

MUTUAL FUND RULES

ADVANCE INVEST

SECTION I GENERAL PROVISIONS

Statute

Art. 1. (1) The ADVANCE INVEST Mutual Fund, referred to hereinafter as “THE FUND”, is an open-end collective investment scheme within the meaning of Art. 5, Para. 2 and Para. 4, and Art. 6 of the LACISOUCI and in relation to § 1. item 10 of the Supplementary Provisions of the LACISOUCI, which has been established with the purpose of collective investment in transferable securities or in other liquid financial assets of cash raised by public offering of units where investing is carried out according to the risk distribution principle.

(2) The FUND has been organised and is managed by KAROLL CAPITAL MANAGEMENT EAD MANAGEMENT COMPANY.

(3) The FUND performs its activity in compliance with the LACISOUCI, its implementing regulations, the Law on Contracts and Obligations (LCO) and the current legislation of the Republic of Bulgaria.

(4) The FUND is not a legal entity. It is regulated by Section XV “Unincorporated Entity” of the Law on Obligations and Contracts, with the exception of Art. 359, clause two and three, Art. 360, Art. 362, Art. 363, letters “c” and “d” and Art. 364, unless otherwise provided for by the LACISOUCI and the present Rules.

(5) In performing the FUND’s activity, KAROLL CAPITAL MANAGEMENT EAD MANAGEMENT COMPANY shall act on behalf and for the account of the FUND.

FUND Name

Art. 2. (1) The FUND’s name is “АДВАНС ИНВЕСТ”, which is written in English as “ADVANCE INVEST”.

(2) The FUND shall have a logo, which is to be approved by the Board of Directors of KAROLL CAPITAL MANAGEMENT EAD MANAGEMENT COMPANY.

Address of the FUND

Art. 3. The address of the FUND shall be in Sofia, Sofia Municipality, Vazrazhdane District, 57 Hristo Botev Blvd and shall be the same as the address of the Fund Management Company.

Duration

Art. 4. The existence and the operation of the FUND are not limited in time.

Activity of the FUND

Art. 5. (1) The FUND shall be established to perform the activity of collective investment in transferable securities or in other liquid financial assets of cash raised by public offering of units with a view to achieving the FUND’s investment objectives while observing the investment restrictions for the assets in its portfolio.

(2) When performing the activity as per Para. 1, the FUND shall observe the risk distribution principle.

(3) The FUND shall permanently issue (sell) and repurchase the units it has issued following requests by unit holders.

SECTION II PROPERTY AND INVESTMENTS OF THE FUND

Net Asset Value of the FUND

Art. 6. (1) The net value of the FUND’s assets shall be at least BGN 500,000 (five hundred thousand).

(2) The maximum net value of the FUND's assets shall not be limited.

Severability of the FUND's property

Art. 7. (1) The Management Company shall separate its property from the FUND's property and shall prepare an individual balance sheet for it.

(2) The dematerialised financial instruments owned by the FUND will be registered with a depository institution under a sub-account of the Depository Bank and the rest of its assets will be kept by the depository bank. The Depository Bank shall perform all payments for the account of the FUND.

(3) The Depository Bank of the FUND shall keep accounts of the FUND's assets separately from its own assets and from the other customers' assets.

(4) The Depository Bank shall not meet its liabilities toward its creditors with the FUND's assets.

Units

Art. 8. (amended by a decision of the BoD of KAROLL CAPITAL MANAGEMENT EAD MANAGEMENT COMPANY of 03.11.2022) (1) The FUND's property is divided into units. The FUND units are financial instruments issued by the FUND, which express the rights of their owners over the FUND's assets. The FUND units are registered dematerialised transferable financial instruments, which are entered in the registers of the Central Depository AD.

(2) (amended by a decision of the BoD of KAROLL CAPITAL MANAGEMENT EAD MANAGEMENT COMPANY of 14.05.2018) The face value of a single unit is BGN 1 (ONE).

(3) The FUND issues only dematerialised units and cannot issue other financial instruments.

(4) The number of units of the FUND can change as a result of their issue (sale) or repurchase pursuant to Section III of the present Rules.

(5) All units shall be of one class only and give equal rights.

(6) The FUND can also issue, based on the net value of its assets, partial units against cash contribution of a certain amount if the provided amount is not sufficient for issuing a whole number of units.

(7) The FUND shall not have the right to issue units whose issue price has not been paid in full.

(8) (new by a decision of the BoD of KAROLL CAPITAL MANAGEMENT EAD MANAGEMENT COMPANY of 03.11.2022) The restriction under para. 7 do not apply in case of issuing units as employee bonuses in accordance to the remuneration policy of the Management Company.

Contributions

Art. 9. (1) No contributions shall be made when organising and establishing the FUND.

(2) After the FUND has been entered in the Register of the FSC, its units shall be acquired at their issue price based on the net value of the FUND's assets.

(3) The contributions made for the acquired units can only be in cash.

Book of Unit Holders. Unit Transfer

Art. 10. (1) The Book of Unit Holders of the FUND shall be maintained by the Central Depository AD.

(2) The FUND units can be transferred freely, without limitations or conditions, while observing the provisions of the current legislation on transactions with dematerialised securities.

Risk Profile and Specific Risks of the FUND

Art. 11. (1) (amended by a decision of the BoD of KAROLL CAPITAL MANAGEMENT EAD MANAGEMENT COMPANY of 03.11.2022, effective as of 01.01.2023) The risk profile of the FUND is high.

(2) (amended by a decisions of the BoD of KAROLL CAPITAL MANAGEMENT EAD MANAGEMENT COMPANY of 14.05.2018 and of 03.11.2022, effective as of 01.01.2023) The specific risks of the FUND are related to the particular asset classes, in which the FUND invests pursuant to its investment strategy and policy and include:

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

- Interest rate risk – the risk of decrease of the amount of investment in a given security due to a change of interest rates;

- Currency risk – the risk of decrease of the amount of investment in a given security or money deposit denominated in a currency other than BGN or EUR, due to a change of the exchange rate of such a currency to the BGN or EUR;

- Price risk related to investment in shares or other equity securities – the risk of decrease of the amount of investment in a given security at unfavourable changes of the market price levels.

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

- Counterparty risk is the risk of non-performance of the obligations by the counterparty in off-exchange and repurchase transactions;

- Settlement risk is the risk ensuing from the possibility that the FUND does not receive cash resources or financial instruments from a counterparty at the settlement date after the Fund has fulfilled its obligations on certain transactions toward such a counterparty.

c) (amended by a decision of the BoD of KAROLL CAPITAL MANAGEMENT EAD MANAGEMENT COMPANY of 03.11.2022, effective as of 01.01.2023) Operational risk – the possibility of incurring losses related to mistakes or imperfections in the organisation system, insufficiently qualified personnel, deception by employees, unfavourable external circumstances of non-financial nature. Two groups of operational risks are distinguished:

1. Internal operational risks:

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

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

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

2. (amended by a decision of the BoD of KAROLL CAPITAL MANAGEMENT EAD MANAGEMENT COMPANY of 03.11.2022, effective as of 01.01.2023) External operational risks: these are the risks, which exist outside of the Fund and can have material impact on its activity. The Fund is not able to influence external risks but accounts for their impact on its activity. The Risk Management Department has identified the following external risks related to the Fund's activity:

a) Legislation risk – risk of unexpected amendments of laws and regulations that may limit the Fund activities and development.

b) (previous item "c" – amended by a decision of the BoD of KAROLL CAPITAL MANAGEMENT EAD MANAGEMENT COMPANY of 14.12.2020) Risk of physical interference – risk of suffering losses because of robbery, unauthenticated intrusion in the information systems of the Fund or of the Management Company.

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

c) (previous item "d" – amended by a decision of the BoD of KAROLL CAPITAL MANAGEMENT EAD MANAGEMENT COMPANY of 14.12.2020) **Liquidity risk** – the risk of the possibility of losses because of indispensable sale of assets at unfavourable market conditions to settle unexpected short-term liabilities;

d) (previous item "e" – amended by a decision of the BoD of KAROLL CAPITAL MANAGEMENT EAD MANAGEMENT COMPANY of 14.12.2020) **Concentration risk** – the possibility of losses because of incorrect diversification of expositions to issuers, groups of related issuers, issuers of one and the same economic sector, geographic area or occurred from one and the same activity, that can cause material loss, as well as the risk related to big indirect credit expositions;

e) (previous item “f” – amended by decisions of the BoD of KAROLL CAPITAL MANAGEMENT EAD MANAGEMENT COMPANY of 14.12.2020 and of 03.11.2022, effective as of 01.01.2023) The influence of the specific techniques and instruments, used for efficient management of the FUND’s asset portfolio, over its risk profile is determined in Art. 13, Para. 6, item A) *Repurchase agreements (repurchase and reverse repurchase transactions)*, item B) *Transactions with derivative financial instruments* and item C) *Risk exposition to a counterparty and policies related to techniques for efficient portfolio management* of the present Rules.

f) (repealed by a decision of the BoD of KAROLL CAPITAL MANAGEMENT EAD MANAGEMENT COMPANY of 14.12.2020)

(3) The particular methods and organisation for managing the above-mentioned risks are defined in the Rules for Risk Evaluation and Management of the ADVANCE INVEST Mutual Fund.

(4) (amended by a decision of the BoD of KAROLL CAPITAL MANAGEMENT EAD MANAGEMENT COMPANY of 03.11.2022, effective as of 01.01.2023) The fund manages risk by diversifying its assets.

Main Objectives of the Investment Activity

Art. 12. (amended by a decision of the BoD of KAROLL CAPITAL MANAGEMENT EAD MANAGEMENT COMPANY of 03.11.2022, effective as of 01.01.2023) (1) The Fund’s key objective is to provide unit holders with an increase of the real value of their investment through capital gains by assuming moderate to high risk.

(2) The active management of the Fund's investment portfolio will be the foundation of its strategy to realise the expected gains through the selection of financial instruments with high growth potential of their prices, as determined by fundamental and technical parameters.

(3) (amended by a decision of the BoD of KAROLL CAPITAL MANAGEMENT EAD MANAGEMENT COMPANY of 03.11.2022, effective as of 01.01.2023) The Funds’s strategy provides for investing mainly in shares traded on regulated markets in Bulgaria and in other countries from Eastern Europe, and in certain cases – in other financial instruments depending on the market situation. The expected return from the management of the Mutual Fund will result mainly from income from price differences but also from dividend payments, interest on fixed-term and demand deposits, etc.

(4) There is no certainty that ADVANCE INVEST will achieve the stated investment objectives.

Composition and Structure of the FUND assets. Investment Restrictions Techniques and Instruments for Efficient Portfolio Management. Repurchase agreements (repurchase and reverse repurchase transactions). Transactions with derivative financial instruments.

Art. 13. (amended by decisions of the BoD of KAROLL CAPITAL MANAGEMENT EAD MANAGEMENT COMPANY of 10.04.2018, of 24.11.2020, of 26.04.2021 and of 03.11.2022, effective as of 01.01.2023) (1) (amended by a decisions of the BoD of KAROLL CAPITAL MANAGEMENT EAD MANAGEMENT COMPANY of 24.11.2020 and of 03.11.2022, effective as of 01.01.2023) The Fund invests while applying the following asset structure:

| Asset Type | Relative share of the total assets of the Fund |
|---|--|
| <p>Shares of companies admitted to or traded on regulated markets as per Art. 152, para. 1 and 2 of the Markets in Financial Instruments Act (MFIA) in the Republic of Bulgaria or another Member State;</p> <p>Shares of other companies traded on regulated markets, other than those under Art. 152, para. 1 and 2 of the Markets in Financial Instruments Act, in the Republic of Bulgaria or in another Member State, regularly functioning, accepted and publicly accessible;</p> | up to 100% |

| | |
|---|------------------------------------|
| Shares of companies admitted to trading at an official stock exchange market or traded at another regulated markets in a third country, regularly functioning, accepted and publicly accessible, which is included in a list approved by the Deputy Chairperson or is stipulated in the collective investment scheme Rules; | up to 100% |
| Recently issued shares , the issue of which includes a condition for assuming liability for requesting admission to, and within a term not longer than a year after their issuance, to be admitted to trading on an official stock exchange market or another regulated market, regularly functioning, accepted and publicly accessible, which are included in a list approved by the Commission on a proposal by the Deputy Chairperson or are stipulated in the collective investment scheme Rules | up to 30 % |
| Units or shares of collective investment schemes and/or other undertakings for collective investment that meet the provisions of Art. 4, Para. 1 of the Law on the Activity of the Collective Investment Schemes and of Other Undertakings for Collective Investment (LACISOUCI), regardless of whether their seat is in a Member State, provided that their By-Laws or Rules stipulate that they can invest not more than 10 per cent of their assets in other collective investment schemes or in other undertakings for collective investment where the other undertakings for collective investment shall meet the provisions of Art. 38, Para. 1, item 5, letter a) of LACISOUCI. | up to 10% |
| Financial instruments (except for debt instruments) other than the ones listed under Art. 38, Para. 1 of LACISOUCI | up to 10% |
| Warrants , traded at regulated markets as per Art. 38, Para. 1, item 1 - 3 of LACISOUCI, derivative financial instruments traded over the counter while observing the legal provisions | Pursuant to the legal restrictions |
| Cash, bank deposits and other payment vehicles | Up to 50% |

(2) (amended by a decision of the BoD of KAROLL CAPITAL MANAGEMENT EAD MANAGEMENT COMPANY of 03.11.2022, effective as of 01.01.2023) The specific Fund asset structure depends on the current market conditions and is dynamic within the boundaries of the adopted asset structure and the legal restrictions while at the same time it corresponds to the stated objectives for achieving capital gains while assuming high risk in the long run.

(3) (amended by decisions of the BoD of KAROLL CAPITAL MANAGEMENT EAD MANAGEMENT COMPANY of 10.04.2018, of 26.04.2021 and of 03.11.2022, effective as of 01.01.2023) The Fund can invest in financial instruments and money market instruments admitted to trading on regulated markets in the Republic of Bulgaria, in other EU Member States, as well as in third countries, included in a list, approved by the Commission on the proposal of the Deputy Chairperson, or stated in the present Rules.

The Fund invests mainly on the Bulgarian Stock Exchange AD, Sofia, and in certain cases – on the Bucharest Stock Exchange, Romania.

(4) (amended by a decisions of the BoD of KAROLL CAPITAL MANAGEMENT EAD MANAGEMENT COMPANY of 10.04.2018 and of 03.11.2022, effective as of 01.01.2023) The Fund can invest in the following types of assets, as allowed by the Law on the Activities of Collective Investment Schemes and Other Undertakings for Collective Investment, and the respective ordinances:

1. (amended by a decision of the BoD of KAROLL CAPITAL MANAGEMENT EAD MANAGEMENT COMPANY of 03.11.2022, effective as of 01.01.2023) Shares, rights and warrants admitted to or traded at regulated markets as per Art. 152, para. 1 and 2 of the Markets in Financial Instruments Act in the Republic of Bulgaria or in another Member State;

2. (amended by a decision of the BoD of KAROLL CAPITAL MANAGEMENT EAD MANAGEMENT COMPANY of 03.11.2022, effective as of 01.01.2023) Shares, rights and warrants traded at a regulated market, other than the one under Art. 152, para. 1 and 2 of the Markets in Financial Instruments Act, in the Republic of Bulgaria or another Member State, regularly functioning, accepted and publicly accessible, as well as securities and money market instruments issued in the Republic of Bulgaria or in another Member State;

3. *(amended by a decision of the BoD of KAROLL CAPITAL MANAGEMENT EAD MANAGEMENT COMPANY of 03.11.2022, effective as of 01.01.2023)* Shares, rights and warrants admitted to trading at an official Stock Exchange market or traded at other regulated markets in a third country, regularly functioning, accepted and publicly accessible, which are included in a list approved by the Deputy Chairperson of the Financial Supervision Commission or are stipulated in the Fund Rules;
4. *(amended by a decision of the BoD of KAROLL CAPITAL MANAGEMENT EAD MANAGEMENT COMPANY of 21.11.2022, effective as of 01.01.2023)* Recently issued shares, the issue of which includes a condition for assuming liability for requesting admission and within a term not longer than a year after their issuance to admitted to trading at an official stock exchange market or another regulated market, regularly functioning, accepted and publicly accessible, which are included in a list approved by the Deputy Chairperson of the Financial Supervision Commission or are stipulated in the Fund Rules;
5. *(amended by a decision of the BoD of KAROLL CAPITAL MANAGEMENT EAD MANAGEMENT COMPANY of 21.11.2022, effective as of 01.01.2023)* Units or shares of collective investment schemes and/or other undertakings for collective investment that meet the provisions of Art. 4, Para. 1 of the LACISOUCI, regardless of whether they are incorporated in a Member State, provided that their Statutes or Rules stipulate that they can invest not more than 10 per cent of their assets in other collective investment schemes or in other undertakings for collective investment where the other undertakings for collective investment shall meet the provisions of Art 38, Para. 1, item 5, letter a) of LACISOUCI;
6. Deposits with credit institutions, payable on demand or which carry the right to be withdrawn at any time and with a maturity date not more than 12 months ahead; the credit institutions in a third country shall follow rules and be subject to supervision that the Deputy Chairperson considers equivalent to the ones contained in the EU legislation;
7. *(amended by a decision of the BoD of KAROLL CAPITAL MANAGEMENT EAD MANAGEMENT COMPANY of 03.11.2022, effective as of 01.01.2023)* Warrants traded at regulated markets as per Art. 38, Para. 1, item 1– 3 of LACISOUCI;
8. *(repealed by a decision of the BoD of KAROLL CAPITAL MANAGEMENT EAD MANAGEMENT COMPANY of 03.11.2022, effective as of 01.01.2023)*
9. *(repealed by a decision of the BoD of KAROLL CAPITAL MANAGEMENT EAD MANAGEMENT COMPANY of 03.11.2022, effective as of 01.01.2023)*
10. *(amended by a decision of the BoD of KAROLL CAPITAL MANAGEMENT EAD MANAGEMENT COMPANY of 03.11.2022, effective as of 01.01.2023)* Cash resources and other financial instruments, in addition to those mentioned above, according to the Structure of the Fund Assets, while observing the legal restrictions.
11. *(repealed by a decision of the BoD of KAROLL CAPITAL MANAGEMENT EAD MANAGEMENT COMPANY of 03.11.2022, effective as of 01.01.2023)*

(5) *(amended by a decision of the BoD of KAROLL CAPITAL MANAGEMENT EAD MANAGEMENT COMPANY of 03.11.2022, effective as of 01.01.2023)* Pursuant to the provisions of the LACISOUCI, the regulatory acts on its execution and the Fund Rules, the following restrictions will be observed on the structure of the assets and the relative shares in securities of one type or another:

1. *(amended by a decision of the BoD of KAROLL CAPITAL MANAGEMENT EAD MANAGEMENT COMPANY of 03.11.2022, effective as of 01.01.2023)* The Fund cannot invest more than 5 per cent of its assets in transferable securities issued by a single entity.
2. The Fund cannot invest more than 20 per cent of its assets in deposits in a single bank.
3. *(repealed by a decision of the BoD of KAROLL CAPITAL MANAGEMENT EAD MANAGEMENT COMPANY of 03.11.2022, effective as of 01.01.2023)*
4. *(amended by a decision of the BoD of KAROLL CAPITAL MANAGEMENT EAD MANAGEMENT COMPANY of 03.11.2022, effective as of 01.01.2023)* The Fund can invest 10 per cent of its assets in transferable securities issued by a single entity only if the total value of the investment in the entities, in which the Fund invests more than 5 per cent of its assets, does not exceed 40 per cent of the Fund assets. The restriction under the previous sentence does not apply with regard to the deposits in credit institutions, over which prudential supervision is exercised.
5. *(amended by a decision of the BoD of KAROLL CAPITAL MANAGEMENT EAD MANAGEMENT COMPANY of 03.11.2022, effective as of 01.01.2023)* In addition to the restrictions under items 1 and 2, the total value of the Fund's investment in transferable securities, issued by a single entity, and the deposits with

such an entity, cannot exceed 20 per cent of the Fund assets.

6. *(repealed by a decision of the BoD of KAROLL CAPITAL MANAGEMENT EAD MANAGEMENT COMPANY of 03.11.2022, effective as of 01.01.2023)*

7. *(amended by a decision of the BoD of KAROLL CAPITAL MANAGEMENT EAD MANAGEMENT COMPANY of 03.11.2022, effective as of 01.01.2023)* The investment restrictions under items 1, 2, 4 and 5 cannot be combined. The total value of the Fund investment in transferable securities, issued by a single entity, and the deposits with such an entity, cannot exceed 35 per cent of the collective investment scheme's assets.

8. Companies included in a certain group for the purpose of preparation of consolidated financial statements in accordance with the recognised accounting standards are treated as a single entity at the application of the restrictions under items 1 – 7.

9. *(amended by a decision of the BoD of KAROLL CAPITAL MANAGEMENT EAD MANAGEMENT COMPANY of 03.11.2022, effective as of 01.01.2023)* The total value of the investment in transferable securities issued by the companies within a given group cannot exceed 20 per cent of the value of the Fund assets

10. *(amended by a decision of the BoD of KAROLL CAPITAL MANAGEMENT EAD MANAGEMENT COMPANY of 19.05.2020)* The Fund can invest not more than 10 per cent of its assets in units of a single collective investment scheme or another undertaking for collective investment as per Art. 38, Para. 1, item 5, whether it is registered in a Member State or not.

11. The total amount of the investment in units of other collective investment schemes or in other undertakings for collective investment cannot exceed 10 per cent of the Fund assets.

12. *(amended by a decision of the BoD of KAROLL CAPITAL MANAGEMENT EAD MANAGEMENT COMPANY of 19.05.2020)* Karoll Capital Management EAD Management Company, acting at the expense of the Fund and all collective investment schemes or other undertakings for collective investment managed by it, cannot acquire voting shares that would enable it to exercise substantial influence on an issuer's management. Substantial influence, within the meaning of the previous sentence, occurs in cases of direct or indirect holding of 20 per cent or more of the votes in the general assembly of an issuer, as determined by Articles 145 and 146 of the Public Offering of Securities Act.

13. *(amended by a decision of the BoD of KAROLL CAPITAL MANAGEMENT EAD MANAGEMENT COMPANY of 03.11.2022, effective as of 01.01.2023)* The Fund cannot acquire more than:

a) 10 per cent of the non-voting shares issued by a single entity;

b) *(repealed by a decision of the BoD of KAROLL CAPITAL MANAGEMENT EAD MANAGEMENT COMPANY of 03.11.2022, effective as of 01.01.2023)*

c) 25 per cent of the units of one and the same collective investment scheme or another undertaking for collective investment that fulfils the requirements of Art. 4, Para. 1 of the LACISOUCI;

d) *(amended by a decision of the BoD of KAROLL CAPITAL MANAGEMENT EAD MANAGEMENT COMPANY of 03.11.2022, effective as of 01.01.2023)* 10 per cent of the money market instruments issued by a single entity.

The restrictions under item 13, letter c) does not apply if at the moment of acquisition of the said instruments the Fund cannot calculate the net value of the issued securities.

14. *(amended by a decision of the BoD of KAROLL CAPITAL MANAGEMENT EAD MANAGEMENT COMPANY of 03.11.2022, effective as of 01.01.2023)* The Fund can invest not more than 10 per cent of its assets in other transferable securities, other than those under Art. 38, Para. 1 of the LACISOUCI.

15. *(repealed by a decision of the BoD of KAROLL CAPITAL MANAGEMENT EAD MANAGEMENT COMPANY of 03.11.2022, effective as of 01.01.2023)*

16. *(previous item 15, amended by a decision of the BoD of KAROLL CAPITAL MANAGEMENT EAD MANAGEMENT COMPANY of 19.05.2020)* The Fund cannot acquire valuable (precious) metals and certificates for them.

17. *(previous item 16, amended by a decision of the BoD of KAROLL CAPITAL MANAGEMENT EAD MANAGEMENT COMPANY of 19.05.2020)* The total value of the Fund's exposition related to derivative financial instruments cannot exceed the net value of its assets.

18. *(previous item 17, amended by a decision of the BoD of KAROLL CAPITAL MANAGEMENT EAD MANAGEMENT COMPANY of 19.05.2020)* The Fund can invest in derivative financial instruments while observing the restrictions under items 7 – 9 and provided that the exposition to the basic assets in total does not exceed the investment restrictions under items 1 – 9.

(6) *(amended by a decision of the BoD of KAROLL CAPITAL MANAGEMENT EAD MANAGEMENT COMPANY of 14.05.2018 and of 03.11.2022, effective as of 01.01.2023)* ADVANCE INVEST Mutual Fund can use techniques and instruments for efficient management of the asset portfolio in compliance with the legal provisions. The used techniques and instruments shall not lead to a change of the investment objectives and restrictions or to worsening of the FUND's risk profile.

A) Repurchase agreements (repurchase and reverse repurchase transactions). Karoll Capital Management EAD Management Company EAD can conclude repurchase agreements (repurchase and reverse repurchase transactions) on behalf and at the expense of ADVANCE INVEST Mutual Fund. This type of transactions are concluded under the condition that they are economically relevant, the risks ensuing from them are adequately identified in the process of risk management and provided that they serve for fulfilling at least one of the following objectives:

1. Reducing the risk;
2. Reducing the expenses;
3. Generating additional proceeds for the FUND with a risk level corresponding to its risk profile and to the risk diversification rules.

The concluded repurchase transactions cannot lead to a change of the investment objectives and restrictions or to worsening of the FUND's risk profile. The FUND can conclude repurchase transactions only with regard to financial instruments, in which it has the right to invest. The counterparties under the repurchase transactions of the FUND should be credit or financial institutions, which are subject to prudential supervision by a financial regulator of a European Union Member State or of another country, which is a party to the Organisation for Economic Co-operation and Development Convention. The risk exposition of the FUND to each individual counterparty at conclusion of repurchase transactions cannot exceed 10 per cent of its assets, if the counterparty is a bank as per Art. 38, Para. 1, item 6 of the LACISOUCI, and 5 per cent of the assets in the rest of the cases. The value of the repurchase transactions concluded by the FUND cannot hinder the execution of its obligation to redeem units at any time by request of their owners.

The financial instruments that may be the subject of repurchase transactions are:

1. Money market instruments within the meaning of Art. 38, Para. 1, item 9 of the LACISOUCI;
2. Bonds issued or secured by a Member State or another country, which is a party to the Organisation for Economic Co-operation and Development Convention, their central banks, their local government authorities, by the European Central Bank, the European Investment Bank or by a public international organisation, of which at least one Member State is a member, as well as qualifying debt securities issued or secured by third countries with a credit rating not less than an investment grade, awarded by a credit rating agency registered or certified pursuant to Regulation No. 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies (OJ, L 302/1 of 17 November 2009);
3. Stocks or units issued by a collective investment scheme as per Art. 38, Para. 1, item 5 of the LACISOUCI;
4. Bonds traded at a regulated market in a Member State or another country, which is a party to the Organisation for Economic Co-operation and Development Convention, where the trade with such bonds must be sufficiently liquid;
5. Shares traded at a regulated market in a Member State or another country, which is a party to the Organisation for Economic Co-operation and Development Convention, provided such shares are included in an index maintained by such a market.

B) (amended by a decision of the BoD of KAROLL CAPITAL MANAGEMENT EAD MANAGEMENT COMPANY of 03.11.2022, effective as of 01.01.2023) Transactions with derivative financial instruments. The Management Company can conclude transactions with warrants on behalf and at the expense of the FUND:

- With investment purpose, according to the FUND's investment policy and risk profile as determined in its Rules;

There is no certainty that such transactions and techniques will be successful if they are performed. The possibility for using the stated strategies and techniques may be limited by the market conditions and by the regulatory provisions and requirements. Warrants as derivative instruments are used for investment purposes, and do not affect the Fund's risk profile. In all cases the total value of the Fund's exposition related to derivative financial instruments cannot exceed the net value of its assets.

C) (amended by a decision of the BoD of KAROLL CAPITAL MANAGEMENT EAD MANAGEMENT COMPANY of 03.11.2022, effective as of 01.01.2023) Risk exposition to a counterparty and policies related to techniques for efficient portfolio management. The FUND's risk exposition to a counterparty resulting from techniques for efficient portfolio management will be included in the calculation of the thresholds under Ar. 45 and Art. 46 LACISOUCI. All assets received by the FUND as a result of using techniques for efficient portfolio management, will be treated as collateral and will meet the following criteria:

1. Liquidity;
2. Valuation;
3. Issuer quality;
4. Correlation;
5. Collateral diversification;

6. Risks related to managing the collateral;
7. When transferring a unit, the received collateral will be held by the FUND depositary;
8. The FUND can proceed with execution with regard to the received collateral at any time without referring to the counterparty or its approval;
9. Non-monetary collateral cannot be sold, reinvested or pledged;
10. Monetary collateral can be reinvested while observing the principles of diversification, applicable to the non-monetary collateral, and it can only be:
 - a) deposited in entities as per Art. 38, Para. 1, item 6 of the LACISOUCI;
 - b) invested in high-quality government securities;
 - c) used for reverse repurchase transaction provided that the transactions are concluded with credit institutions, which are subject to prudential supervision, and the FUND can receive back the full amount along with the due interest at any time.
 - d) invested in short-term money market funds.

The Management Company has in place a collateral policy and a policy for reinvesting the monetary collateral.

Whenever the FUND receives a collateral, which is worth not less than 30 per cent of its assets, the Management Company will develop and apply a policy that guarantees the use of stress tests under normal and extraordinary liquidity conditions, so as to enable the assessment of the FUND's liquidity risk related to the collateral that must include at least the following elements:

1. Developing a stress test scenario analysis, including calibration, certification and sensitivity analysis;
2. An empirical approach toward impact assessment, including back tests of the liquidity risk assessments;
3. Frequency of reporting and restriction/loss acceptability threshold(s);
4. Loss mitigation measures, including a policy for identifying potential loss and protection against non-conformity risk.

The Management Company will implement a clear policy for identifying potential loss tailored to each asset type received as collateral, taking into account its characteristics such as credit status or price volatility, as well as the results of the performed stress tests under normal and extraordinary liquidity conditions, used to assess the FUND's liquidity risk related to the collateral received in relation to transactions resulting from the techniques for efficient portfolio management. This policy will be used as the grounds for every decision to envisage a particular potential loss or for failure to envisage one with regard to a certain asset type.

(7) *(amended by a decisions of the BoD of KAROLL CAPITAL MANAGEMENT EAD MANAGEMENT COMPANY of 10.04.2018 and of 03.11.2022, effective as of 01.01.2023)* The restrictions as per the present Article do not apply if the FUND exercises subscription rights, deriving from transferable securities, which are part of its assets. In case of breach of the investment restrictions for reasons beyond the control of the FUND or as a result of exercising subscription rights, the FUND must, in due time, but not later than six months of the occurrence of the breach, bring its assets in compliance with the investment restrictions through sale transactions, while taking into account the interests of the unit holders. In the cases under the previous sentence, the FUND is obliged, within 7 days of committing the breach, to notify the FSC by providing information about the reasons for the breach and the measures undertaken for its correction.

Liquidity Requirements

Art. 14. (1) In pursuance of the main objectives of its investment activity, the FUND maintains such a structure of the assets and liabilities that enables it to perform its redemption obligations at any moment and to carry out its activity without hindrance while duly repaying its liabilities at a reasonable price without it being necessary to resort to hasty sale of profitable assets.

(2) The maintenance of liquid assets is intended to secure that the FUND protects to a maximum extent the security of the Fund unit holders and to avoid the possibility of occurrence of liquid risks.

(3) *(amended by a decision of the BoD of KAROLL CAPITAL MANAGEMENT EAD MANAGEMENT COMPANY of 03.11.2022, effective as of 01.01.2023)* The FUND must have at its disposal at any time minimum liquid funds as follows:

1. *(amended by a decision of the BoD of KAROLL CAPITAL MANAGEMENT EAD MANAGEMENT COMPANY of 03.11.2022, effective as of 01.01.2023)* Cash and securities as per Art. 38, Para. 1, items 1 – 3 of the LACISOUCI and units of collective investment schemes and/or other collective investment enterprises as per Art. 38, Para. 1, item 5 of the LACISOUCI, whose fair value is not calculated using valuation techniques

and generally accepted methods as per the Rules for portfolio evaluation and determination of the asset value of the ADVANCE INVEST Mutual Fund, and short-term receivables – to the amount of not less than 100 per cent of the weighted current liabilities of the FUND;

2. (amended by a decision of the BoD of KAROLL CAPITAL MANAGEMENT EAD MANAGEMENT COMPANY of 03.11.2022, effective as of 01.01.2023) cash– to the amount of not less than 70 per cent of the weighted current liabilities of the FUND, excluding the liabilities related to participation in the increase of capital of public companies.

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

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

(5) (amended by a decision of the BoD of KAROLL CAPITAL MANAGEMENT EAD MANAGEMENT COMPANY of 03.11.2022, effective as of 01.01.2023) The maximum remaining terms of the FUND's current liabilities at their distribution in the groups as per the preceding paragraph, unless anything else is provided for by the law or ensues from their nature, are as follows:

1. (amended by a decision of the BoD of KAROLL CAPITAL MANAGEMENT EAD MANAGEMENT COMPANY of 03.11.2022, effective as of 01.01.2023) Budget payables – weight 1,00;

2. Remuneration of the Management Company and the Depository Bank – weight 1,00 and the remaining liabilities – weight 0,25;

3. Loans received – as per the terms of the loan agreement.

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

(7) (amended by a decision of the BoD of KAROLL CAPITAL MANAGEMENT EAD MANAGEMENT COMPANY of 14.05.2018) The structure of the FUND's assets and liabilities should meet the following requirements:

1. Investments in assets as per Art. 38, Para. 1 of LACISOUCI must be such that the fair value of a maximum of 30 per cent of their total amount to be calculated using valuation techniques and generally accepted methods pursuant to the *Rules for portfolio valuation and determining the net asset value of ADVANCE INVEST MUTUAL FUND*. Pursuant to the present Rules, the valuation of assets at their initial acquisition (recognition) will be done at their acquisition value, which includes also the transaction costs, while the subsequent valuation of assets will be done at fair value, also including valuation techniques and generally accepted methods whose essence and consistency of application are described in detail in the *Rules for portfolio valuation and determining the net asset value of ADVANCE INVEST MUTUAL FUND*;

Other Restrictions.

Art. 15. (amended by a decision of the BoD of KAROLL CAPITAL MANAGEMENT EAD MANAGEMENT COMPANY of 10.04.2018 and of 03.11.2022, effective as of 01.01.2023)

(1) (amended by a decision of the BoD of KAROLL CAPITAL MANAGEMENT EAD MANAGEMENT COMPANY of 03.11.2022, effective as of 01.01.2023) The FUND cannot use loans, with the exception of:

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

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

(2) A lender of the loan as per Para. 1 can be only a bank, excluding the Depository Bank.

(3) (amended by a decision of the BoD of KAROLL CAPITAL MANAGEMENT EAD MANAGEMENT COMPANY of 03.11.2022, effective as of 01.01.2023) The Management Company and the Depository Bank, when acting for the account of the FUND, cannot provide loans, nor be guarantors of third parties. Regardless of the restrictions under the previous sentence, the Management Company and the Depository Bank, when acting

for the account of the FUND, may acquire transferable securities or other financial instruments as per Art. 38, Para. 1, items 5, 7, 8 and 9, in the cases when their value is not paid in full.

(4) (amended by a decision of the BoD of KAROLL CAPITAL MANAGEMENT EAD MANAGEMENT COMPANY of 03.11.2022, effective as of 01.01.2023) The Management Company and the Depository Bank, when operating for the account of the FUND, cannot conclude agreements for short sale of transferable securities or of other financial instruments as per Art. 38, Para. 1, items 5, 7, 8 and 9 of the LACISOUCI.

Income Distribution (Dividends)

Art. 16. (1) The FUND shall not distribute income (annual profit) under the issued units and shall not pay the holders of such units such income or dividends.

(2) The FUND shall reinvest the income (annual profit) in assets following its investment strategy and policy.

(3) The net income from investing the ADVANCE INVEST Mutual Fund assets is reflected as a change of the FUND net asset value and thence – of the price of its units.

SECTION III

ISSUE (SALE) AND REPURCHASE OF UNITS

Terms and Procedure for Issue (Sale) and Repurchase of Units

Art. 17. (amended by a decision of the BoD of KAROLL CAPITAL MANAGEMENT EAD MANAGEMENT COMPANY of 03.11.2022, effective as of 01.01.2023) (1) /amended by decisions of the BoD of KAROLL CAPITAL MANAGEMENT EAD MANAGEMENT COMPANY of 17.04.2015, of 26.04.2021, and of 19.01.2022/ With the exception of the cases of temporary suspension of repurchases, the FUND, via the Management Company, shall offer continuously its units to investors at an issue price, which is equal to the net asset value per unit as at the date of its determination, increased by the unit issue costs, which are borne by investors and are calculated as a percentage of the net asset value per unit, with the determined maximum amount of issue costs as follows:

- 1.5 per cent of the net asset value per unit if the total investment is up to BGN 100,000, inclusive;

- 1 per cent of the net asset value per unit if the total investment is over BGN 100,000.00.

The determined maximum amount of issue costs is applicable, except in the cases that fall under Para. 13.

(2) /new, adopted by a decision of the BoD of KAROLL CAPITAL MANAGEMENT EAD MANAGEMENT COMPANY of 17.04.2015, amended by a decision of the BoD of KAROLL CAPITAL MANAGEMENT EAD MANAGEMENT COMPANY of 26.04.2021/ No issue costs shall be charged for investment in FUND units by institutional investors within the meaning of § 1, item 1, letter “c” of the Supplementary Provisions of the Law on Public Offering of Securities (LPOS) and at investment in FUND units for the account of investors as a result of and pursuant to a portfolio management agreement concluded with Karoll Capital Management EAD Management Company.

(3) /previous Para. 2 – decision of the BoD of KAROLL CAPITAL MANAGEMENT EAD Management Company of 17.04.2015 and of 19.01.2022/ With the exception of the cases of temporary suspension of repurchases, the FUND, through the Management Company, upon request of the unit holders, shall repurchase its units at a price based on the net asset value per unit as at the date of its determination. No charges are levied on repurchase of units.

(4) /previous para 3 – decision of the BoD of KAROLL CAPITAL MANAGEMENT EAD Management Company of 17.04.2015, amended by decisions of the BoD of KAROLL CAPITAL MANAGEMENT EAD Management Company of 03.12.2013 and of 03.11.2022, effective as of 01.01.2023/ The issue price and the repurchase price shall be calculated every business day for the day prior and are published within the same business day on the web site of the Asset Management Company, except for periods of temporary suspension of issuance and redemption in accordance with Art. 25.

(5) /previous Para. 4 – decision of the BoD of KAROLL CAPITAL MANAGEMENT EAD Management Company of 17.04.2015/ The net value of the FUND’s assets and the net asset value per unit shall be calculated pursuant to Section IV below.

(6) /previous Para. 5 – decision of the BoD of KAROLL CAPITAL MANAGEMENT EAD Management Company of 17.04.2015, amended by a decision of the BoD of KAROLL CAPITAL MANAGEMENT EAD MANAGEMENT COMPANY of 03.11.2022, effective as of 01.01.2023/ The sale and repurchase of FUND units is done by the Management Company on behalf and for the account of the FUND, pursuant to the Rules and the Prospectus of the FUND, at the issue price, respectively – the repurchase price, announced for the closest

day following the day, on which the subscription, respectively – the repurchase, order (request) for FUND units was made.

(7) /previous Para. 6 – decision of the BoD of KAROLL CAPITAL MANAGEMENT EAD Management Company of 17.04.2015, amended by a decision of the BoD of KAROLL CAPITAL MANAGEMENT EAD MANAGEMENT COMPANY of 03.11.2022, effective as of 01.01.2023/ All orders for subscription, respectively – repurchase, of FUND units received in a period between two announcements of the issue price and of the repurchase price are to be executed at one and the same price.

(8) /previous Para. 7 – decision of the BoD of KAROLL CAPITAL MANAGEMENT EAD Management Company of 17.04.2015/ The orders for sale of (subscription for) FUND units are executed within 7 days of the date of submitting the order, and the orders for repurchase of FUND units – within 10 days of the date of submitting the order.

(9) /previous Para. 8 – decision of the BoD of KAROLL CAPITAL MANAGEMENT EAD Management Company of 17.04.2015/ The orders for purchase (subscription for) or repurchase of FUND units become irrevocable as of the closest date of determination of the issue price, respectively – the repurchase price.

(10) /previous para 9 – decision of the BoD of KAROLL CAPITAL MANAGEMENT EAD Management Company of 17.04.2015 and of 19.01.222/ At change of the maximum amount of costs for issuing and repurchasing FUND units, defined respectively in Para. 1 and Para. 3, the Management Company shall inform the unit holders by a publication on the web site of the Managing Company immediately after the changes of the FUND Rules have been approved but not later than the following day after it has become aware of the changes approval.

(11) /previous para 10 – amended by a decision of the BoD of KAROLL CAPITAL MANAGEMENT EAD Management Company of 17.04.2015/ When calculating net asset value per unit of the FUND, the issue price and the repurchase price are rounded to the fourth digit after the decimal point.

(12) /previous Para. 11 – decision of the BoD of KAROLL CAPITAL MANAGEMENT EAD Management Company of 17.04.2015, amended by a decision of the BoD of KAROLL CAPITAL MANAGEMENT EAD Management Company of 03.12.2013 and 10.04.2018/ The Management Company announces the calculated (determined) issue price and repurchase price of FUND units by publishing them on its web site.

(13) /new, adopted by a decision of the BoD of KAROLL CAPITAL MANAGEMENT EAD Management Company of 19.01.2022/ The Management Company can refrain from levying the issue costs fully, or in part, by applying a lower maximum amount than the one defined in Para. 1 for a certain period of time. In such cases the Management Company must inform the unit holders by publishing the decision for applying the reduced issue cost amount on the Management Company's website, indicating the applicable amended amount and the period of its application, no later than the day before the start of the period for which the reduced issue cost amount will be applied.

SECTION IV

DETERMINING THE NET VALUE OF FUND ASSETS AND THE NET ASSET VALUE PER UNIT

Art. 18. (1) /amended by a decisions of the BoD of Karoll Capital Management EAD Management Company of 03.12.2013 and of 03.11.2022, effective as of 01.01.2023/ The net value of the FUND's assets and the net asset value per unit are determined for each business day, by end of the following day, as per the provisions of the current legislation, the present Rules, the Prospectus and the Rules for portfolio valuation and determining the net asset value of the FUND adopted pursuant to Art 19. of the present FUND Rules.

(2) When calculating the net asset value, the due consideration fee of the Management Company and of the Depository Bank are added, as well as all liabilities.

(3) /amended by decisions of the BoD of KAROLL CAPITAL MANAGEMENT EAD MANAGEMENT COMPANY of 10.04.2018 and of 24.11.2020 and of 03.11.2022, effective as of 01.01.2023/ For the valuation of the FUND's assets, the value of each asset owned by the collective investment scheme is taken into account at the date of preparing the valuation. The valuation of assets at their initial acquisition (recognition) is done at their acquisition value. The valuation of assets at their subsequent valuation is done at fair value pursuant to the provisions of the present Rules, the Rules for portfolio valuation and determining the net asset value of the FUND and Ordinance No. 44 on the requirements for the activity of the collective investment schemes, management companies, national investment funds, alternative investment funds and the entities managing alternative investment funds.

Art. 19. /amended by a decision of the BoD of KAROLL CAPITAL MANAGEMENT EAD Management Company of 24.11.2020/ The Board of Directors of the Management Company adopts Rules for portfolio valuation and determining the net asset value, which containing the principles and methods for asset and liability valuation, as well as the organisation of this activity.

Para. 2 repealed by a decision of the BoD of KAROLL CAPITAL MANAGEMENT EAD Management Company of 24.11.2020/

Para. 3 repealed by a decision of the BoD of KAROLL CAPITAL MANAGEMENT EAD Management Company of 24.11.2020/

Para. 4 repealed by a decision of the BoD of KAROLL CAPITAL MANAGEMENT EAD Management Company of 24.11.2020/

Art. 20. To determine the net value of the FUND's assets, valuation of the FUND's liabilities is done in compliance with the applicable accounting standards and with the Rules for portfolio valuation and determining the net asset value of the FUND.

Art. 21. The asset value includes the value of the assets owned by the FUND as per the balance sheet, whose value is calculated pursuant to the Rules for portfolio valuation and determining the net asset value. The net asset value of the FUND is calculated by deducting the value of all liabilities, calculated as per Art. 20, from the value of all assets, calculated pursuant to the previous sentence.

Art. 22. The Depositary Bank shall examine the compliance with the rules for asset valuation by the Management Company and this obligation shall be established in the agreement between the Management Company and the Depositary Bank.

Art. 23. The net asset value per unit is equal to the net asset value calculated pursuant to the preceding provisions, divided by the number of FUND units outstanding at the time of such determination.

Art. 24. Mistakes in calculating the net asset value, the net asset value per unit, the issue price and the repurchase price of FUND units, established after their final determination:

(1) If a mistake has been made in calculating the value of a unit, as a result of which its issue price has increased or its repurchase price has decreased by 0.5 per cent of the net asset value per unit, the Depositary Bank or the Management Company shall reimburse the difference to the unit owner who bought the unit at the increased issue price, respectively – sold the unit at the decreased price, using FUND resources, within 10 days of establishing the mistake, unless the unit owner has acted in bad faith.

(2) If a mistake has been made in calculating the value of a unit, as a result of which its issue price has decreased or its repurchase price has increased by 0.5 per cent of the net asset value per unit, the Depositary Bank or the Management Company shall reimburse the due amount to the collective investment scheme at their own expense within 10 days of establishing the mistake.

(3) If the mistake made during the calculation of the net asset value per unit does not exceed 0.5 per cent of the net asset value per unit, the Depositary Bank or the Management Company shall undertake the necessary actions to avoid mistakes in the calculation of the net asset value per unit and to sanction the persons.

SECTION V

TERMS AND PROCEDURE FOR TEMPORARY SUSPENSION OF REPURCHASES

Art. 25. (1) /amended by a decision of the BoD of KAROLL CAPITAL MANAGEMENT EAD MANAGEMENT COMPANY of 14.05.2018/ The repurchase of units of the FUND may be temporarily suspended by a decision of Board of Directors of the Management Company. The temporary suspension of repurchase is allowed only in exceptional cases, if the circumstances require and the suspension is justified by the interests of the unit holders, including the following cases:

- If at a regulated market, at which a material part of the FUND units are admitted or are being traded, the conclusion of transactions has been discontinued, suspended or subject to restrictions;

- If the FUND's assets or liabilities cannot be correctly valued or it cannot dispose with them without damaging the interests of unit holders;

- If a decision is taken for termination or transformation through merger or acquisition of the collective investment scheme under the terms and procedure of Chapter 14 of the LACISOUCI;

- If the execution of the repurchase orders would lead to breach of the requirements for maintaining minimum liquid resources of the Fund as stipulated in the current legislation and in the Prospectus and FUND Rules;

- If the performance of the obligations by the Depositary Bank pursuant to the Depositary Services Agreement is impossible or if the FUND unit holders' interests may be damaged, including at termination of the agreement with the Depositary Bank, at cancellation of the agreement with the Depositary Bank, including because of non-performance of its obligations under it, at cancellation of the banking activity licence of the

Depository Bank or at imposing other limitations on its activity, as well as in the cases as per Art. 52, Para. 2 of the present Rules.

(2) /amended by a decision of the BoD of KAROLL CAPITAL MANAGEMENT EAD MANAGEMENT COMPANY of 03.11.2022/ Should any of the above-mentioned circumstances occur, the Management Company shall suspend the issue and redemption of FUND units while stating the term of the temporary suspension /if any/ and informing about this the Financial Supervision Commission, the Depository Bank, the respective competent authorities of all EU Member States, in which the Fund units are offered /if so/ and the unit-holders by the end of the working day prior the suspension. Respectively, the Management Company shall inform the above-mentioned parties about the resumption of the redemption by the end of the working day, preceding the resumption

(3) At taking the decision for temporary suspension of the repurchase, the Management Company shall immediately discontinue also the issue of units for the term of temporary suspension of the repurchase.

(4) /amended by a decision of the BoD of KAROLL CAPITAL MANAGEMENT EAD MANAGEMENT COMPANY of 03.11.2022/ If the Fund unit redemption temporary suspension period requires extension, the Management Company shall communicate this, following the procedure stated in the law, the Financial Supervision Commission, the Depository Bank, the respective competent authorities of all EU Member States, in which the Fund units are offered /if so/, and the unit-holders not later than 7 days before expiry of the initially defined term. If the suspension term is shorter than 7 days, including in the cases when the redemption has been suspended because of technical reasons, the Management Company shall perform the notification under the previous sentence by the end of the working day preceding the date, on which the repurchase had to be resumed.

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

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

(7) /amended by decisions of the BoD of KAROLL CAPITAL MANAGEMENT EAD Management Company of 10.04.2018 and of 14.04.2020, and of 03.11.2022, of 21.11.2022г. and of 01.12.2022/ Unit sale (issue) orders and redemption orders submitted in the period after the last announcement of the issue price, respectively of the redemption price, and before the starting date of the redemption temporary suspension term will not be executed. Investors who have submitted unit purchase orders and have transferred money to the Fund's bank accounts will be reimbursed by the Management Company by the end of the working day following the day when the decision for suspending the issue of units was taken.

(8) The Financial Supervision Commission can take a decision to halt the redemption in the event that the interests of unit holders or those of the market so require. The Financial Supervision Commission makes the decision to stop the redemption upon revocation of the license, termination or bankruptcy of the asset management company managing the mutual fund or upon imposing such restrictions on its activities that make it impossible to perform its duties toward the mutual fund and could harm the fund's unit holders.

SECTION VI RIGHTS OF UNIT HOLDERS

Share Right over FUND's Property. Liquidation Quota Right.

Art. 26. (1) Each unit gives a right over the respective part of the FUND's property.

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

(3) A unit holder has no right to demand their share in the FUND in kind.

Redemption Right

Art. 27. (1) Each unit holder has the right at any time to request their units to be repurchased by the FUND through the Management Company except for cases when such redemption has been suspended as stipulated in the law or in the present Rules.

(2) The redemption order may be related to some or all of the units owned by the investor.

(3) The redemption orders for FUND units are executed at the first redemption price announced after the

date of submitting the order.

Right of information. Right to file complaints

Art. 28. /amended by a decision of the BoD of KAROLL CAPITAL MANAGEMENT EAD Management Company of 14.05.2018/ (1) Each investor and/or unit holder has the right:

1. To use the information contained in the Prospectus, in the Key Investor Information Document and in the regular reports of the FUND, as well as any other public information related to it or to its activity;
2. To get acquainted with and receive a copy of the FUND Rules;
3. To receive information about substantial changes in the activity of the Managing Company, as well as other information about it as stipulated by the law.

(2) /amended by a decision of the BoD of KAROLL CAPITAL MANAGEMENT EAD MANAGEMENT COMPANY of 03.11.2022/ Each investor and/or unit holder has the right to file a complaint, without applicable fee, while the Management Company keeps records of the received complaints, examines and responds to complaints within the time limits and terms in accordance with Ordinance No. 44 on the requirements for the activity of the collective investment schemes, management companies, national investment funds, alternative investment funds and the entities managing alternative investment funds, as well as in accordance with the Management Company's applicable complaint policy

SECTION VII

FUND MANAGEMENT AND SERVICING. OBLIGATIONS OF THE MANAGEMENT COMPANY

Management Company

Art. 29. (1) The FUND has been established and managed by Karoll Capital Management EAD Management Company, with seat and registered address in Sofia, Vazrazhdane District, 57 Hristo Botev Blvd, entered in the Commercial Register of the Sofia City Court under Company File No. № 9326/2003, batch № 78552, Vol. 931, page 35, re-registered with the Commercial Register to the Registry Agency under UIC 131134055, tel./fax 02/4008 300, e-mail: KCM@karoll.bg, web site: www.karollcapital.bg

(2) (amended by a decision of the BoD of KAROLL CAPITAL MANAGEMENT EAD Management Company of 14.04.2020) The Management Company holds a licence issued by the Financial Supervision Commission No. 11-УД/16.02.2006, renewed by a licence No. 63-УД/2019.

(3) The Management Company:

1. Manages the FUND's investment;
2. Performs portfolio valuation and determines the net value of the FUND's assets under the control of the Depository Bank;
3. Performs an activity of sale (issue) and repurchase of FUND units;
4. Accepts and submits amendments and supplementations to the present Rules, the FUND Prospectus, the Rules for portfolio valuation and determining the net asset value of the FUND, the Risk Management Rules, the Rules for maintaining and managing the FUND's liquid assets;
5. Takes decisions on selecting and replacing the Depository Bank, the certified auditors and other persons needed for the functioning of the FUND;
6. Takes decisions on transformation and termination of the FUND and for appointing liquidators;
7. Ensures the management of the FUND's activity in all of its other aspects;
8. Concludes and executes, for the account of the FUND, all transactions and other legal and factual acts;
9. Represents the FUND in front of all natural and legal persons, state and local authorities and other legal entities;
10. Performs all other activities related to the management and servicing of the FUND as laid down in the law, the FUND Prospectus and the present Rules.

(4) The decisions as per Para. 3, items 4-6 are taken by the Board of Directors of the Management Company under the provisions of its Statutes. The FUND's representation and its operational management are done by the person or the persons representing the Management Company, and they take all other decisions on FUND management, including via persons authorised by them.

Prohibitions for the Management Company

Art. 30. The Management Company shall not:

1. In relation to the investment management and administration activities of the FUND, perform activity beyond the investment objectives, the strategy of the FUND and the risk restrictions, as they are stipulated in the present Rules and in the Prospectus;

2. In relation to the investment management and administration activities of the FUND, pay or receive fees or commissions, or provide or receive non-cash benefits, unless they are:

2.1. Fees, commissions or non-cash benefits paid by or to the FUND or to a person on behalf of the FUND, or received from it;

2.2. Fees, commissions or non-cash benefits paid by or to a third party, or received by them, or a person acting on behalf of a third party, if the following conditions are met:

a) The existence, nature and size of the fee, commission or benefit, or when the size cannot be established – the method of calculating the amount, must be disclosed to the FUND in an exhaustive, accurate and comprehensive manner prior to providing the respective service;

b) The payment of the fee or commission, or the provision of non-cash benefits must be aimed at raising the quality of the respective service and must not be an obstacle for the Management Company to perform its obligation to act to the best interest of the FUND;

2.3. Specific fees, which are allowed or necessary for the provision of the respective service, including custody fees, settlement and exchange fees, regulatory fees, taxes and legal fees, and fees that, according to their nature, cannot lead to conflicts of interests with the obligations of the Management Company to act fairly, honestly and professionally to the best interest of the FUND;

3. Misuse information related to pending (not executed) orders of the FUND and shall undertake all reasonable steps to prevent misuse of such information by the persons contracted by it.

4. Use the FUND's assets for purposes, which are in breach of the law, in particular the LACISOUCI and its implementing regulations, of the present Rules or the Prospectus of the FUND.

5. Use and pledge FUND property to cover its own liabilities, which are not related to the management of the FUND's activity.

Reasonable care

Art. 31. (1) (amended by a decision of the BoD of KAROLL CAPITAL MANAGEMENT EAD MANAGEMENT COMPANY of 21.11.2022) The Management Company shall exercise reasonable care in the selection of the investments and in their continuous monitoring, which shall always be to the best interest of the FUND and of its unit holders.

(2) The FUND shall ensure the performance of its activity with the required knowledge and understanding of the assets, in which the FUND invests.

(3) /amended by decisions of the BoD of KAROLL CAPITAL MANAGEMENT EAD MANAGEMENT COMPANY of 10.04.2018 and of 21.11.2022/ As per Art. 7, Para. 1 of Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (market abuse regulation) and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC (Regulation (EU) No 596/2014), The Management Company adopts, implements and maintains adequate organisation and measures to prevent any person working for it pursuant to a contract and engaged in activities, which may give rise to conflict of interests, or having access to proprietary information or to other confidential information related to the FUND or to transactions by the FUND, pursuant to the activity and the function they perform on behalf of the Management Company, to perform the following activities:

1. (amended by a decision of the BoD of KAROLL CAPITAL MANAGEMENT EAD MANAGEMENT COMPANY of 21.11.2022) Conclude personal transaction that meets at least one of the below criteria:

a) (amended by a decision of the BoD of KAROLL CAPITAL MANAGEMENT EAD MANAGEMENT COMPANY of 21.11.2022) the person has no right to conclude such a personal transaction against Regulation (EU) No 596/2014;

b) the transaction is related to abuse or to illegal disclosure of confidential information;

c) The transaction goes or is likely to go against an obligation of the Management Company pursuant to the LACISOUCI or the Markets in Financial Instruments Act;

2. /amended by decisions of the BoD of KAROLL CAPITAL MANAGEMENT EAD MANAGEMENT COMPANY of 11.01.2021 and of 21.11.2022/ Providing advice or support, outside of what is normal for the implementation of its business or contractual obligations, to another person to perform a transaction with financial instruments that, if it were a personal transaction of a person contracted by the Management Company, would fall under the hypotheses as per item 1 or per Art. 37, Para.2, letters "a" and "b" of Commission Delegated Regulation (EU) 2017/565 of 25 April 2016 supplementing Directive 2014/65/EU of the European Parliament

and of the Council as regards organisational requirements and operating conditions for investment firms and defined terms for the purposes of that Directive (Delegated Regulation (EU) 2017/565), or would otherwise represent abuse of information related to non-executed orders;

3. /amended by decisions of the BoD of KAROLL CAPITAL MANAGEMENT EAD MANAGEMENT COMPANY of 11.01.2021 and of 21.11.2022./ Disclose, beyond what is normal for the performance of its business or contractual obligations, in accordance with Art.10, Para. 1 of Regulation (EU) No 596/2014, of any information or opinion to another person, if a person contracted by the Management Company knows or is supposed to know that as a result of such disclosure, the person will undertake or is likely to undertake any of the following actions:

a) (amended by a decision of the BoD of KAROLL CAPITAL MANAGEMENT EAD MANAGEMENT COMPANY of 21.11.2022) Conclude a transaction with financial instruments that, if it were a personal transaction of a person contracted by the Management Company, would fall under the hypotheses as per item 1 or per Art. 37, Para. 2, letters “a” and “b” of Delegated Regulation (EU) 2017/565 or would otherwise represent abuse of information related to non-executed orders;

b) Provide advice or support to another person to execute such a transaction.

Best performance principle

Art. 32. (1) The Management Company shall act to the best interest of the FUND when executing decisions for transactions on its behalf as part of the management of its portfolio.

(2) While performing the obligations pursuant to Para. 1, the Management Company shall undertake all reasonable actions to attain the best possible result for the FUND, while taking into account the price, the costs, the term, the probability of execution and settlement, the order volume and type or any other circumstance related to the execution of the order. The following criteria shall be applied to determine the respective meaning of these factors:

1. The objectives, investment policy and specific risks for the FUND, as stated in the Prospectus and in the present Rules;

2. The characteristics of the order;

3. The characteristics of the financial instruments within the scope of the order;

4. The characteristics of the places of execution where the order may be addressed.

(3) The Management Company shall act to the best interest of the FUND when assigning the order execution to third parties on behalf of the FUND while managing its portfolio.

(4) While performing the obligations pursuant to Para. 3, the Management Company shall undertake all reasonable actions to attain the best possible result for the FUND, while taking into account the price, the costs, the term, the probability of execution and settlement, the order volume and nature or any other circumstance related to the execution of the order. The criteria under para. 2 will be applied to determine the respective meaning of these factors.

Responsibility of the Management Company

Art. 33. The Management Company shall be responsible in front of the owners of FUND units for all damages they have suffered as a result of non-performance of the obligations by the Management Company, including incomplete, incorrect and untimely execution, if this is due to reasons, for which the Management Company is responsible.

Confidentiality

Art. 34. /amended by a decision of the BoD of KAROLL CAPITAL MANAGEMENT EAD MANAGEMENT COMPANY of 21.11.2022/ **(1)** The members of the Board of Directors of the Management Company, its employees and all other persons employed by the Management Company under contracts shall not disclose, unless authorised, and shall not use for their own or for other person's benefit any facts and circumstances concerning the balance and the operations under the securities accounts and FUND's cash, as well as all other facts and circumstances, which represent commercial secrecy, that they have become aware of while performing their professional obligations.

(2) /amended by decisions of the BoD of KAROLL CAPITAL MANAGEMENT EAD MANAGEMENT COMPANY of 10.04.2018 and of 21.11.2022/ The Management Company can only provide information as per the previous sentence:

1. To the FSC, to the Deputy Chairperson of the FSC and to authorised officials from the FSC

administration for the purposes of its oversight activity and within its inspection order;

2. By court decision issued pursuant to Art. 91, Para. 2 and Para. 3 of the Markets in Financial Instruments Act.

3. With the consent of its customer;

4. Pursuant to Part Two, Chapter Sixteen, Section IIIa of the Tax Insurance Procedure Code.

(3) /new, decision of the BoD of KAROLL CAPITAL MANAGEMENT EAD MANAGEMENT COMPANY of 21.11.2022/ Upon written request from the Director or the National Investigation Service, the Chairman of the State Agency for National Security or the Chief Secretary of the Ministry of Internal Affairs the Management Company provides information on the balances and the account activity of entities with state or municipal ownership share greater than 50%.

(4) /new, decision of the BoD of KAROLL CAPITAL MANAGEMENT EAD MANAGEMENT COMPANY of 21.11.2022/ In case of evidence about organized criminal activity or money laundering the Prosecutor General or a deputy authorised by him may request from the Management Company to provide the information as per item 1.

(5) /new, decision of the BoD of KAROLL CAPITAL MANAGEMENT EAD MANAGEMENT COMPANY of 21.11.2022/ Apart from the cases under items 2-4 the Management Company provides information (scope to be defined by ordinance) about the financial instruments and cash balances of clients to court appointed receivers for the purpose of carrying out their functions in insolvency proceedings, and restructuring authorities under the Recovery and Resolution of Credit Institutions and Investment Intermediaries Act (RRCIIIA)

Management of FUND investments

Art. 35. /amended by a decision of the BoD of KAROLL CAPITAL MANAGEMENT EAD MANAGEMENT COMPANY of 03.11.2022, effective as of 01.01.2023/ (1) The Management Company manages actively the FUND investments in compliance with its investment objectives and observing the restrictions on its investment activity stipulated in the law, in the Prospectus of the FUND and in the present Rules by:

1. Analysing the market of financial instruments and other assets pursuant to the investment restrictions of the FUND;

2. Forming a portfolio of financial instruments and other assets while observing the investment restrictions of the FUND;

3. Assessing the results of the portfolio management;

4. Revising and restructuring the portfolio of financial instruments and other assets of the FUND.

(2) When managing the FUND investments, the Management Company takes concrete investment decisions and issues orders for execution of transactions with securities to one or several investment intermediaries, with which the Management Company has concluded contracts.

(3) /amended by a decision of the BoD of KAROLL CAPITAL MANAGEMENT EAD MANAGEMENT COMPANY of 03.11.2022, effective as of 01.01.2023/ The Management Company can conclude transactions with securities outside of a regulated market, on its behalf and for the account of the FUND, as well as participate in initial public offering, when this is possible pursuant to the provisions of the normative and other acts.

Sale of FUND units

Art. 36. (1) The Management Company offers FUND units for sale to investors (for the account of the FUND) each working day, insofar as the sale (issue) has not been suspended or discontinued as provided for by the law, the Prospectus of the FUND or its Rules.

(2) The sold (issued) units are recorded under individual sub-accounts of investors with the account of the Management Company with the Central Depository AD. The money received from investors is deposited by the Management Company in a special account with the Depository Bank, opened in favour of the FUND.

(3) The Management Company ensures the use of a network of offices where orders for sale of FUND units will be accepted.

(4) Section III applies to the sale (issue) of FUND units.

Repurchase of FUND units

Art. 37. /amended by a decision of the BoD of KAROLL CAPITAL MANAGEMENT EAD

MANAGEMENT COMPANY of 03.11.2022/ (1) The Management Company repurchases FUND units, for the account of the FUND, each working day, insofar as the repurchase has not been suspended or discontinued as provided for by the law, the Prospectus of the FUND or its Rules.

(2) The sub-accounts of unit holders are to be debited with the repurchased units and the latter are to be cancelled.

(3) /amended by a decision of the BoD of KAROLL CAPITAL MANAGEMENT EAD MANAGEMENT COMPANY of 03.11.2022/ The Management Company ensures the use of at least one office (counter) where orders for repurchase of FUND units will be accepted.

(4) Section III applies to the repurchase of FUND units.

Preparation and publishing of a Prospectus of the FUND and a Key Investor Information Document

Art. 38. /supplemented by a decision of the BoD of KAROLL CAPITAL MANAGEMENT EAD MANAGEMENT COMPANY of 03.11.2022, amended by a decision of the BoD of KAROLL CAPITAL MANAGEMENT EAD MANAGEMENT COMPANY of 21.11.2022/ (1) The Management Company prepares and publishes, pursuant to the law, the FUND Prospectus, which contains the information needed for making an informed assessment and decision on investing in the issued FUND units, including the risks related to the proposed investment and the rights related to offered FUND units.

(2) The FUND Prospectus is to be updated at each change of the essential data included in it, and must be submitted to the FSC within 14 days of occurrence of the change.

(3) The Management Company and the members of the Board of Directors of the Management Company are jointly responsible for the damages caused by untrue, misleading or incomplete data in the FUND Prospectus. The person preparing the financial statements is jointly responsible with the persons under the previous sentence for damages caused by false, misleading or incomplete data in the financial statements of the FUND and the certified auditor – for the damages caused by the financial statements audited by them.

(4) The Management Company also prepares and publishes, along with the Prospectus, the Key Investor Information Document, pursuant to the legal requirements. The Key Investor Information Document is in the form and with contents as per Regulation (EU) 583/2010 of the Commission of 1 July 2010 implementing Directive 2009/65/EC of the European Parliament and of the Council as regards key investor information and conditions to be met when providing key investor information or the prospectus in a durable medium other than paper or by means of a website (OJ L 176/1 of 10 July 2010). The Key Investor Information Document is to be updated immediately after each change of the essential elements and must be provided to the FSC and to investors. A current version of the Key Investor Information Document is published on the web site of the Management Company.

(5) /new, decision of the BoD of KAROLL CAPITAL MANAGEMENT EAD MANAGEMENT COMPANY of 03.11.2022, amended by a decision of the BoD of KAROLL CAPITAL MANAGEMENT EAD MANAGEMENT COMPANY of 21.11.2022, with effect from 01.01.2023/ The Management Company prepares, presents, updates and translates a key information document as per Regulation (EU) No 1286/2014 of the European Parliament and of the Council of 26 November 2014 on key information documents for packaged retail and insurance-based investment products, and such document is considered to meet to the requirements for and replaces the key investor information document.

Accounting and legal support to the FUND

Art. 39. /amended by a decision of the BoD of KAROLL CAPITAL MANAGEMENT EAD MANAGEMENT COMPANY of 03.11.2022 / (1) The Management Company keeps separately its own assets and the asset it manages from the FUND's assets and prepares a separate balance sheet of the FUND.

(2) The Management Company prepares all accounting, tax and other documents of the FUND, as provided for by the law, and presents them to the respective authorities.

(3) /repealed by a decision of the BoD of KAROLL CAPITAL MANAGEMENT EAD MANAGEMENT COMPANY of 03.11.2022 /

Exercising the rights on the securities from the FUND portfolio

Art. 40. (1) The Management Company exercises, for the account of the FUND, all property and moral rights related to the securities and financial instruments owned by it, such as the rights of receiving interest and dividends, the voting right at the general assemblies of the issuers, other shareholder rights and rights deriving

from the investment in the securities of issuers and others.

(2) The Management Company performs all necessary legal and factual acts for transferring payments, dividends, distributed income and other similar receivables to the FUND's account with the DEPOSITARY BANK.

Financial statements and disclosure of information about the FUND

Art. 41. /amended by a decision of the BoD of KAROLL CAPITAL MANAGEMENT EAD MANAGEMENT COMPANY of 03.11.2022 / The Management Company prepares and presents to the FSC, other state authorities, to the holders of units and investors all regular reports and information about the FUND's activity and the status of its portfolio as provided for by the LACISOUCI and its implementing regulations.

Art. 42. /amended by a decision of the BoD of KAROLL CAPITAL MANAGEMENT EAD MANAGEMENT COMPANY of 03.11.2022 / The Management Company discloses to the respective authorities, to the FSC and to investors the information about all events and circumstances, which may influence the price of the FUND units, as provided for by the law.

Advertising, marketing and PR service of the FUND

Art. 43. (1) The Management Company performs all legal and factual acts related to the promotion, marketing and PR services of FUND.

(2) (amended by a decision of the BoD of KAROLL CAPITAL MANAGEMENT EAD Management Company of 14.04.2020) The marketing announcements and advertising related to the FUND's activity, as well as the public statements of members of the Board of Directors of the Management Company and of other persons contracted by the Management Company must be approved in advance by the Head of the Legal Compliance Department of the Management Company.

(3) All advertising materials and marketing announcements related to the offering of FUND units must contain information about the place, time, manner and language, in which the Prospectus, the FUND Rules and the Key Investor Information Document can be obtained or where these documents are publicly accessible, as well as a warning that the unit value and the income from them can decrease, that the profit is not guaranteed and there is a risk that investors may not receive the full amount of the invested funds, as well as other information, explicitly mentioned in the LACISOUCI and its implementing regulations.

(4) /amended by decisions of the BoD of KAROLL CAPITAL MANAGEMENT EAD Management Company of 14.05.2018 and of 11.01.2021/ When providing information to clients and potential clients, including information in marketing announcement, the Management Company shall meet the provisions of the Markets in Financial Instruments Act and of the current legislation.

Consideration fee of the Management Company.

Art. 44. (1) The annual consideration fee of the Management Company shall be 2.5 (two point fifty) per cent of the average annual net asset value of the FUND.

(2) /amended by a decision of the BoD of KAROLL CAPITAL MANAGEMENT EAD MANAGEMENT COMPANY of 09.07.2021/ The due consideration fee shall be calculated on the day of calculating the net asset value of the FUND pursuant to Art. 18 and shall be paid by the FUND, by the 5th day of the month following the month, for which the consideration fee is due.

(3) Within 30 days of the end of the calendar year, the amounts paid in excess, if any, respectively – the due amounts, shall be reimbursed to the FUND, respectively – paid to the Management Company, so that the total amount of the annual consideration fee does not exceed the amount stated in Para. 1.

(4) /amended by a decision of KAROLL CAPITAL MANAGEMENT EAD MANAGEMENT COMPANY of 17.04.2015/ The expenses as per Art. 17, Para. 1 shall be borne by the investors and the unit holders and shall be done in favour of the Management Company.

Other operating expenses of the FUND

Art. 45. /amended by a decision of the BoD of KAROLL CAPITAL MANAGEMENT EAD MANAGEMENT COMPANY of 03.11.2022 / (1) The Management Company shall cover, for the account of the FUND:

1. All expenses for its establishment, including fees of supervisory and other institutions.
2. Expenses for remuneration of the Depository Bank, the certified auditors, consultants, storage fees for

the FUND's securities and cash in Bulgaria and abroad, etc.

3. /extended by a decision of the BoD of KAROLL CAPITAL MANAGEMENT EAD MANAGEMENT COMPANY of 09.07.2021/ Expenses for advertising, marketing and PR, provision of information to and contacts with investors and unit holders of the FUND. The costs of the marketing services provided by the Management Company amount to 0.12 (zero point twelve) per cent of the average net asset value of the FUND, accrued on the days of the calculation of the net asset value of the FUND, and paid to the Management Company by the FUND by the 5th day of the month, following the month for which they are due.

4. /amended by a decision of the BoD of KAROLL CAPITAL MANAGEMENT EAD MANAGEMENT COMPANY of 03.11.2022 / Expenses for on-going supervision and membership fees and similar charges payable to the FSC, the Central Depository AD, state authorities and institutions related to the FUND's activity.

5. /amended by a decision of the BoD of KAROLL CAPITAL MANAGEMENT EAD MANAGEMENT COMPANY of 03.11.2022 / Expenses for legal services and consultations, legal court and other costs related to protecting the unit holders' interests.

6. Expenses for sending documents related to unit purchase and redemption to the investors' addresses.

7. Other necessary expenses directly related to the FUND's activity.

8. Expenses incurred at change of the Depository bank.

(2) The Management Company will undertake measures to limit the total amount of the expenses under Para. 1 to 2 (two) per cent of the average annual net asset value while limiting the FUND's total annual operational costs, including also its consideration fee for Fund management, up to 4.5 (four point fifty) per cent of the average annual net asset value as per the FUND's balance.

(3) The limit under the previous paragraph does not include the expenses on material transactions with securities, financial instruments and investment in FUND assets, on revaluation of investment in securities, foreign exchange losses, extraordinary expenses not caused by officials or caused by reasons beyond the control of the Management Company, as well as other expenses determined pursuant to the law.

(4) /amended by a decision of KAROLL CAPITAL MANAGEMENT EAD MANAGEMENT COMPANY of 17.04.2015 and of 19.01.2022/ The Management Company shall not collect fees that are not determined in or exceed the amounts stipulated in the present FUND Rules. The same applies to the expenses determined in the present Rules for issue or repurchase of FUND units pursuant to Art. 17, Para. 1 and 3 of the present Rules.

Replacement of the Management Company. Rules for securing the interests of unit holders in case of such replacement

Art. 46. /amended by decisions of the BoD of KAROLL CAPITAL MANAGEMENT EAD Management Company of 10.04.2018, of 03.11.2022 and of 21.11.2022/ (1) Replacement of the Management Company shall be done pursuant to Art. 26, Para. 3 of the LACISOUCI at cancellation of the licence for performing the activity, at termination or insolvency of the Management Company, which manages a mutual fund, where it shall discontinue the fund management. (

(2) In the cases as per para 1 and until a contract is concluded with another management company or the FUND is transformed by merger or acquisition, as an exception, the Depository Bank shall carry out management activities for a period not longer than three months.

(3) /amended by decisions of the BoD of KAROLL CAPITAL MANAGEMENT EAD Management Company of 14.05.2018 and of 03.11.2022 / In the cases as per Para. 1, the Management Company shall:

1. /amended by a decision of the BoD of KAROLL CAPITAL MANAGEMENT EAD MANAGEMENT COMPANY of 03.11.2022/ Publish an announcement on the web site of the Management Company about the termination of the FUND management and the related discontinuation of sale (issue) and repurchase of units until its replacement with another management company, until the transformation of the FUND by merger or acquisition or until the termination of the FUND.

2. Inform immediately the Depository Bank and the respective investment intermediaries, with which it has concluded contracts, about the termination of the FUND.

3. Deliver immediately to the Depository Bank the whole available information and documentation at its possession related to the FUND management and provide assistance to the Depository Bank for the transfer of the FUND units to customer sub-accounts with the Depository Bank.

4. Follow all instructions by the FSC and undertake all other necessary actions and measures to protect the rights of FUND unit holders in the particular situation.

(4) Within 14 days of occurrence of a circumstance as per Para. 1 and 2, the Depository Bank shall propose in writing to at least three management companies to take over the management of the FUND, respectively – transform it by merger or acquisition.

(5) The invitations under Para. 4 shall be with identical contents and shall be provided to the Deputy Chairperson of the FSC within 3 days of sending them to the respective management companies and the Depository Bank shall state the criteria and justification it has used to select these three management companies. The management companies must fulfil the following minimum conditions:

1. They must hold a permit for organising and managing collective investment schemes.
2. The capital adequacy and liquidity of each of them must meet the legal requirements and not be disrupted as a result of taking over the FUND's management.
3. During the last two years preceding the conclusion of the contract, they must not have been imposed property sanctions and the members of their managing or controlling bodies – administrative penalties for breach of the LACISOUCI and of its implementing regulations.

(6) Within one month of sending all invitations to the FSC as per Para. 4, the management companies willing to take over the FUND management, or respectively – to transform it, must present to the Depository Bank a FUND management plan for a period of 1 year after taking over the management or a plan for its transformation.

(7) Within 7 days of expiration of the term under Para. 6, the Depository Bank shall select the management company that will take over the management, respectively – transform the FUND, and shall inform the FSC, providing detailed justification of the choice made, and inform the respective management company.

(8) (amended by decisions of the BoD of KAROLL CAPITAL MANAGEMENT EAD MANAGEMENT COMPANY of 10.04.2018, of 03.08.2021 and of 21.11.2022) The selected management company shall submit to the Deputy Chairperson of the FSC, within 14 days of receiving the notification of having been selected, the management plan of the FUND, as well as documents pursuant to Art. 37A of Ordinance No. 11 on the licences for operating as a regulated market, a market operator, for organising a multilateral trading system or organized trading system, for operating as an investment intermediary, an investment company, a management company and a special purpose vehicle, a national investment fund, and a person managing an alternative investment fund the respective documents for an investment company or the transformation plan and the documents under Art. 145 of the LACISOUCI.

(9) When preparing the documents under Para. 8, the management company shall not amend essentially the rules and the prospectus of the FUND, nor change its risk profile.

(10) (amended by decisions of the BoD of KAROLL CAPITAL MANAGEMENT EAD Management Company of 10.04.2018 and of 19.05.2020) The Deputy Chairperson of the Financial Supervision Commission shall express their opinion on the presented documents as per the procedure of Art. 18 of LACISOUCI.

(11) (amended by a decision of the BoD of KAROLL CAPITAL MANAGEMENT EAD MANAGEMENT COMPANY of 03.08.2021) If no management company is selected or approved to manage, respectively transform the FUND or if the Deputy Chairperson of the Financial Supervision Commission refuses to issue a permit to the new management company to manage the FUND, or transform it respectively, a procedure for termination of the FUND is to be started regardless of the expiry of the 3-month period stated in Para. 2.

(12) The interests of the unit holders of the FUND, in case of replacement of the Management Company, are secured by continuity of management of the FUND' assets pursuant to Para. 2, and the reasonable care exercised by the Depository Bank of the FUND, pursuant to Art. 4 and 5, during the selection of a new management company to take over the FUND management, respectively – transform it by merger or acquisition.

SECTION VIII INVESTMENT INTERMEDIARY

Art. 47. The Management Company selects and concludes contracts with one or several investment intermediaries, which are to execute the investment orders of the Management Company in the management of FUND's investments and concluding transactions for the account of the latter, while observing the requirements and the principles pursuant to Art. 32, Para. 3 and 4 of the present Rules.

SECTION IX DEPOSITORY BANK

Art. 48. (amended by decision of the BoD of KAROLL CAPITAL MANAGEMENT EAD Management Company of 10.04.2018 and of 21.11.2022) (1) A Depository Bank can be a bank, which meets the requirements of the LACISOUCI for a Depository Bank of a collective investment scheme.

(2) The dematerialised financial instruments owned by the FUND will be registered with a depository institution, within the meaning of the MFIA, under a sub-account of the Depository Bank and the rest of FUND's

assets will be kept in its name with the Depositary Bank.

(3) The Depositary Bank can transfer all or part of the FUND's assets to be kept by a third party /a foreign bank or register/, with which the FUND's Depositary Bank has concluded a contract.

(4) In the cases Para. 3, the Depositary Bank shall require from the foreign bank or register to be provided with the necessary information and documents in due time. The Depositary Bank shall inform immediately the Management Company about the information and documents provided by the foreign bank or register.

(5) The Depositary Bank shall perform all payments for the account of the FUND.

(6) The Depositary Bank shall supervise the adherence to the law, the regulatory legal acts and the FUND Rules by the Management Company.

(7) /amended by a decision of the BoD of KAROLL CAPITAL MANAGEMENT EAD Management Company of 14.05.2018/

The net asset value, the issue price and the redemption price of FUND units shall be calculated by the Management Company under the control of the Depositary Bank in its capacity of FUND depositary within the meaning of Art. 35, Para. 1 of the LACISOUCI, while observing the provisions of Art. 21, Para. 2 of the LACISOUCI. Pursuant to the provisions of Art. 4, Para. 2 of *Commission Delegated Regulation (EU) 2016/438 of 17 December 2015 supplementing Directive 2009/65/EC of the European Parliament and of the Council with regard to obligations of depositaries*, the depositary shall ensure and control regularly that the FUND's procedures for sale, issue, redemption and cancellation of units comply with the applicable national legislation and the FUND Rules. It shall also verify that such procedures are applied effectively.

(8) /amended by a decision of the BoD of KAROLL CAPITAL MANAGEMENT EAD MANAGEMENT COMPANY of 21.11.2022/ The relations between the Management Company and the depositary bank concerning the management and the safekeeping of the FUND's assets shall be settled in a written contract for custody services which sets out the conditions and procedures for the provision of information between the Management Company and the depositary bank, necessary to the latter in the fulfilment of its functions with regards to the FUND in accordance with the law.

(9) /amended by decisions of the BoD of KAROLL CAPITAL MANAGEMENT EAD Management Company of 14.05.2018 and of 19.05.2020/ The Depositary Bank cannot be the same entity as the Management Company. Pursuant to § 32 of the Preamble of *Commission Delegated Regulation (EU) 2016/438 of 17 December 2015 supplementing Directive 2009/65/EC of the European Parliament and of the Council with regard to obligations of depositaries*, to ensure proportionate treatment, where the management company or the investment company and depositary belong to the same group, at least one third of the members or two persons on the bodies in charge of the supervisory functions or on the management bodies which are also in charge of the supervisory functions, whichever is lower, should be independent;

Contract between the Management Company and the Depositary Bank

Art. 49. (amended by decisions of the BoD of KAROLL CAPITAL MANAGEMENT EAD Management Company of 10.04.2018, of 14.05.2018 and of 21.11.2022) The written contract under Art. 48, item 8 shall contain the elements as per Art. 2 of Commission Delegated Regulation (EU) 2016/438 of 17 December 2015 supplementing Directive 2009/65/EC of the European Parliament and of the Council with regard to obligations of depositaries.

Determination of the consideration fee of the Depositary Bank

Art. 50. (1) The consideration fee of the Depositary Bank shall be determined as per the rules agreed in the depositary services agreement with the Depositary Bank.

(2) While negotiating the consideration fee for the Depositary Bank, the Management Company shall be guided solely by the interests of the unit holders of the FUND.

Rights and obligations of Depositary Bank

Art. 51. (1) (amended by decisions of the BoD of KAROLL CAPITAL MANAGEMENT EAD MANAGEMENT COMPANY of 10.04.2018 and of 03.11.2022) The Depositary Bank shall:

1. Ensure the issue /sale/, redemption and cancellation of the FUND units in compliance with the law and with the present Rules.

2. Ensure that the payments related to transactions with FUND's assets be transferred within the legally defined terms unless the other party is in default or there are sufficient grounds to consider that it is in default.

3. Ensure the collection and utilisation of FUND income in compliance with the law and the present

Rules.

4. Dispose with the FUND's assets entrusted to it only following an order by the Management Company and by the authorised persons unless these are at variance with the law, the Rules or the depositary services agreement.

5. /amended by a decision of the BoD of KAROLL CAPITAL MANAGEMENT EAD MANAGEMENT COMPANY of 03.11.2022/ Report, at least monthly, to the Management Company with regard to the entrusted assets and the operations performed with them, including by providing a full list of the assets of the FUND, by the 5th day of the following month.

6. /new, decision of the BoD of KAROLL CAPITAL MANAGEMENT EAD MANAGEMENT COMPANY of 03.11.2022/ to verify that the Management Company has adopted and implemented procedures for liquidity stress testing of the FUND.

(2) The Depositary Bank performs also other obligations ensuing from the law and from the depositary services agreement.

(3) While performing its obligations, the Depositary Bank shall act independently and solely in the interest of the unit holders of the FUND.

(4) The Depositary Bank shall be responsible in front of the Management Company unit holders of the FUND for all damages they have suffered as a result of non-performance of the obligations by the Depositary Bank, including incomplete, incorrect and untimely execution, if this is due to reasons, for which the Depositary Bank is responsible.

(5) The responsibility of the Depositary Bank pursuant to Para. 4 shall not be waived by the circumstance that it has transferred all or part of the FUND's assets to be kept by a third party.

(6) The depositary services agreement with the Depositary Bank may contain also other rights and obligations of the Depositary Bank and of the Management Company, supplementing the ones mentioned above and not contradicting with the current legal framework.

Replacement of the Depositary Bank. Rules for securing the interests of the investors in case of replacement of the Depositary Bank

Art. 52. /amended by decisions of the BoD of KAROLL CAPITAL MANAGEMENT EAD Management Company of 10.04.2018, of 19.05.2020 and of 03.11.2022/ (1) The replacement of the Depositary Bank is allowed following an approval by the Deputy Chairperson.

(2) /amended by decisions of the BoD of KAROLL CAPITAL MANAGEMENT EAD MANAGEMENT COMPANY of 10.04.2018 and of 03.11.2022/ The Depositary Bank shall be replaced if:

- The BNB revokes its licence for performing banking activity or its permit to conclude transactions in financial instruments or to keep such instruments based on a permit to operate as a depositary or custody institution;

- The licence, the activity, the transactions or the operations of the Depositary Bank become limited to an extent that will render them difficult or will make impossible the performance of the obligations laid down in the law or in the depositary services agreement;

- Another requirement is breached regarding the Depositary Bank of the FUND, as laid down in a legal act or the Depositary Bank systematically breaches its obligations imposed by a normative act;

- The Depositary Bank is announced insolvent or actions are initiated against it for applying the measures pursuant to Art. 103, Para. 2, items 16, 24 or 25 of the Credit Institutions Act;

- The agreement with the Depositary Bank is terminated or cancelled.

(3) /amended by a decision of the BoD of KAROLL CAPITAL MANAGEMENT EAD Management Company of 10.04.2018/ The agreement with the Depositary Bank can be terminated on the grounds stipulated in it and in the current legislation.

(4) /amended by a decision of the BoD of KAROLL CAPITAL MANAGEMENT EAD Management Company of 10.04.2018/ In case of replacement of the Depositary Bank of the FUND, the Depositary Bank shall transfer the FUND's assets, as well as all necessary documents and information, to the new Depositary Bank stated by the Management Company. The Management Company shall perform the replacement of the Depositary Bank of the FUND in a way that will ensure the continuous execution of the agreement by the Depositary Bank until its replacement with a new one.

SECTION X ANNUAL REPORT. DISCLOSURE OF INFORMATION

Annual closing documents

Art. 53. /amended by a decision of the BoD of KAROLL CAPITAL MANAGEMENT EAD MANAGEMENT COMPANY of 03.11.2022/ Within 90 days of the end of the financial year, the Management Company prepares the annual financial report and the activity report of the FUND for the previous calendar year and presents them to the FSC.

Contents of the Activity Report /name amended by a decision of the BoD of KAROLL CAPITAL MANAGEMENT EAD MANAGEMENT COMPANY of 03.11.2022/

Art. 54. /amended by a decision of the BoD of KAROLL CAPITAL MANAGEMENT EAD MANAGEMENT COMPANY of 03.11.2022/ The minimum contents of the activity report of the FUND meets the requirements of the Accountancy Act.

Independent financial audit of the annual financial report /name amended by a decision of the BoD of KAROLL CAPITAL MANAGEMENT EAD MANAGEMENT COMPANY of 03.11.2022/

Art. 55. /amended by a decision of the BoD of KAROLL CAPITAL MANAGEMENT EAD MANAGEMENT COMPANY of 03.11.2022/ The annual financial statements are to be audited by one or several certified auditors appointed by the Management Company.

Awareness of the annual financial statements and the certified auditor's report

Art. 56. (1) Each unit holder of the FUND has the right to be acquainted with the annual financial statements and the certified auditor's report.

(2) The Management Company publishes the documents under Para. 1 on the web site of the Management Company and provides them to the availability of the investors and the unitholders of the FUND at the places where FUND units are offered and repurchased.

Disclosure of Information

Art. 57. /amended by a decision of the BoD of KAROLL CAPITAL MANAGEMENT EAD MANAGEMENT COMPANY of 03.11.2022/ **(1)** The Management Company prepares annual and biannual reports of the FUND, having the contents determined in the LACISOUCI and in its implementing regulations, as well as the relevant internal information, and provides them to the FSC and to the investors and the unitholders of the FUND.

(2) /amended by a decision of the BoD of KAROLL CAPITAL MANAGEMENT EAD MANAGEMENT COMPANY of 03.11.2022/ The Management Company prepares monthly balance sheets and additional information with the legally established contents and provides them to the FSC.

(3) The Management Company provides the respective information under Para. 2 to the FSC by the tenth day of the month following the month, to which the information refers.

(4) The Management Company sends to the Depositary Bank of the FUND the information needed for the activity of the Depositary Bank.

(5) The Management Company publishes the documents and the information under Para. 1 on the web site of the Management Company and provides them to the availability of the investors and the unitholders of the FUND at the places where FUND units are offered and repurchased.

(6) /amended by decision of the BoD of KAROLL CAPITAL MANAGEMENT EAD Management Company of 10.04.2018 and of 03.11.2022/ The Management Company informs the FSC and provides documents concerning the circumstances under Art. 155 and Art. 156 of Section XI of Ordinance No. 44 on the requirements for the activity of the collective investment schemes, management companies, national investment funds, alternative investment funds and the entities managing alternative investment funds.

SECTION XI

TRANSFORMATION AND TERMINATION OF THE FUND

Transformation of the FUND

Art. 58. /amended by a decision of the BoD of KAROLL CAPITAL MANAGEMENT EAD MANAGEMENT COMPANY of 03.11.2022/ **(1)** The FUND can be transformed only by merger and

acquisition, following the permission of the FSC, if all other collective investment schemes taking part in the transformation are established in the Republic of Bulgaria.

(2) The FUND can be transformed only by merger and acquisition, following the permission of the FSC, if the FUND is being transformed and the transformation involves collective investment schemes established in other EU Member States.

(3) The decision on transforming the FUND is taken by the Board of Directors of the Management Company of the FUND.

(4) The legal, consulting and administrative costs incurred in relation to preparing and performing the transformation shall not be borne by the FUND, being involved in its transformation, and shall not be for the account of the unit holders of the FUND.

(5) /amended by decisions of the BoD of KAROLL CAPITAL MANAGEMENT EAD Management Company of 10.04.2018 and of 03.11.2022/The transformation is to be done as per the rules and procedure of Chapter Fourteen of the LACISOUCI and Chapter Four of Ordinance No. 44 on the requirements for the activity of the collective investment schemes, management companies, national investment funds, alternative investment funds and the entities managing alternative investment funds.

Termination of the FUND

Art. 59. (1) The termination of the FUND is performed under the terms and provisions of Chapter 14, Section V of LACISOUCI.

(2) In addition to the provisions of Art. 363, items “a” and “b” of the Obligations and Contracts Act, the FUND is to be terminated by force:

1. If the permit of the Management Company to organise and manage the FUND has been cancelled;

2. If a new management company has not been selected or the Fund has not been transformed by merger and acquisition within three months of cancellation of the permit, termination of or declaring the Management Company insolvent.

(3) /amended by decisions of the BoD of KAROLL CAPITAL MANAGEMENT EAD Management Company of 10.04.2018 and of 19.05.2020/

The Commission can cancel the issued permit for organising and managing the FUND:

1. If the Management Company explicitly relinquishes the issued permit to organise and manage the FUND;

2. If the FUND has not performed its activity for more than 6 months;

3. If untrue data has been stated that has served as grounds for issuance of the permit for organising and managing the FUND;

4. If the FUND no longer meets the criteria, under which the permit for its organisation and management has been issued;

5. If the FUND does not meet the liquidity requirements stipulated in the Ordinance on the implementation of the LACISOUCI;

6. If a new management company of the FUND has not been selected or the FUND has not been transformed in the cases under Art. 157, Para. 1, item 2 of the LACISOUCI;

7. If this is required to protect the investors' interests.

(4) (amended by a decision of the BoD of KAROLL CAPITAL MANAGEMENT EAD Management Company of 14.05.2018) In case of cancellation of the operation licence, at termination of or declaring the FUND Management Company insolvent, the Management Company shall terminate the FUND management and shall deliver immediately to the Depository Bank of the FUND the whole information and documentation at its disposal related to the FUND management. Until a contract is concluded with another management company or until the FUND is transformed by merger or acquisition, as an exception, the Depository Bank shall carry out management activities for a period not longer than three months. If no management company is selected or approved to manage, respectively transform the FUND, or if the FSC refuses to issue a permit to the new management company to manage the FUND, or transform it respectively, a procedure to terminate the FUND is to be started regardless of the expiry of the 3-month period stated in the previous sentence.

(5) At termination of the FUND, a liquidator will be appointed to cash down the FUND's property and distribute the received monies to the FUND creditors and unitholders. The unitholders have the right to receive a liquidation quota, i.e. a part of the FUND's cashed down property proportionate to the units held by the investor, from which the creditors' receivables have been deducted. A unitholder has no right to demand their share in the FUND in kind.

SECTION XII

OTHER PROVISIONS

Art. 60. (1) To all issues not settled by the present Rules, the provisions of the LACISOUCI, of its implementing regulations, of the Law on Obligations and Contracts and the other legal acts of the Bulgaria legislation shall apply.

(2) /amended by decisions of the BoD of KAROLL CAPITAL MANAGEMENT EAD Management Company of 10.04.2018 and of 19.05.2020/

Amendment of the FUND Rules, replacement of the Depositary Bank and of the Management Company, amendment of the Risk Management Rules, of the Rules for Portfolio Valuation and for determining the net asset value and amendment of the depositary services agreement is only allowed following the approval of the Deputy Chairperson.

The present Rules have been approved by the Board of Directors of Karoll Capital Management EAD Management Company by a decision of 11.03.2013 and amended by decisions of the Board of Directors of Karoll Capital Management EAD Management Company of 07.05.2013, of 12.06.2013, of 03.12.2013, of 17.04.2015, of 10.04.2018, of 14.05.2018, of 14.04.2020, of 19.05.2020, of 24.11.2020, of 14.12.2020, of 11.01.2021, of 26.04.2021, of 09.07.2021, of 03.08.2021, of 19.01.2022. of 03.11.2022, of 21.11.2022 and of 01.12.2022 and enter into force 2 (two) business days following the date of their approval by the Deputy Chairperson of the FSC, unless other dates are stipulated for specific amendments, thus replacing the previously adopted Rules containing analogous provisions and regulating the statute and the activity of the FUND.

For Karoll Capital Management EAD Management Company:

Daniel Ganev:
(Managing Director)

Bistra Kotseva:
(Procurator)