission.

(3) In the performance of their duties The Custodian shall act independently and solely in the interest of all unitholders of the Fund.

(4) The The Custodian is responsible to the Management Company and the unitholders of the Fund for all damages suffered by them due to default of its obligations, including incomplete, inaccurate and untimely, when it is due to reasons for which the Bank -depozitar responsible.

(5) The Custodian separately reports cash and other assets of the Fund and paid non-monetary assets of the Fund from its own assets. The Custodian is not liable to its creditors with the assets of the Fund. Creditors of The Custodian may be satisfied from its holdings of shares of the Fund.

Requirements for The Custodian

Art. 38. *(Am. with decision from 07.02.2012)* **(1)** The Custodian can be a bank that meets the requirements of Art. 35 CISOUIC Act and is included in the approved by the Financial Supervision Commission and the Bulgarian National Bank list.

(2) The Custodian, as well as members of management and supervisory bodies and can not be the same or a person related to the fund management company as well as members of management and supervisory bodies of the Management Company.

(3) The The Custodian when acting on behalf of the Fund can not borrow except in statutory cases.

(4) Bank - Custodian when acting on behalf of the Fund can not provide loans, nor a guarantor to third parties.

(5) Bank - custodian may not offset its claims against the Fund at the expense of entrusted funds and financial instruments of the Fund.

Rules for determining the remuneration of The Custodian

Art. 39. *(Am. with decision from 07.02.2012)* **(1)** The Custodian shall receive remuneration for their activities in the amount specified in the contract for depository services concluded with the management company at the expense of the Fund.

(2) The Custodian receives fees and commissions in accordance with the Annex to the contract under par. 1 and actually incurred costs it has incurred.

X. REPLACEMENT OF CUSTODY BANK AND RULES FOR THE PROVISION OF INTERESTS OF UNITHOLDERS IN CASE OF AN EXCHANGE

Art. 40. *(Am. with decision from 07.02.2012)* **(1)** Replacement of The Custodian is allowed after approval by the Financial Supervision Commission under the terms and conditions of the current legislation.

(2) The contract with the Custodian may be terminated by the Management Company on behalf of the Fund with three months' notice after approval by the Financial Supervision Commission of the replacement of the depository bank.

(3) The Board of Directors of the Management Company is required to submit to the Financial Supervision Commission documents necessary for approval of the replacement of The Custodian immediately after learning that the depository bank has stopped meeting the requirements of Art. 35 CISOUIC Act.

(4) The contract with The Custodian must determine the specific terms, conditions, and procedures for transfer of fund assets in another depository bank pursuant signed her contract after approval by the Financial Supervision Commission of the replacement of The Custodian and the expiry the relevant notice.

XI. TRANSFORMATION AND TERMINATION OF THE FUND

Transformation of the the Fund

Art. 41. *(Am. with decision from 07.02.2012)* **(1)** THE FUND may be transformed only through mergers and acquisitions after the permission of the Financial Supervision Commission.

(2) THE FUND may be transformed only through mergers and acquisitions after the permission of the Financial Supervision Commission.

(3) Conversion of the Fund shall be by decision of the Board of Directors of the Management Company and subject to authorization by the Financial Supervision Commission.

(4) Upon conversion of the Fund accordingly, the provisions of Chapter XIV, Section I, III and IV of CISOUIC Act and Chapter Four, Section I of Regulation № 44.

(5) The conversion of the Fund is carried out by order and under conditions determined by ordinance.

Termination of the Fund

Art. 42. *(Am. with decision from 07.02.2012)* **(1)** THE FUND may be terminated in the following circumstances:

1. By decision of the Board of Directors of the Management Company;
2. for withdrawing the authorization of the management company to organize and manage of the Fund;
3. if within three months after the license revocation, termination or bankruptcy of the management company selected a new management company or fund is not transformed through merger or acquisition.

(2) Within 14 days of the occurrence of the grounds for termination of the Fund Management Company is obliged to submit to the Financial Supervision Commission an application for authorization for termination.

(3) The termination of the Fund is carried out by order and under conditions determined by ordinance.

(4) There may be appointed as liquidators members of the Board of Directors of the Management Company or other persons working for the management company to which found systematic violation of CISOUIC ACT, POSA, FIMA or their implementing acts.

(5) Upon termination of the Fund on the duties of the liquidator and the protection of creditors of the Fund shall apply respectively Art. 267, Art. 268, para. 1 and 3, Art. 270, Art. 271 and Art. 273 of the Commerce Act, the functions of the governing body in Art. 270, para. 2 and Art. 272, para. 4 of the Commerce Act shall be performed by the Management Company.

XII. ANNUAL FINANCIAL COMPLETION. REPORTS

Documents on annual closing

Art. 43. *(Am. with decision from 07.02.2012)* **(1)** Annually, within 90 days after the fiscal year, the Board of Directors of the Management Company prepares annual report of the Fund with the content under Art. 73, para. 1 of Ordinance 44 of 20.10.2011 on the requirements to collective investment schemes, investment companies, closed-end management companies for the preceding calendar year and submit it to check his chosen registered auditors.

(2) The results of the auditor's audit of the annual financial statements are reflected in a separate report, which is part of the annual financial statements.

Art. 44. *(Am. with decision from 07.02.2012)* The annual report describes the activities of the Fund and the state of its assets and explains the annual financial statements.

Disclosure of information about the fund by the Management Company

Art. 45. (Am. with decision from 07.02.2012) **(1)** The asset management company shall provide the Commission for Financial Supervision annual report and half-yearly report covering the first six months of the financial year and informed about other important information, in accordance with the relevant legal terms, conditions and requirements for the minimum content of the information disclosed.

(2) The asset management company disclose to the public information about the Fund under par. 1 in the manner specified in the prospectus and document key information for investors.

(3) The asset management company disclose to the public information about the Fund under par. 1 in the manner specified in the prospectus and document key information for investors.

(4) (Am. with decision from 14.01.2014) The asset management company shall submit to the Financial Supervision Commission for supervisory purposes to the 10th day of the month following the reporting, monthly balance sheet of the Fund and information about the volume and structure of investment portfolio by issuers and types of financial instruments.

XIII. TERMS AND CONDITIONS FOR THE ALLOCATION OF DIVIDENDS (PARTS OF THE PROFIT) OR ITS REINVESTMENT

Art. 46. (Am. with decision from 07.02.2012) . After submission of the report of the auditor The Board of Directors of the Management Company shall decide on the distribution of profits of the Fund.

Art. 47. (Am. with decision from 07.02.2012) **(1)** Dividends to unit holders can be paid only in cash.

(2) Dividends to holders of units shall be calculated as determined by the Board of Directors of the Management Company of the profit attributable as dividend divided by the number of shares of the Fund to date under par. 3.

(3) The right to dividend Only persons who are included in the list of unitholders of the Fund issued by the "Central Depository" AD on the 14th day following the meeting of the Board of Directors, which approved the annual financial report and decided to distribute dividends.

(4) The dividends are distributed in absolute amount per share and paid to unitholders by the Management Company on behalf of the Fund within 3 months from the date of the decision under Art. 46.

(5) Payment of dividends is carried out with the assistance of the "Central Depository" JSC. The procedure for payment of dividends shall be determined by ordinance.

(6) The management company is obliged to immediately notify the Financial Supervision Commission and the "Central Depository" AD for the decision of the Board of Directors of the Management Company, the type and amount of the dividend and the terms and conditions for its payment.

(7) The Board of Directors of the Management Company may decide not to distribute dividends in the following cases:

1. When the Fund ended the year at a loss;
2. when the profit from the previous year, in whole or in part, be reinvested in the Fund's activities by assigning one of the following ways:
 - in retained earnings from previous years;
 - In the "Reserve" fund;
 - To cover losses from previous years.

XIV. FINAL PROVISIONS

§1. For all matters not regulated in these Rules are applicable provisions of the regulations governing the relevant legal material.

§2. Upon further discrepancies between the provisions of the Rules and enactment, the latter shall apply without the need for immediate change in the rules, unless expressly provided.

§3. When individual provisions of these Rules reference is made to specific regulations or identified specific state authorities and subsequently as a result of changes in legislation changing the titles of these regulations or they are repealed will be considered that new titles respectively latest acts governing the legal field, right replace their corresponding references in the texts of these Rules, without having subsequent amendment of the Rules. The same applies for cases specifically mentioned state bodies.

§4. Specific terms used in the rules which are relevant to its interpretation and application, are as follows:

1. 'Rules for evaluation of assets "are rules for valuation and determination of the net asset value of the Fund containing the principles and methods of valuation of assets, as well as the system of organization of this activity.

2. 'Units of collective investment schemes "are financial instruments issued by collective investment scheme, which express the rights of their holders on the assets of the collective investment scheme.

§5. These Rules have been adopted by Decision of the Board of Directors of "UBB Asset Management" JSC, taken at a meeting of the Board of Directors of "UBB Asset Management" and reflected in Minutes № 15 from 29.09.2006, amended and supplemented with Minutes 32 from 05.07.2006, Minutes № 40 from 09.10.2006, Minutes № 53 from 04.04.2007, Minutes № 55 from 25.04.2007, Minutes № 114 from 14.04.2009, Minutes № 201 from 07.02.2012, Minutes № 207 from 02.03.2012, Minutes № 219 from 27.06.2012 and Minutes № 266 from 14.01.2014 and Minutes № 321 from 11.01.2016.

§6. The rules, as well as all subsequent amendments, enter into force after obtaining approval from the Financial Supervision Commission.

Катина Пейчева
Изпълнителен директор

Иван Кутлов
Прокурис