Expat Czech PX UCITS ETF

ISIN BGCZPX003174

ANNUAL REPORT ON THE ACTIVITY AND FINANCIAL STATEMENTS

31 December 2020

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ANNUAL REPORT ON THE ACTIVITY

of "Expat Czech PX UCITS ETF" Exchange Traded Fund

for the year ended 31 December 2020 in

accordance with Art. 39 of the Accountancy Act

"Expat Czech PX UCITS ETF" Exchange Traded Fund ("the Fund") is a collective open-ended investment scheme for security investments and other liquid financial assets, established and operating in accordance with the Collective Investment Schemes and Other Undertakings for Collective Investment Act (ACISOCIVA), the Public Offering of Securities Act and the regulations for its implementation, the Markets in financial instruments Act, the Law on obligations and contracts and the other applicable laws of the Republic of Bulgaria.

The Fund is a designated property for investment in securities and other liquid financial assets in view of achieving its investment objectives.

The Fund is a designated property for the purpose of collective investment in funds raised through public offering of shares in transferable securities and other liquid financial assets under Art. 38, para. 1 of the ACISOCIVA carried out by the management company with the purpose of spreading risk.

The Fund is organised and managed by the management company „Expat Asset Management" EAD.

The management company is authorised to organise and manage the Fund by the Financial Supervision Commission under authorisation dated 11 December 2017. The Fund is organised in full compliance with the European Directives on UCITS.

No research and development activities were carried out during the reporting period. Expat Czech PX UCITS ETF has no branches.

The Fund is a passively managed exchange traded fund that follows the model of full physical replication of PX index of the Prague Stock Exchange. It is traded on the Bulgarian Stock Exchange and Frankfurt Stock Exchange (XETRA) having CZX as its ticker code.

In order to achieve the highest possible correlation with the performance of the Reference Index, the Fund invests solely in a basket of balance sheet assets comprised of shares of companies in the Reference Index. As a fund for direct replication, "Expat Czech PX UCITS ETF" may not necessarily invest in every company comprising the Reference Index, or with the exact weight of that company in the Reference Index. Successfully achieving the Fund's objective to directly replicate the Reference Index depends on the investment restrictions followed and the market conditions, including the liquidity of the Reference index.

Net asset value of the Fund

Net asset value of the Fund may not be less than BGN 100 000 in accordance with Art. 82, Paragraph 1 of Ordinance 44/2011 on the requirements towards the activities of the collective investment schemes, management companies, national investment funds and entities managing alternative investment funds.

As at 31.12.2020 the total value of the assets of Expat Czech PX UCITS ETF amounts to BGN 2 102 598. The liabilities amount to BGN 2 352. The net asset value is BGN 2 100 246. The number of outstanding shares at the end of 2019 is 470 000 and by the end of 2020 the shares are 1 220 000. The realized return from the beginning of the public offering is negative 4.12% and in 2020 it was negative 10.92%.

Risk profile

The risk profile of the Exchange Traded Fund represents the amount and type of risk that the Management company undertakes by investing the assets of the Fund, while seeking to replicate the Reference Index, which at the date of this statement is an index of shares of PX. In this respect, investing in shares of "Expat Czech PX UCITS ETF" involves undertaking a high risk, given that the Reference Index comprises of stocks.

In its operation, "Expat Czech PX UCITS ETF" is exposed to various types of risks affecting its results. The main risks that investors shall face when they invest in shares of "Expat Czech PX UCITS ETF" are:

Market risk

Probability of loss occurring from adverse changes in the securities prices, market interest rates, exchange rates and other factors. This market risk affects the net asset value of the Fund, which will also vary as a result of changes in market price of shares and other securities in which the Fund has invested.

The financial forecasts of Expat Asset Management about the Fund reflect the results deemed most probable by the management of Expat based on the information available as at the signing date of the current financial statement. This includes the application of safe practices and changes in markets from the perspective of growth and minimization of the effects of the crisis caused by the COVID-19 pandemic.

In order to assess the flexibility of the Fund against unfavourable circumstances, a sensitivity analysis was conducted to assess a range of scenarios based on the main risks for the Fund and the expectations of decline in the economy in which it operates.

The performance of the Fund (measured by the change in the “net asset value per share”) is directly affected by the fluctuations in the prices of the financial instruments within the Fund’s portfolio. Expat Asset Management Ltd. does not expect a direct and significant effect of the COVID-19 pandemic on its operations and financial position. At the moment the world is in the process of mass vaccination and management of the health crisis. The potential new virus mutations and waves of increased contamination are reported by world governments and strong stimulus policies are adopted to support their health care systems and relevant economic sectors at risk. The income and profits of the Fund as well as of other industry players are directly affected by the world economic context. Respectively, if the world economic crisis sparked by the measures against the spread of COVID-19 negatively affects the financial markets and the market prices of financial instruments in the Fund’s portfolio in particular, this will also negatively affect the performance of the Fund. This belongs entirely to the market risk category which is described in detail in the Fund’s prospectus and is not of operational or special character. A definite time frame for tackling the COVID-19 pandemic cannot yet be specified at this point in time. What can be estimated is that the market risk measured as the price volatility in global financial markets will decrease in line with already reported declines and upcoming stimuli. Aside from market risk caused by the COVID-19 pandemic, no other impacts are expected on the operations and returns of the Fund.

Extreme market movements

The market price of the financial instruments in which the Fund invests may fluctuate due to changes in the economic and market environment, monetary policy of central banks, business activity of issuers, the sector in which the issuer operates and the demand and supply of securities market. At certain times, the market price of shares (stock exchange) can change substantially. In the event of major movements of the Index, including large daily movements, the performance of the Fund may depart from its investment objectives. The revaluation of the Fund will fluctuate as a result of changes in the value of the Fund's assets and the Reference Index.

Inability of the Management Company to adapt to market changes

The fund follows a passive management strategy, i.e., it is not actively managed. Accordingly, the Management Company will not change the portfolio composition, except to follow closely the total return of the Reference Index. The Fund is not trying to "beat" the market and does not take defensive positions when the market falls or is perceived as overvalued. Therefore, a decline in the Reference Index may lead to a decline in the value of the Fund's assets.

Liquidity risk

The risk associated with the probability of losses or profits by mandatory or forced sale of assets in adverse market conditions (such as lower demand in the presence of over supply).

Issue and redemptions

In case the issue and redemption orders for shares are received late or do not meet the requirements of the Prospectus and the Fund’s Rules, there will be a delay between the date of placing the order and the actual date of issue or redemption. Such postponements or delays may lead to a decrease in the number of shares or the amount of redemption.

Trading on a regular market

There can be no assurances that the shares of the Fund will be traded or that the criteria of admission to trading will not be changed. Moreover, trading of the shares on a stock exchange may be suspended under the rules of the respective exchange due to market conditions and investors may not be able to sell their shares until trading resumes.

Regulatory risk

The prospectus of the Fund has been prepared in compliance with the applicable laws and regulations. The Management Company and/ or the Fund and its investment objectives and policies may be affected by future changes in laws and regulations. New or modified laws, rules and regulations in Bulgaria or the European Union could prevent or significantly limit the Fund’s ability to invest in certain instruments. They could also impact conclusion of agreements with certain third countries. This may affect the ability of the Fund to perform the relevant investment objectives and policies. Applying such new or modified laws, rules and regulations could lead to an increase of any or all of the Fund’s costs and may require restructuring of the Fund, in order to meet the new rules. Such a probable restructuring may include restructuring costs. When restructuring is not possible, the Fund may proceed to termination. The assets of the Fund and the Reference index are subject to change in laws or regulations, and such a change might affect their value and/ or liquidity.

Operational risk

It is associated with the likelihood of loss resulting from errors or system failures in the organisation, insufficiently qualified personnel and unfavourable external events that are not financial in nature, incl. legal risk.

Risk of error in tracking the Reference Index

Tracking the Reference Index by investing in all positions of the index can be costly and difficult to implement. Portfolio managers can use optimisation techniques, such as selection of individual positions in the Index in proportions that differ from those in the Index. The use of such optimisation techniques can increase the error in tracking and lead to a different performance of the Fund towards the Index. Furthermore, existing restrictions or future changes in laws and regulations of the Exchange Traded Fund, related but not limited to the composition, concentration and method of measurement of assets, can lead to inability of the Fund to replicate the index in full. In addition, exchange traded funds on markets characterised by low liquidity are exposed to a greater risk of error in tracking an index.

Reference index

If there is an event that affects the Index, the Fund may be required to suspend the issue and redemption of shares. The revaluation of the Fund may also be affected. In case of continuing problems with the Index, the Fund will take appropriate actions, which may reduce the net asset value of the Fund.

Systemic risks

Systemic risks depend on general fluctuations in the economy and the markets in general. The Fund is unable to influence the systemic risks but will take them into account and will comply with them. Risks arising from political and economic situation are a possible instability or military action in the region. Disasters and accidents are factors complicating any system of risk management. The consequences are hard to predict, but access to information and applying a system of forecasting and actions in extreme situations are possible ways to mitigate the negative effect.

Risk profile and risk management

The Fund's risk profile may be changed only with the approval of the Financial Supervision Commission as reflected in the Prospectus and Fund Rules. The risk profile of the Fund during the reporting period remains unchanged. The main risks associated with the Fund's operations are detailed in the Prospectus published on the Management Company's website. The management does not expect any other type of risks or uncertainties, other than those presented in the Prospectus, to affect the Fund's activities.

Structure and percentage of key activity indicators

Structure of assets and liabilities

The Fund's assets structure is presented in absolute value and as a percentage of total assets by the end of 2020 and 2019.

Assets	**As of 31.12.2020**	**%**	**As of 31.12.2019**	**%**
Cash	62 956	2,99%	156 426	17,21%
Shares	2 039 642	97,01%	752 666	82,79%
Total assets	**2 102 598**	**100,00%**	**909 092**	**100,00%**

The Fund's total liabilities at the end of 2020 amount to BGN 2 352, representing liabilities to the Custodian Bank (CB), the Management Company (MC) and other liabilities.

Liabilities	**As of 31.12.2020**	**%**	**As of 31.12.2019**	**%**
Liabilities to CB	625	0,03%	288	0,03%
Liability to AM	1 727	0,08%	515	0,06%
Total liabilities	**2 352**	**0,11%**	**803**	**0,09%**
Total liabilities and equity	**2 102 598**	**100,00%**	**909 092**	**100,00%**

The liabilities to Custodian Bank and Management Company are charged on a daily basis in accordance with the Fund's Portfolio Valuation Rules, which are approved by the FSC.

Operating results

The operating expenses of the Fund are shown in the following table:

Type of expenses	2020	%	2019	%
Loss from operations and remeasurement of financial assets	56 236	7,51%	89	0,13%
Expenses associated with foreign currency operations	635 890	84,97%	56 252	77,97%
Other financial expenses	29 232	3,91%	9 815	13,60%
External services expenses	27 045	3,61%	5 988	8,30%
Total expenses	**748 403**	**100,00%**	**72 144**	**100,00%**

The operating income of the Fund is shown on the following table:

Type of income	2020	%	2019	%
Income from dividends	101 923	13,62%	15 766	12,91%
Income from operations and remeasurement of financial assets	37 251	4,98%	47 656	39,02%
Income associated with foreign currency operations	609 304	81,40%	58 713	48,07%
Total income	**748 478**	**100,00%**	**122 135**	**100,00%**

The operating results of the Fund for 2019 and 2020 are shown in the table below:

	2020	2019
Income	748 478	122 135
Expenses	748 403	72 144
Net result	**75**	**49 991**

During the reporting period, there were no internal events affecting the exchange traded fund and the Management Company's operations and results.

As a collective investment scheme, the Fund may not carry out and did not carry out transactions with group companies, according to the ACISOCIVA restrictions.

No repo transactions have been carried out by the Fund during the reporting period.

"Expat Capital" AD is the main shareholder in MC "Expat Asset Management" EAD. During the reporting period Maria Dimitrova Boychinova and Nikola Emilov Veselinov have been dismissed from the Board of Directors. Accordingly, on 4th September 2020 Konstantina Dimitrova Pergelova-Okoliyska and Natalia Antonova Todorova have been appointed as new members of the Board of Directors.

Following are the managing representatives and members of the Board of Directors of "Expat Asset Management" EAD as of 31.12.2020:

1. Daniel Penov Donchev – CEO
2. Nikolay Vassilev Vassilev – CEO
3. Nicola Simeonov Yankov – Chairman of the Board of Directors
4. Konstantina Dimitrova Pergelova- Okoliyska – Member of the Board of Directors
5. Natalia Antonova Todorova – Member of the Board of Directors

The Management company is represented jointly by Daniel Penov Donchev and Nikolay Vassilev Vassilev.

The following information required under Art. 39 of the Accountancy Act is not applicable to an exchange-traded fund:

- future development of the undertaking
- information under Art. 247 of the Commerce Act
- actions in the field of research, development and ecology
- information about buy-back of own shares
- economic policy scheduled for the following year
- expected investments and staff development
- expected income from investments and company development
- forthcoming transactions that are essential for the Company's operations
- branches of the undertaking
- the Fund is not subject to the requirements of Art. 41 of the Accountancy Act and is not obliged to provide a non-financial statement.

Information on pending court, administrative or arbitration proceedings referring to liabilities or receivables

The management has no information on the existence of such receivables or liabilities.

Events after the reporting date

After 31st December 2020 Expat Czech PX UCITS ETF has been invoiced costs and paid expenses by "Expat Asset Management" EAD at the amount of BGN 41,963.

According to the policy accepted by the Management Company the accrued expenses are to be recovered in the balance of the Management Company and will be included in the NAV with a future date only if NAV surpasses EUR 1,000,000. The Management Company has accepted such policy in order to minimize the weight of common expenses of the Fund in its initial development period in which it is relatively small.

The costs are accrued by the Management Company for the period from December 1st, 2017 to 31st December 2020. The Management Company has invoiced these costs with invoice No67865/05.01.2021 and they have been paid by the Fund and respectively taken into account in the calculations of the NAV for the following dates:

- On 14.01.2021 – BGN 4,987
- On 18.01.2021 – BGN 4,889
- On 19.01.2021 – BGN 5,598
- On 20.01.2021 – BGN 4,401
- On 21.01.2021 – BGN 5,522
- On 22.01.2021 – BGN 5,522
- On 25.01.2021 – BGN 5,522
- On 26.01.2021 – BGN 5,522

There are no other events which have occurred after the financial position reporting date which require further announcing or corrections in the annual report.

Annual report on the activity

of “Expat Czech PX UCITS ETF” Exchange Traded Fund

for the year ended 31 December 2020

(continued)

Report on tracking error according to Art. 82f of Ordinance No. 44 of October 20, 2011 on the Requirements to the Activities of Collective Investment Schemes, Management Companies, National Investment Funds and Alternative Investment Fund Managers.

ISIN	Name of the exchange traded fund	Anticipated tracking error for 2021	Realized tracking error as of 31.12.2020
BGCZPX003174	Expat Czech PX UCITS ETF	up to 10%	7.7%*

ISIN	Name of the exchange traded fund	Return of ETF for 2020	Return of Index for 2020	Tracking difference for 2020
BGCZPX003174	Expat Czech PX UCITS ETF	(10.9%)	(10.8%)	(0.1%)

*The realized tracking error is calculated on a weekly basis for 52 weeks prior to 31.12.2020.

For 2021, we expect the tracking error to not exceed 10% in view of the limited history of trading in exchange traded funds on the Bulgarian market and respectively on the Exchange Traded Fund "Expat Czech PX UCITS ETF".

Tracking error is the volatility (measured by the annualized standard deviation) of the difference between the annual return of the Fund and the annual return of the Index itself. A lower tracking error means a closer tracking of the Index. This is not the same as a difference in tracking, which is simply the difference between the return of the Fund and that of the Reference Index over a certain period. The difference in tracking shows how the Fund has performed relative to the Index, while the tracking error shows the sustainability of the difference in performance between the Fund and the Reference Index.

Date: 25.03.2021

Nikolay Vassilev
CEO

NIKOLAY VASSILEV VASSILEV
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Daniel Donchev
CEO

CORPORATE GOVERNANCE STATEMENT

This declaration is made on the basis of article 40 of the Accountancy Act, according to the requirements of the Public Offering of Securities Act

General

Expat Czech PX UCITS ETF (Fund) is a passively managed fund and adheres to the method of full physical replication of the PX index. It is admitted to trading on the Bulgarian Stock Exchange and Frankfurt Stock Exchange (XETRA) with a ticker code CZX. The Fund's activity covers the subscription and redemption of shares entitling their holders to the same rights. The number of shares of the Fund changes depending on the volume of sales and redemption of shares. Under the Additional provisions of the Accountancy Act, the Funds is an entity of public interest. In this capacity the Fund presents the corporate governance statement as part of the annual financial statements.

The Fund is organized and managed by the Management Company Expat Asset Management EAD (the "Management Company"). The Fund is managed by following the Prospectus and the Rules of the Fund, as well as all the Rules, Policies and Internal provisions of the Management Company, and the Corporate governance code approved by the Chairman of the Bulgarian Financial Supervision Commission. The Fund does not possess its own administrative, management and supervisory bodies. The Fund is registered in the Bulstat Register at the Registry Agency under BULSTAT code 177233947. The registered office of the Fund and the Management Company is Sofia, Postal code 1000, 96A "Georgi S. Rakovski" str.

Key features of internal control and risk management systems

The internal control system applied by Expat Asset Management in the management of the Fund includes the following components:

- *Control environment* covers the following elements – organizational structure, conferral of powers and responsibilities, commitments of persons entrusted with general management, commitment to competence, policies and practices related to human resources, philosophy and operational style of leadership, values and ethical behavior
- *Risk assessment* – In managing the Fund, the Management Company uses strictly defined limits described in the Fund's Rules and Prospectus
- *Information system* – The information system related to the financial reporting of the Fund should be seen as a collection of all rules, processes and procedures of the Fund and the Management Company
- *Control activities* – Effective control over the preparation of the financial statements of the Fund, is one of the priorities of the management of the MC
- *Current monitoring of controls* – At Management company level there is an internal control department and compliance, which conducts reviews of the activities, ongoing and periodic reviews of the system and processes. Checks by the internal control are aimed at establishing compliance with the legal and the internal rules and procedures.

Information under Art. 10 1, (c), (d), (f), (h) and (i) of Directive 2004/25/EC of the European Parliament and of the Council of 21 April 2004 on takeover bids

- *Information on B. c)- Significant direct or indirect shareholdings (including indirect shareholdings through pyramid structures and cross-shareholdings) within the meaning of Article 85 of Directive 2001/34/EC:*
  During the reporting period, the Fund did not receive notifications of acquired or sold directly or through intermediary's partitions meeting the criteria specified in art. 89, par. 1 of Directive 2001/34/EC, relating to changes in voting rights held.

- *Information on B. d)- The holders of all securities with special control rights and a description of those rights*- There are no shareholders with special control rights.

- *Information on B. f)- Any restrictions on voting rights, such as restrictions on the voting rights of holders of a certain percentage or number of votes, deadlines for exercising the voting rights or systems through which, through Cooperation with the company, the financial rights granted to the securities are separate from the holding of the securities* - There are no restrictions on voting rights on partitions.

- *Information on the B. h)-The rules governing the appointment or replacement of board members and amendments to the Memorandum of Association*
  The fund does not have its own management bodies. The fund is organized and operated by the Management Company Expat Asset Management.

- *Information on B. i)-The powers of the members of the Board, and in particular the right to issue or buy back shares.*
- The fund may issue and redeem shares on a daily basis in accordance with the Rules and the Prospectus.

Date: 25.03.2021

Nikolay Vassilev
CEO

NIKOLAY VASSILEV VASSILEV
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Daniel Donchev
CEO

INFORMATION ON RENUMERATION POLICY

In Accordance with Art. 73, Pt. 6 of Ordinance No 44

1. Information in accordance with Art. 73, Pt. 6, letter “a”

Total renumeration amount for 2020	Fixed renumerations	Variable renumerations	Number of receiving parties
BGN 1 266 734	BGN 1 146 197	BGN 120 537	25

2. Information in accordance with Art. 73, Pt. 6, letter “b”

	Employee Categories	Renumeration Amount
i	Members of the Board of Directors and employees in management positions	BGN 705 906
ii	Employees whose activity is linked to undertaking risks	-
iii	Employees with controlling functions	BGN 139 458
iv	Other employees whose renumerations are comparable with the renumerations in points i) and ii) and whose activities impact the risk profile of Expat Asset Management EAD and the risk profile of the collective investment schemes managed by them	BGN 225 432
	Total	BGN 1 070 796

3. Information in accordance with Art. 73, Pt. 6, letter “c”

The renumerations of the employees in accordance with letter “b” are categorized into fixed and variable respectively. The variable ones are the traditional renumerations such as Easter and Christmas bonuses, thirteenth and fourteenth salary, as well as other additional renumerations which are fixed and determined by criteria outlined in employment contracts and the Labour Code.

The fixed and variable renumerations for the different employee categories are determined as follows:

For members of the Board of Directors – with decision of the sole proprietor of the capital;

For all remaining employees – by the Executive director.

The labor market competition principle is followed in determining the fixed renumeration and needs of attracting highly qualified and adequately paid employees are also taken into account.

4. Information in accordance with Art. 73, Pt. 6, letter "d"

As a result of the assessments in accordance with Art. 108, Paragraphs 5 and 6 of ACISOCIVA the Managing company Expat Asset Management EAD concludes that there are no discovered violations and the renumeration policy is observed.

5. Information in accordance with Art. 73, Pt. 6, letter "e"

The renumeration policy is developed by the Board of Directors in collaboration with the Internal Control Bureau and is accepted with a Decision of the Board of Directors of Expat Asset Management EAD from 19.12.2016. The changes in the policy are being developed and accepted in the same order. The policy was changed with a Decision of the Board of Directors of Expat Asset Management EAD No 336 from 30.09.2020 and changed with Decision of the Board of Directors of Expat Asset Management EAD No 349 from 10.03.2021.

The abovementioned amounts are accrued in FY 2020 at the expense of Expat Asset Management EAD, not at the expense of the collective investment schemes managed by it and are not bound with the results of their activities.

Date: 25.03.2021 г.

Nikolay Vassilev

NIKOLAY VASSILEV VASSILEV

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CEO

Daniel Donchev

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Building a better working world

Independent auditor's report

To the unit holders

In Exchange-traded fund Expat Czech PX UCITS ETF

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Exchange-traded Fund Expat Czech PX UCITS ETF (the Fund), which comprise the statement of financial position as at 31 December 2020, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at 31 December 2020, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Fund in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements of the Independent Financial Audit Act (IFAA) that are relevant to our audit of the financial statements in Bulgaria, and we have fulfilled our other ethical responsibilities in accordance with the requirements of the IFAA and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Building a better working world

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

<table>
<tr><th>Key audit matter</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td colspan="2">Book value of financial assets at Fair value through profit and loss
The Fund's disclosures about the financial assets at fair value through profit and loss are included in Note 6 to the financial statements</td></tr>
<tr><td>As at 31 December 2020 the Fund reports BGN 2,040 thousand financial assets at Fair value through profit and loss comprising of non-controlling equity participations in public companies, as disclosed in Note 6 to the financial statements. They are owned by the Fund as a result of replication of the index PX and the fair value is determined by reference to published price quotations.

The book value of the financial assets at Fair value through profit and loss is a main factor in the determination of the Fund's net assets value as at the reporting date and therefore has a significant effect on the financial parameters which are based on its movement.

Due to the significant amount of the financial assets at Fair value through profit and loss in</td><td>In this area, our audit procedures included, amongst others:
We obtained understanding and performed walk throughs of the process for valuation of financial assets at fair value through profit and loss.
We performed check for the existence of the financial assets through profit and loss by comparison to the obtained confirmation letter from the Bank depositary as at 31 December 2020.
We performed check for the valuation of the financial assets through profit and loss by Independent check of the prices in the portfolio as at 31 December</td></tr>
</table>

relation to the financial statements as a whole, and the fact that the valuation of the assets is the key driver for the Fund's net assets value, and the financial result for the year, we consider this matter as key audit matter.	2020 to publicly available market data, as well as by testing of the mathematical accuracy of the calculations of the fair value and the movements, reported in the profit and loss for the period. • We assessed the adequacy and relevance of the financial statement disclosures related to the financial assets at fair value through profit and loss.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information, which we have obtained prior the date of our auditor's report, comprises the management report, including the corporate governance statement prepared by management in accordance with Chapter Seven of the Accountancy Act, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon, unless and to the extent explicitly specified in our report.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and presentation of the financial statements that give a true and fair view in accordance with IFRS, as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves true and fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Additional Matters to be Reported under the Accountancy Act and the Public Offering of Securities Act

In addition to our responsibilities and reporting in accordance with ISAs, described above in the *Information Other than the Financial Statements and Auditor's Report Thereon* section, in relation to the management report, including the corporate governance statement, we have also performed the procedures added to those required under ISAs in accordance with the Guidelines on New and Expanded Auditor's Reports and Auditor's Communication of the professional organisation of certified public accountants and registered auditors in Bulgaria, i.e. the Institute of Certified Public Accountants (ICPA). These procedures refer to testing the existence, form and content of this other information to assist us in forming opinions about whether the other information includes the disclosures and reporting provided for in Chapter Seven of the Accountancy Act and in the Public Offering of Securities Act (Art. 100m, paragraph 10 of the POSA in conjunction with Art. 100m, paragraph 8(3) and (4) of the POSA) applicable in Bulgaria.

Opinion in connection with Art. 37, paragraph 6 of the Accountancy Act

Based on the procedures performed, our opinion is that:

a) The information included in the management report referring to the financial year for which the financial statements have been prepared is consistent with those financial statements.
b) The management report has been prepared in accordance with the requirements of Chapter Seven of the Accountancy Act and of Art. 100(m), paragraph 7 of the Public Offering of Securities Act and of Article 73, item 6, of Ordinance 44 of 20/10/2011 on the requirements of the activity of collective investment schemes, management companies, national investment funds and persons managing alternative investment funds.
c) The corporate governance statement referring to the financial year for which the financial statements have been prepared presents the information required under Chapter Seven of the Accountancy Act and Art. 100 (m), paragraph 8 of the Public Offering of Securities Act.

Opinion in connection with Art. 100(m), paragraph 10 in conjunction with Art. 100 m, paragraph 8(3) and (4) of the Public Offering of Securities Act

Based on the procedures performed and the knowledge and understanding obtained about entity's activities and the environment in which it operates, in our opinion, the description of the main characteristics of entity's internal control and risk management systems relevant to the financial reporting process, which is part of the management report (as a component of the corporate governance statement) and the information under Art. 10 paragraph 1(c), (d), (f), (h) and (i) of Directive 2004/25/EC of the European Parliament and of the Council of 21 April 2004 on Takeover Bids, do not contain any material misrepresentations.

Additional Reporting on the Audit of the Financial Statements in connection with Art. 100(m), paragraph 4(3) of the Public Offering of Securities Act

Statement in connection with Art. 100(m), paragraph 4(3)(b) of the Public Offering of Securities Act

The information about related party transactions is disclosed in Note 11 to the financial statements. Based on the audit procedures performed by us on related party transactions as part of our audit of the financial statements as a whole, no facts, circumstances or other information have come to our attention based on which to conclude that the related party transactions have not been disclosed in the accompanying financial statements for the year ended 31 December 2020, in all material respects, in accordance with the requirements of IAS 24 *Related Party Disclosures*. The results of our audit procedures on related party transactions were addressed by us in the context of forming our opinion on the financial statements as a whole and not for the purpose of expressing a separate opinion on related party transactions.

Statement in connection with Art. 100(m), paragraph 4(3)(c) of the Public Offering of Securities Act

Our responsibilities for the audit of the financial statements as a whole, described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report include an evaluation as to whether the financial statements present the significant transactions and events in a manner that achieves true and fair presentation. Based on the audit procedures performed by us on the significant transactions underlying the financial statements for the year ended 31 December 2020, no facts, circumstances or other information have come to our attention based on which to conclude that there are material misrepresentations and disclosures in accordance with the relevant requirements of IFRS as adopted by the EU. The results of our audit procedures on Fund's transactions and events significant for the financial statements were addressed by us in the context of forming our opinion on the financial statements as a whole and not for the purpose of expressing a separate opinion on those significant transactions.

Reporting in accordance with Art. 10 of Regulation (EU) No 537/2014 in connection with the requirements of Art. 59 of the Independent Financial Audit Act

In accordance with the requirements of the Independent Financial Audit Act in connection with Art. 10 of Regulation (EU) No 537/2014, we hereby additionally report the information stated below.

- Ernst & Young Audit OOD was appointed as a statutory auditor of the financial statements of Exchange-traded Fund Expat Czech PX UCITS ETF (the Fund) for the year ended 31 December 2020 by decision of the Sole owner of the capital of Expat Asset Management EAD held on 12 May 2020 for a period of one year.
- The audit of the financial statements of the Fund for the year ended 31 December 2020 represents third total uninterrupted statutory audit engagement for that Fund carried out by us.
- We hereby confirm that the audit opinion expressed by us is consistent with the additional report, provided to those charged with governance of the Fund, in compliance with the requirements of Art. 60 of the Independent Financial Audit Act.
- We hereby confirm that we have not provided the prohibited non-audit services referred to in Art. 64 of the Independent Financial Audit Act.
- We hereby confirm that in conducting the audit we have remained independent of the Fund.

Auditing company Ernst & Young Audit OOD with registration number 108

Nikolay Garnev	Nikolay Garnev
Legal Representative	Registered Auditor in charge of the audit

Sofia, Bulgaria

30 March 2021

Statement of Comprehensive Income

For the year ended 31 December 2020

BGN'000	***Note***	**01.01.2020 – 31.12.2020**	**01.01.2019 – 31.12.2019**
Other Income	*3*	102	16
Net (loss) / profit from financial assets, held at fair value through profit and loss	*6*	(19)	48
Net loss from foreign currency transactions		(27)	2
Operating expenses	*4*	(56)	(16)
Operating profit / (loss) for the period		**-**	**50**
Tax expenses	*10*	-	-
Profit / (loss) for the period		**-**	**50**
Other income		-	-
Total income for the period		**-**	**50**
Net income per share			
Net profit / (loss) per share (in BGN)	*8*	**0.000**	**0.223**

Date: 25.03.2021

Approved by:

Nikolay Vassilev
CEO

NIKOLAY VASSILEV VASSILEV
Digitally signed by NIKOLAY VASSILEV VASSILEV
Date: 2021.06.09 15:33:42 +03'00'

Daniel Donchev
CEO

Prepared by:

Tatiana Lazarova
Head of Accounting

The financial statements have been approved for issue by decision of the Board of Directors of the Management Company dated 25.03.2021.
The notes from page 13 to page 37 are integral part of the annual financial statements.

Financial Statements on which the auditing company Ernst & Young Audit OOD, registration number 108, has issued an auditor's report dated 30 March 2021, with Legal Representative and Registered Auditor in charge Nikolay Garnev.

Statement of Financial Position

As at 31.12.2020

BGN'000	*Note*	31.12.2020	31.12.2019
Assets			
Cash and cash equivalents	*5*	63	156
Financial assets held at fair value through profit and loss	*6*	2 040	753
Total assets		**2 103**	**909**
Equity and liabilities			
Equity		2 386	919
Share premium account		(288)	(13)
Accumulated profit		2	2
Total equity	***7***	**2 100**	**908**
Liabilities			
Trade and other liabilities	*9*	3	1
Total liabilities		**3**	**1**
Total equity and liabilities		**2 103**	**909**

Date: 25.03.2021

Approved by:

Nikolay Vassilev
CEO

NIKOLAY VASSILEV VASSILEV Digitally signed by NIKOLAY VASSILEV VASSILEV Date: 2021.06.09 15:34:03 +03'00'

Daniel Donchev
CEO

Prepared by:

Tatiana Lazarova
Head of accounting

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Changes in Equity Statement

For the year ended 31st December 2020

BGN'000	**Note**	**Share capital**	**Share premium account**	**Profit and Loss**	**Total**
On 1 January 2020		**919**	**(13)**	**2**	**908**
Other income					
Profit for the period		-	-	-	-
Total income		-	-	-	-
Contributions from and allocations to owners					
Issue of new shares		1 467	(275)	-	1 192
Total contributions from and allocations to owners		1 467	(275)	-	1 192
On 31 December 2020	*7*	**2 386**	**(288)**	**2**	**2 100**
On 1 January 2019		**391**	**(4)**	**(48)**	**339**
Other income					
Profit for the period		-	-	50	50
Total income		-	-	50	50
Contributions from and allocations to owners					
		1 017	(47)	-	970
Issue of new shares		(489)	38		(451)
Redemption of shares		528	(9)	-	519
Total contributions from and allocations to owners		919	(13)	2	908
Balance on 31 December 2019	*7*	**919**	**(13)**	**2**	**908**

Date: 25.03.2021

Approved by:

Nikolay Vassilev
CEO

Daniel Donchev
CEO

Prepared by:

Tatiana Lazarova
Head of Accounting

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Cash Flow Statement

For the year ended 31st December 2020

BGN'000	***Note***	**01.01.2020-31.12.2020**	**01.01.2019 – 31.12.2019**
OPERATING CASH FLOW			
Dividends received		102	16
Income associated with financial assets held at fair value through profit and loss		-	-
Payments associated with financial assets held at fair value through profit and loss		(1 323)	(398)
Payments to counterparties		(47)	(14)
Other operating payments		(10)	(1)
Net cash flow used for operating activity		**(1 278)**	**(397)**
CASH FLOW FROM FINANCING ACTIVITY			
Income from issue of shares		1 192	970
Payments for redemption of shares		-	(451)
Payments to counterparties for financing activity		(7)	(2)
Net cash flow from financing activity		**1 185**	**517**
Net decrease/increase of cash and cash equivalents		**(93)**	**120**
Cash and cash equivalents on 1 January		156	36
Cash and cash equivalent on 31 December	*5*	**63**	**156**

Date: 25.03.2021

Approved by:

Nikolay Vassilev
CEO

Daniel Donchev
CEO

Prepared by:

Tatiana Lazarova
Head of Accounting

The financial statements have been approved for issue by decision of the Board of Directors of the Management Company dated 25.03.2021.
The notes from page 13 to page 37 are integral part of the annual financial statements.

Financial Statements on which the auditing company Ernst & Young Audit OOD, registration number 108, has issued an auditor's report dated 30 March 2021, with Legal Representative and Registered Auditor in charge Nikolay Garnev.

Notes to the Annual financial statements

1. Status and scope of activity

Expat Czech PX UCITS ETF ("the Fund") is an exchange-traded fund organised and managed by the Management Company "Expat Asset Management" EAD (the "Management Company"). The Fund is registered in the Bulstat Register at the Registry Agency under BULSTAT code 177233947. The registered office of the Fund and the Management Company is in Sofia, Postal code 1000, 96A, "Georgi S. Rakovski" St.

Expat Czech PX UCITS ETF is a passively managed fund and adheres to the method of full physical replication of the PX index. It is registered for trading on the Bulgarian Stock Exchange - Sofia, the London Stock Exchange and the Frankfurt Stock Exchange (XETRA) under CZX stock exchange ticker. The Fund's activity covers the issue and sale of shares offering the same rights to their holders. The number of shares in the Fund changes depending on the volume of sales and redemption of shares.

Shares of the Fund may be redeemed at the request of investors.

Since the Fund does not have its own management bodies, the persons charged with the governance of the Fund are the members of the Board of Directors of the Management Company.

2. Basis of preparation

(a) Statement of compliance

The financial statements of the Fund have been prepared in accordance with the International Financial Reporting Standards adopted by the European Union (IFRS, adopted by EU). The IFRS Accounting Framework adopted by the EU is essentially the defined national accounting IAS adopted by the EU, regulated by the Accountancy Act and defined in paragraph 8 of its Additional Provisions.

The line items in the statement of financial position are presented in order of their liquidity.

These financial statements are prepared using the historical cost method except for financial assets at fair value through profit or loss that are measured at fair value.

(b) Going concern

The Management company has prepared financial forecasts for the forward twelve months as of date of approval of the current financial report while taking into account the future estimate of the continuing effects of the COVID-19 pandemic over the business. The management of Expat Asset Management EAD has reached the conclusion that there is no significant uncertainty as to the operation of the Fund which could cause significant doubts as to its ability to continue to function as a going concern, and respectively, that it is appropriate to prepare the financial report on the basis of the assumption for a going concern.

The Fund has prepared its financial report for the year ended 31 December 2021 on the basis of the assumption that it is a going concern, which presumes the continuation of the current activity and realization of its assets and settlement of its liabilities within the normal pace of its operations. Future financial performance of the Fund depends on the broader economic context within which it operates.

(c) Functional and reporting currency

The shares of the Fund are issued in EUR, the net asset value per share and redemption price are calculated in EUR. For this reason, the functional currency of the Fund is EUR.

These financial statements are presented in Bulgarian leva (BGN), which is the functional currency of the Fund. All financial information in BGN is rounded to one thousand unless otherwise stated.

2. Basis of preparation (continued)

(c) Functional and reporting currency (continued)

From 1 January 1999 the exchange rate of the Bulgarian lev (BGN) is pegged to the euro (EUR). For this reason, there are no currency translation differences arising from the use of the BGN as a presentation currency in these financial statements. The exchange rate is BGN 1.95583 / EUR 1.0.

(d) Estimates and judgements

The preparation of financial statements under IFRS requires the Management Company to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The actual result may be different from these estimates.

The review of the accounting estimates is recognised in the period in which the measurement is reviewed when the review affects that period, and in future periods if the review affects future periods.

Judgements

Information on significant judgments made in applying the accounting policies that have the most significant effect on the presentation of the amounts in the financial statements is included in the following notes:

- Note 7 Equity – classification of the Fund's shares as an equity instrument.

The Fund as an investment entity within the meaning of IFRS 10

Companies that meet the definition of an IFRS 10 Investment entity are required to report investments in subsidiaries at fair value instead of consolidating them. The criteria that define an Investment entity are:

- A company raising funds from one or more investors for the purpose of providing the relevant investment services;
- A company with a business purpose only to increase the value of the capital, investment income or both;
- A company that recognizes and evaluates a significant portion of its investments at fair value.

The Fund invests primarily in shares and investors are not group companies, which is an additional characteristic of an investment entity.

The management company believes that the Fund meets the above criteria and characteristics and falls within the definition of an investment entity. The judgment is reviewed regularly in case of change in circumstances.

The Management Company believes that the Fund does not control the investments in shares and therefore does not consolidate them.

Fair values measurement

Some of the accounting policies and disclosures of the Fund require fair values to be measured for financial and non-financial assets and liabilities.

2. Basis of preparation (continuation)

(d) Estimates and judgements (continued)

Fair values measurement (continued)

When measuring the fair value of an asset or liability, the Fund uses observable data as far as possible. Fair values are categorised at different levels in the fair value hierarchy based on incoming data in measurement techniques as follows:

- Level 1: quoted prices (uncorrected) in active markets for similar assets or liabilities.
- Level 2: Inputs other than quoted prices included in Level 1 that are directly (i.e as prices) or indirectly (i.e. derived from prices) available for observation of the asset or liability.
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety at the level of the fair value hierarchy whose input is relevant to the overall measurement.

Information on significant items that are affected by estimates and assumptions when applying the accounting policies that have the most significant effect on the amounts recognised in these financial statements is included in Note 12 Financial Instruments.

3. Income

BGN'000	**01.01.2020 – 31.12.2020**	**01.01.2019 - 31.12.2019**
Income from dividends	102	16
Total income	**102**	**16**

4. Operating expenses

BGN'000	**01.01.2020 - 31.12.2020**	**01.01.2019 - 31.12.2019**
Fees to stock exchanges and regulators	17	3
Fees and commissions to custodian bank	13	6
Fees and commissions to Management Company	15	4
Audit	5	3
Other expenses	6	-
Total operating expenses	**56**	**16**

5. Cash and cash equivalents

BGN'000	**31.12.2020**	**31.12.2019**
Cash in BGN in bank accounts	63	156
Cash and Cash equivalents	**63**	**156**
Cash and cash equivalents in Cash flow statement	**63**	**156**

The Fund's cash is kept with the custodian bank – Eurobank Bulgaria AD.

Changes in liabilities, arising from financial activities

The Fund does not hold long-term liabilities at amortised cost and does not accrue interest on an effective annual or any other not agreed-upon basis for these liabilities. Therefore, the Fund does not include such changes in Cash Flows from Financing Activities in the Cash Flow Statement as of 31.12.2020, nor as of 31.12.2019.

6. Financial assets held at fair value through profit and loss

BGN'000	**2020**	**2019**
Financial assets at fair value through profit and loss		
Quoted shares	*2 040*	*753*
Financial assets held at fair value in other income		
Unquoted shares	-	-
Quoted debt instruments	-	-
Total financial assets at fair value	**2 040**	**753**

Financial assets at fair value through profit or loss in Expat Czech PX UCITS ETF include noncontrolling interests in public companies operating in the Czech Republic. Expat Czech PX UCITS ETF is a passively managed fund and adheres to the method of full physical replication of the PX index. The reference index is PX, consisting of shares denominated and traded in Czech koruna. The fair values of those shares in equity are determined by reference to published price quotations in active market.

When measuring the fair value of an asset or liability, the Fund uses observable data as far as possible. Fair values are categorised in Level 1 (Quoted Market Prices in Active Markets) in the fair value hierarchy based on inputs in measurement techniques.

The value of the financial assets in the balance sheet at the reporting date is determined as the closing price of the respective asset on the Prague Stock Exchange on the last working day of the respective reporting period.

6. Financial assets held at fair value through profit and loss (continued)

The structure of the Fund's financial assets measured at fair value through profit and loss as at 31 December 2020 and 31 December 2019 is as follows:

Financial instrument type	Shares
Regulated market on which they are traded	Prague Stock exchange

Issuer	Number	Amount at the end of reporting period, BGN	Percentage of the total amount of assets
Avast plc	31 718	367 832	17.49%
Stock Spirits Group PLC	9 716	56 483	2.69%
Philip Morris CR AS	47	52 404	2.49%
Erste Group Bank AG	9 227	453 877	21.59%
Komercni Banka AS	5 906	289 197	13.75%
Vienna Insurance Group AG	2 975	119 955	5.71%
O2 Czech Republic AS	4 808	89 944	4.28%
Moneta Money Bank AS	35 687	180 864	8.60%
CEZ AS	11 179	429 086	20.41%
TOTAL	**111 263**	**2 039 642**	**97.01%**

Financial instrument type	Shares
Regulated market on which they are traded	Prague Stock exchange

Issuer	Number	Amount at the end of reporting period BGN	Percentage of the total amount of assets
Philip Morris Cr AS	6	7 057	0.78%
Stock Spirits Group PLC	1 380	6 586	0.72%
Komercni Banka AS	2 437	155 608	17.12%
Avast PLC	12 530	135 033	14.85%
CEZ AS	4 322	169 508	18.65%
Moneta Money Bank AS	14 820	96 968	10.67%
Vienna Insurance Group AG	1 250	62 255	6.85%
Central European Media Ent-A	3 320	26 068	2.87%
O2 Czech Republic AS	720	12 969	1.43%
Erste Group Bank AG	1 222	80 614	8.87%
TOTAL	**42 007**	**752 666**	**82.81%**

6. Financial assets held at fair value through profit and loss (continued)

Net profit/(loss) from financial assets held at fair value through profit and loss

BGN'000	**01.01.2020-31.12.2020**	**01.01.2019-31.12.2019**
Income /(expenses) from revaluation of financial assets held at fair value through profit and loss	37	48
Income /(expenses) from transactions with financial assets held at fair value through profit and loss	(56)	-
Net profit/(loss) from financial assets held at fair value through profit and loss	**(19)**	**48**
Net loss from currency operations	(27)	2
Net loss from financial assets	**(46)**	**50**

7. Equity

The Fund's equity is equal to its Net Asset Value (NAV). The movement of shares and NAV of the Fund at the beginning and the end of the reporting period is as follows:

BGN'000	**Number of shares**	**Amount (*BGN'000*) 31.12.2020**	**Number of shares**	**Amount (*BGN'000*) 31.12.2019**
As at 1st January 2020	**470 000**	**908**	**200 000**	**339**
Issued new shares	750 000	1 192	520 000	970
Bought back shares	-	-	(250 000)	(451)
Profit for the period	-	-	-	50
As at 31 December 2020	**1 220 000**	**2 100**	**470 000**	**908**

BGN	**31.12.2020**	**31.12.2019**
Net asset value per share	1.7215	1.9326

Equity

The Fund classifies the shares it issues as an equity instrument based on the following criteria:

- Shares entitle its holder to a proportional share of the Fund's net assets at any time and in the event of the Fund being dissolved;
- Shares issued by the Fund would not take precedence over other financial instruments in case of dissolution of the Fund;
- Except for the contractual obligation of the Fund for redemption, the shares issued by the Fund do not impose any other contractual obligation to the Fund to provide cash or other financial assets or to exchange financial assets or financial liabilities;
- The total amount of anticipated cash flow attributable to shares issued by the Fund at any time is based on profit or loss, the change in the recognised net assets or the change in the fair value of the recognised and written-off net assets of the Fund;
- The Fund does not issue financial instruments other than shares.

7. Equity (continued)

Share premium account

The Fund's assets are divided into shares. The nominal value of the shares is 1 (one) euro. The shares of the Fund are acquired at issue price. The number of Fund’s shares changes as a result of their sale or redemption. The difference between the issue and nominal value of the shares in case of sale or redemption is recorded as share premium account.

Capital management

The Fund's own equity is equal to the net asset value (NAV), which may not be less than BGN 100,000 in accordance with Art. 82, Paragraph 1 of Ordinance 44/2011 on the requirements towards the activities of the collective investment schemes, management companies, national investment funds and entities managing alternative investment funds. The Fund has reached its minimum equity amount.

Admission of the Fund to trading on a regulated market requires the minimum net asset value to be not less than BGN 100 000 or its Euro equivalent.

Dividend policy

The policy of the Fund is not to pay dividends. The dividends paid out of the shares in which the Fund has invested, and the capital gains realised in trading of the shares in the Fund, are reinvested.

8. Net income per share

	01.01.2020 – 31.12.2020	**01.01.2019 – 31.12.2019**
Net income/(loss) per share in BGN	0.000	0.223

Net profit/(loss) per share is calculated by dividing the profit or loss for the period to be distributed among the shareholders (numerator) to the weighted average number of outstanding shares for the period (denominator).

The weighted average number of outstanding shares in 2020 is 995 500 (2019 – 224 578). The weighted average number is calculated by taking the arithmetic value of the outstanding shares for each day of the period.

9. Trade and other liabilities

BGN,000	**31.12.2020**	**31.12.2019**
Liabilities to Custodian Bank	3	1
Total liabilities	3	1

10. Income taxes

The profit of the Fund is not subject to corporate tax.

11. Group companies

The Fund is a designated property without management bodies and the Management Company “Expat Asset Management” EAD carries out its management. The sole shareholder of the MC is "Expat Capital" AD. As at 31.12.2020, the Fund’s group companies are the Management Company Expat Asset Management EAD and Expat Capital AD. Transactions with group companies are based on contractual terms and no guarantees are provided or received.

The expenses charged to the Management Company "Expat Asset Management" EAD (Note 4), accrued under the contracts concluded during the reporting period are:

- Remuneration under Management contract.

The following table provides information on the investment of Expat Mutual Funds in Expat Czech PX UCITS ETF:

As at 31st December 2020:

Mutual Fund	Investment in:	Shares	Value at the end of the reporting period, BGN
MF Expat Global Bonds	Expat Czech PX UCITS ETF	11 664	20 073
MF Expat Developed Markets	Expat Czech PX UCITS ETF	27 880	47 980
MF Expat Emerging Markets	Expat Czech PX UCITS ETF	14 805	25 478

As at 31st December 2019:

Mutual Fund	Investment in:	Shares	Value at the end of the reporting period, BGN
MF Expat Global Bonds	Expat Czech PX UCITS ETF	25 000	48 211
MF Expat Developed Markets	Expat Czech PX UCITS ETF	31 039	59 857
MF Expat Emerging Markets	Expat Czech PX UCITS ETF	10 127	19 529

12. Financial instruments

Fair values measurement

The fair value of the Fund's financial instruments is determined as the price that would have been received from the sale of a financial asset or paid upon transfer of a financial liability in a regular transaction between market participants as of the measurement date. The following methods and assumptions are used in measuring the fair value:

- Closing price in an active market on the reporting date is used for quoted shares;
- Cash and short-term deposits, trade receivables, trade payables and other current financial assets and liabilities, due to the short-term maturity of these financial instruments, their fair value approximates to the corresponding book value.

The following tables analyse the quantitative disclosures of the fair value hierarchy of financial instruments carried at fair value at the levels in which they fall:

12. Financial instruments (continued)

Fair values measurement (continued)

As at 31st December 2020

In BGN	Level 1	Level 2	Level 3	Total
Financial Instruments				
Avast plc	367 832	-	-	367 832
Stock Spirits Group PLC	56 483	-	-	56 483
Philip Morris CR AS	52 404	-	-	52 404
Erste Group Bank AG	453 877	-	-	453 877
Komercni Banka AS	289 197	-	-	289 197
Vienna Insurance Group AG	119 955	-	-	119 955
O2 Czech Republic AS	89 944	-	-	89 944
Moneta Money Bank AS	180 864	-	-	180 864
CEZ AS	429 086	-	-	429 086
TOTAL	**2 039 642**	**-**	**-**	**2 039 642**

As at 31st December 2019

In BGN	Level 1	Level 2	Level 3	Total
Financial Instruments				
Philip Morris Cr AS	7 057	-	-	7 057
Stock Spirits Group PLC	6 586	-	-	6 586
Komercni Banka AS	155 608	-	-	155 608
Avast PLC	135 033	-	-	135 033
CEZ AS	169 508	-	-	169 508
Moneta Money Bank AS	96 968	-	-	96 968
Vienna Insurance Group AG	62 255	-	-	62 255
Central European Media Ent-A	26 068	-	-	26 068
O2 Czech Republic AS	12 969	-	-	12 969
Erste Group Bank AG	80 614	-	-	80 614
TOTAL	**752 666**	**-**	**-**	**752 666**

12. Financial instruments (continued)

Risk profile and risk management

Risk profile

The risk profile of the Exchange Traded Fund represents the amount and type of risk that the Management Company undertakes by investing the assets of the Fund, while seeking to replicate the Reference Index, which at the date of this Prospectus is the PX index of shares. In this respect, investing in shares of "Expat Czech PX UCITS ETF" involves undertaking a high risk, given that the Reference Index comprises of stocks.

In its operations, "Expat Czech PX UCITS ETF" is exposed to various types of risks, affecting its results.

Credit risk

The Fund owns cash and quoted shares and the level of exposure to credit risk mainly relates to cash held in current bank accounts. The credit risk associated with quoted shares is part of the total investment risk that shareholders of the fund are facing.

The main risks that investors face when they invest in shares "Expat Czech PX UCITS ETF" are:

Market risk

Probability of loss occurring from adverse changes in the securities prices, market interest rates, exchange rates and other. This market risk affects the net asset value of the Fund, which also varies due to changes in market prices of shares and other securities in which the Fund has invested. The Fund is not at risk of changes in market interest rates, as its financial assets are quoted shares.

COVID-19 pandemic

The COVID-19 pandemic affects the financial markets directly and indirectly which is reflected in the returns of Expat Czech PX UCITS ETF. The indirect effect is observed in terms of significant decline in the economic activity in the first half of the year and it is not compensated by the subsequent increase in the second half of the year. This affects the returns and profits of most sectors. In addition, business forecasts worsen and credit risk increases. Capital markets reacted adequately with significant decline during February and March. Statistics of the number of people infected with the COVID-19 virus were used as an economic indicator due to its strong correlation with main market indexes. This phenomenon demonstrated the direct effect of the pandemic on the financial markets – every positive piece of news regarding decreasing number of deaths or number of people infected as well as news on further advancement in the vaccine technology led to increases of stock prices on stock exchanges.

These consequences will not be limited to certain classes of assets, sectors, or jurisdictions, and respectively will affect the performance of Expat Czech PX UCITS ETF as well as the performance of the remaining Expat exchange traded funds which replicate the main stock indexes of the Central and Eastern European countries.

Currency risk

The Fund is created and traded in EUR and the reference index PX comprises of shares denominated and traded in Czech koruna. For this reason, the value of the financial assets of the Fund depends on the change in the rate of the Czech koruna versus EUR and BGN respectively.

12. Financial instruments (continued)

Risk profile and risk management (continued)

Currency risk (continued)

From 1 January 1999 the exchange rate of the Bulgarian lev (BGN) is pegged to the euro (EUR). The exchange rate is BGN 1.95583 / EUR 1.0.

It is not a policy of the Fund to hedge the currency risk. The currency risk is part of the total investment risk.

A 5% change in the currency rate of euro vs. Czech koruna would have the following effect on the net asset value of the Fund, based on the Fund's portfolio as at 31.12.2020 and 31.12.2019:

Effect on Profit/(Loss) (*BGN'000)*	**As at 31.12.2020**	**As at 31.12.2019**
5% increase of Czech koruna vs. euro	105	45
5% decrease of Czech koruna vs. euro	(105)	(45)

Extreme market movements

The market price of the financial instruments in which the Fund invests may fluctuate due to changes in the economic and market environment, monetary policy of central banks, business activity of issuers, the sector in which the issuer operates and the demand and supply of the securities market. At certain times, the price of the shares on the market (stock exchange) can change substantially. In the event of major movements of the Index incl. large daily movements, the performance of the Fund may depart from its investment objectives. The revaluation of the Fund fluctuates due to changes in the value of the Fund's assets and the Reference Index.

A 5% change in market prices of assets would have the following effect on the net asset value of the Fund, based on the Fund's portfolio as at 31.12.2020 and 31.12.2019:

Effect on Profit/(Loss) (*BGN'000)*	**As at 31.12.2020**	**As at 31.12.2019**
5% increase of market prices	105	45
5% decrease of market prices	(105)	(45)

Inability of the Management Company to adapt to market changes

The fund follows a passive management strategy, i.e., it is not actively managed. Accordingly, the Management Company will not change the portfolio composition, except to follow closely the total return of the Reference Index. The Fund is not trying to "beat" the market and does not take defensive positions when the market falls or is regarded as overvalued. Therefore, decline in the Reference Index may lead to a decline in the value of the Fund's assets.

Liquidity risk

The risk associated with the probability of losses or profits by mandatory or forced sales of assets in adverse market conditions (such as lower demand in the presence of over supply). Liquidity risk is also in place when the Fund may need to buy back the shares of the investors. The Fund invests in quoted shares, which under normal market conditions are quickly and easily saleable, which substantially reduces the exposure to this risk.

12. Financial instruments (continued)

Risk profile and risk management (continued)

Purchase and redemptions

In case the purchase and redemption orders for shares are received late or do not meet the requirements of the Prospectus and the Fund Rules, there will be a delay between the date of placing the order and the actual date of purchase or redemption. Such postponements or delays may lead to a decrease in the number of shares or the amount of redemptions.

Trading on a regular market

There can be no assurances that trading shares of the Fund will be maintained or that the criteria of admission to trading will not be changed. Moreover, trading of the shares on a stock exchange may be suspended under the rules of the respective exchange due to market conditions and investors may not be able to sell their shares until trading resumes.

Regulatory risk

The prospectus has been prepared in compliance with the applicable laws and regulations. The Management Company and/ or the Fund and its investment objectives and policies may be affected by future changes in laws and regulations. New or modified laws, rules and regulations in Bulgaria or the European Union could prevent or significantly limit the Fund's ability to invest in certain instruments. They could also affect conclusion of agreements with certain third countries. This may affect the ability of the Fund to perform the relevant investment objectives and policies. Applying such new or modified laws, rules and regulations could lead to an increase of any or all of the Fund's costs and may require restructuring of the Fund, in order to meet the new rules.

Risk profile and risk management (continued)

Such a probable restructuring may include restructuring costs. When restructuring is not possible, the Fund may proceed to termination. The assets of the Fund and the Reference Index are subject to change in laws or regulations and such a change might affect their value and/ or liquidity.

Operational risk

A prospect of loss resulting from errors or system failures in the organisation, insufficiently qualified personnel and unfavourable external events that are not financial in nature (including legal risk). The Management Company defines short- and long-term strategies for managing operational risks which occur during management of the operations and the portfolio of the Fund as described in the Risk Assessment and Management Rules of the Fund.

Risk of error in tracking the Reference Index

Tracking the Reference Index by investing in all positions of the index can be costly and difficult to implement. Portfolio managers can use optimisation techniques such as selection of individual positions in the Index in proportions that differ from those in the Index. The use of such optimisation techniques can increase the error in tracking and lead to a different performance of the Fund in contrast to the Index. Furthermore, existing restrictions or future changes in laws and regulations of the Exchange-Traded Fund towards, but not limited to the composition, concentration and method of measurement of assets, can lead to inability of the Fund to replicate the index in full. In addition, exchange traded funds on markets characterised by low liquidity are exposed to a greater risk of error in tracking an index.

12. Financial instruments (continued)

Risk profile and risk management (continued)

Reference index

If there is an event that affects the Index, the Fund may be required to suspend the purchase and redemption of shares. The revaluation of the Fund may also be affected. In case of continuing problems with the Index, the Fund will take appropriate actions, which may reduce the net asset value of the Fund.

Systemic risks

Systemic risks depend on general fluctuations in the economy and the markets in general. The Fund is unable to influence the systemic risks but will take them into account and will comply with them. Risks arising from political and economic situation are a possible instability or military action in the region. Disasters and accidents are factors complicating any system of risk management. The consequences are hard to predict, but access to information and applying a system of forecasting and actions in extreme situations are possible ways to mitigate the negative effect.

13. **Accounting policies and disclosures**

The Fund has applied continuously the significant accounting policies, presented below, for the period presented in this financial statement.

The accounting policies adopted in the preparation of the annual financial statements are consistent with the International Financial Reporting Standards (IFRS) adopted by the European Union. The Fund has not previously adopted other standards, interpretations or amendments that have been published but have not yet entered into force.

The Fund recognizes a financial asset or financial liability in the Statement of Financial Position only when the Fund enters into a contract on this instrument.

Contracts for the purchase or sale of financial assets requiring settlement of transactions within the normal time established by market rules or agreement are recognized in the balance sheet at the settlement date.

Classification and measurement

Under IFRS 9, after initial recognition, debt instruments are reported at fair value through profit or loss, amortised cost or at fair value in other comprehensive income. The classification is based on two criteria: asset management business model of the fund and whether the contractual cash flows of the instrument represent 'only payments of principal and interest' on the outstanding amount of the principal.

The assessment of the Fund's business model is performed at the date of initial application. The assessment whether contractual cash flows on debt instruments consist only of principal and interest, is made based on the facts and circumstances of the initial recognition of assets.

The requirements for classification and measurement of IFRS 9 do not have a material impact on the Fund and it continues to recognise at fair value all financial assets previously reported at fair value under IAS 39.

In order to determine the classification and measurement category under IFRS 9, all financial assets, except for equity instruments and derivatives, should be valued based on a combination of the asset management business model and the contractual cash flow characteristics of the instruments.

13. **Accounting policies and disclosures (continued)**

Classification and measurement (continued)

The categories of financial asset valuation are as follows:

Trade receivables and Other non-current receivables (i.e., receivables from group companies, receivables on credits, etc.) classified as Trade receivables and Trade and other non-current receivables are held for the purpose of obtaining the contractual cash flows and lead to cash flows representing only principal and interest payments and are classified and measured as Debt instruments at amortised cost.

13.1. Financial instruments

- quoted capital investments are classified as financial instruments at fair value through profit or loss.

Business Model Assessment

The Fund defines the following business models for the management of financial assets:

- A business model that aims to hold assets to match contractual cash flows. It includes assets that are managed with intention to collect the contractual payments throughout the term of the instrument;
- A business model that aims to realise cash flows by selling the asset. The model includes financial assets, whose current fair value the Fund intends to monitor and the current fair value is the basis of the decisions to execute sale and purchase transactions; there is evidence of active purchase and sale activity; the contractual cash flows from the asset are not composed solely of principal and interest payments; the collection of contractual cash flows from such assets is only in addition to achieving the principal objective of realising cash flows from sales.

Categories of measurement of financial assets and liabilities

The Fund classifies and measures its portfolio at fair value through profit or loss as it is held in a business model within which a fair value measurement is made through profit or loss, and the Fund manages the financial assets for the purpose of realising cash flows through sale of assets.

The Fund classifies its receivables at amortised cost as they are held within a business model whose purpose is to hold assets in order to collect the contractual cash flows. The Fund classifies its financial liabilities as trade payables measured at amortised cost.

Financial assets and liabilities

Trade receivables and liabilities (amortised cost)

Trade receivables and payables include non-derivative financial assets with fixed or determinable payments that were not quoted in an active market other than those:

- which the Fund intends to sell immediately or in the near future;
- which the Fund has, at initial recognition, determined at fair value through profit or loss; or

- available for sale; for which the Fund cannot substantially recover all of its initial investment for reasons unrelated to a deterioration in the exposure designated as available for sale.

13. **Accounting policies and disclosures (continued)**

13.1. Financial instruments (continued)

Financial assets and financial liabilities at fair value through profit or loss

Financial assets and financial liabilities in this category are those that are not held for trading or are required to be measured at fair value through profit or loss under IFRS 9. Upon initial recognition, the Management Company determines an instrument at fair value through profit or loss when one of the following criteria is met. This categorisation is defined at instrument level:

- This determination eliminates or significantly reduces inconsistent measurement that would otherwise arise from measuring assets or liabilities, or from recognising gains or losses on a different basis, or;
- Liabilities are part of a group of financial liabilities (or financial assets or both) that are managed and their performance is measured on a fair value basis in accordance with documented risk management or investment strategy, or;
- Liabilities that contain one or more embedded derivatives, unless they significantly change the cash flows that would otherwise be required under contract or it is clear that such a division of the embedded derivative(s) is prohibited.

Financial assets and financial liabilities at fair value through profit or loss are recognised in the balance sheet at fair value. Changes in fair value are recognised in profit or loss.

Income from dividends from equity instruments at fair value through profit or loss is recognised in profit or loss as income when the payment entitlement is established.

Impairment of financial assets

IFRS 9 requires the Fund to report an adjustment for expected credit losses for all financial assets that are not held at fair value through profit or loss. The adjustment is based on the expected losses associated with the probability of default over the next twelve months unless there has been a significant increase in credit risk after the asset has been acquired.

The Management Company performs periodic review of indications for impairment of the book value of the Fund's assets as follows:

- receivables - at the end of each month when preparing the monthly financial statements for the management;

The Fund applies a simplified impairment approach for trade receivables where the credit loss adjustment is determined based on the anticipated credit loss for the entire duration of the instrument. The choice of the Simplified Approach is a consequence of the specificities of these financial assets and the matrix for determining the anticipated credit loss for these financial assets is mainly based on default arrears in terms of loss in default.

13. **Accounting policies and disclosures (continued)**

13.1. Financial instruments (continued)

Impairment of financial assets (continued)

Financial assets are classified into three phases, which changes in the credit quality of the counterparty/ instrument:

- Phase 1 ("regular") - classified financial assets with no indication of an increase in credit risk over the original valuation.
- Phase 2 (“impaired service”) - classifies financial assets with a significant increase in credit risk but
- without objective evidences of impairment/ loss basis ('in default');
- Phase 3 (“in default”) - it classifies financial activity with a significant increase in credit risk and with actual evidences of impairment ('default' activated).

The recoverable amount of the asset is calculated where there is indication of impairment. Impairment loss is determined as a difference between the carrying amount of the financial asset and its estimated recoverable amount and are recognised in profit or loss. When subsequent events result in reduction in previously recognised impairment loss, the adjustment is reported through profit or loss.

Derivatives measured at fair value through profit or loss The

Fund does not enter into derivative transactions.

Financial assets or financial liabilities held for trading

The Fund does not report financial assets or financial liabilities as held for trading.

Date of recognition

Financial assets and liabilities, with the exception of loans and advances, are initially recognised at the date of transaction, i.e. on the date on which the Fund becomes a party to the contractual provisions of the instrument.

Contracts for purchase or sale of financial assets which require settlement of deals within the normal time frame as defined by the market rules, or agreement, are recognized in the financial position report as at the date of settlement.

Initial recognition of financial instruments

Upon initial recognition, the fund's financial assets are classified as such that are subsequently measured at fair value through profit or loss.

The financial asset management business model of the Fund refers to the way it replicates the PX Reference index, regardless of its direction. The business model determines whether cash flows will arise as a result of the collection of contractual cash flows, sale of financial assets, or both.

The purchase or sale of financial assets, whose conditions require delivery of the assets within a given period of time, usually established by a regulation or current practice in the relevant market (regular purchases), are recognised at the date of the transaction (trade), i.e., the date on which the Fund committed to buy or sell the asset.

13. **Accounting policies and disclosures (continued)**

13.1. Financial instruments (continued)

Initial recognition of financial instruments (continued)

Upon initial recognition, the Fund measures the receivables that do not have a significant financing component at the relevant transaction price.

Subsequent measurement

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated at their initial recognition as such at fair value through profit or loss, or financial assets that are required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for sale or re-acquisition within a short period. Financial assets with cash flows that are not only principal and interest payments are classified and measured at fair value through profit or loss, regardless of the business model. Notwithstanding the criteria for debt instruments that are to be classified at amortised cost or at fair value in other comprehensive income, as described above, debt instruments may be designated as such at fair value through profit or loss on initial recognition, if the accounting mismatch is eliminated or significantly reduced.

Financial assets at fair value through profit or loss are reported in the balance sheet at fair value, with net changes in fair value being recognised in the profit and loss account.

This category includes derivative instruments and equity instruments listed on stock exchanges that the Fund has not irrevocably chosen to classify as such at fair value in other comprehensive income. Dividends on such equity instruments are also recognised as other income in the profit and loss account when the entitlement of receiving the payment has been established.

Write-off of financial assets and liabilities

A financial asset (or, where applicable, part of a financial asset or part of a group of similar financial assets) is written-off (i.e., removed from balance sheet of the Company), mainly when:

- the rights to receive cash flows from the asset have expired; or
- the rights to receive cash flows from the asset have been transferred or the Fund is responsible to pay in full received cash flows without significant delay to a third party through a transfer agreement, under which either (a) the Fund has transferred substantially all the risks and benefits of ownership of the asset; or (b) the Fund has neither transferred nor retained substantially all the risks and benefits of ownership of the asset but has not retained the control on it.

Where the Fund has transferred its rights to receive cash flows from the asset or has entered into a transfer agreement, it shall assess whether and to what extent it retains the risks and benefits of the ownership.

When the Fund has neither transferred, nor retained substantially all the risks and benefits of the ownership of the financial asset, nor transferred control of the financial asset, it continues to recognise the transferred asset to the extent of its continuing involvement in the financial asset. In this case, the Fund also recognises the related liability. The transferred asset and the related liability are measured on a basis that reflects the rights and liabilities that the Fund has retained.

13. **Accounting policies and disclosures (continued)**

13.1. Financial instruments (continued)

Write-off of financial assets and liabilities (continued)

Continued interest in the form of a guarantee on the transferred asset is measured at the lower of the initial carrying amount of the asset and the maximum amount of consideration that the Fund may be required to pay.

Compensation of financial assets and liabilities

Financial assets and liabilities are netted, and the net amount is recognised in the balance sheet when the Fund has a legally enforceable right to net the recognised amounts and the transactions are intended to be settled on a net basis.

13.2. Fair value measurement

The Fund measures its investments in financial instruments, such as equity instruments, bonds and other interest-bearing investments at fair value at each reporting date.

Fair value is the price that would be received for the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement of fair value is based on the assumption that the sale of the asset or the transfer of the liability is made either on the principal market of the asset or liability or, in the absence of a principal market, on the most advantageous market for the asset or liability. The principal or most advantageous market must be accessible to the Fund. The fair value of an asset or liability is measured considering the assumptions that a market participant, acting in their economic best interest, would use when pricing the asset or a liability.

The fair value of financial instruments traded in active markets is based on their quoted price, gross of transaction costs. For all other financial instruments that are not traded in an active market. For all other financial instruments that are not traded in an active market, fair value is determined using valuation techniques that are considered appropriate in the circumstances. Valuation techniques include the market approach (i.e. with the help of latest market transactions adjusted for the needs and referring to the current market value of another instrument, which is the same in essence) and income approach (i.e. discounted cash flows analysis and option pricing models which make use of existing and confirming market data).

For assets and liabilities that are measured at fair value on a periodic basis, the Fund determines transfers between levels in the hierarchy through a revaluation of the categorisation (based on the lowest level that is important for measuring fair value as a whole) and considers, that the transfers occurred at the beginning of each reporting period.

13.3. Functional and reporting currency

The functional currency is the currency of the primary economic environment in which the Fund operates. The shares of the Fund are issued in EUR, the net asset value per share and redemption price are calculated in EUR. For this reason, the functional currency of the Fund is EUR.

13. **Accounting policies and disclosures (continued)**

13.4. Transactions in foreign currency

These financial statements are presented in BGN. All financial information in BGN is rounded to one thousand unless otherwise stated.

From 1 January 1999 the exchange rate of the Bulgarian lev (BGN) is pegged to the euro (EUR). For this reason, there are no currency translation differences arising from the use of the BGN as a presentation currency in these financial statements. The exchange rate is BGN 1.95583 / EUR 1.0.

Transactions carried out in foreign currencies are translated into BGN at BNB official exchange rates on the day of transaction. All assets and liabilities denominated in foreign currencies are remeasured on a daily basis.

13.5. Rules for determining the net asset value of the Fund

The net asset value is the total value of all portfolio assets less all liabilities. The Fund applies rules for determining the net asset value, and the developed methodology for determining the net asset value is based on:

- the relevant provisions of the Fund's rules and prospectus;
- the relevant legal provisions and regulations for their implementation;
- the relevant provisions of the accounting legislation;
- the application of generally accepted measurement methods.

The net asset value per share is the basis for determining the subscription and redemption value per share of the Fund. Issued shares are reported at nominal value. The Fund's net asset value per share is calculated as the net asset value divided by the number of shares issued.

13.6. Expenses

Expenses are recognised in profit or loss for the period in which they arise, regardless of cash payments. All expenses related to the Fund's activities, including the remuneration of the Management Company and the Custodian Bank, are recognised in profit or loss on an accrual basis.

The direct costs of shareholders related to the purchase and redemption of shares of the Fund are specified in the Prospectus of the Fund.

Fees and commissions

Fees and commissions expenses are recognised in profit or loss when the corresponding services are performed.

13.7. Taxes

The Fund, as a collective investment scheme, admitted to public offering in the Republic of Bulgaria, enjoys preferential tax treatment and its profits are not subject to corporate tax.

13. Accounting policies and disclosures (continued)

13.8. Share capital. Issue and redemption of shares

The share capital is represented at the nominal value of the Fund's issued and paid shares.

The Fund issues shares at issue value every business day. The issue value per share is formed by the net asset value per share plus the issue costs. The difference between the net asset value per share and the nominal value per share is reported as share premium reserves. Depending on whether the Fund issues its share below or above nominal value, the difference to the nominal value is indicated respectively as a discount or a positive share issue premium. The Fund has the obligation to buy back its shares from their unitholders.

13.9. Cash and cash equivalents

Cash and short-term deposits in the balance sheet include cash in bank accounts, cash and short-term deposits with an initial maturity of three months or less. For the purposes of the cash flow statement, cash and cash equivalents include cash and cash equivalents as defined above.

14. **Changes in accounting policies and disclosures**

The Fund has consistently applied the significant accounting policies presented below for the period presented in these annual financial statements.

The accounting policies adopted in the preparation of the annual financial statements are in accordance with the International Financial Reporting Standards (IFRS) adopted by the European Union. The Fund has not previously adopted other standards, interpretations or amendments that have been published but have not yet entered into force.

Amendments to IFRS 3: Definition of a Business

The amendments are effective for annual periods beginning on or after 1 January 2020 with earlier application permitted. The amendments clarify the minimum requirements for a business and narrow the definition of a business. The amendments also remove the assessment of whether market participants can replace any missing elements, add guidance to help entities assess whether an acquired process is substantive and introduce an optional fair value concentration test. These amendments had no impact on the financial statements of the Fund.

Reform of benchmarks for the highest percentages - IFRS 9, IAS 39 and IFRS 7 (Amendments)

The amendments are in force for annual periods, beginning on or after 1st of January 2020 and must be applied retrospectively. Earlier application is also permitted. The changes posted address issues, that occur while replacing existing interest rates with alternative interest rates. The effects on specific cases of hedge accounting under IFRS 9 Financial Instruments and IAS 39 Financial Instruments are addressed: Recognition and evaluation, that require future-oriented analysis. The amendments provide temporary relief, applicable to hedging requirements, where compliance with these requirements is directly influenced by the benchmark reform. The changes allow the hedge accounting to continue in the uncertainty period until the replacement of existing benchmark interest rates with alternative risk-free interest rates. Amendments to IFRS 7 Financial Instruments have also been made: Disclosures requiring the submission of additional information on hedge uncertainty resulting from the reform. These amendments had no impact on the financial position or performance of the Fund.

14. **Changes in accounting policies and disclosures (continued)**

Amendments to IAS 1 and IAS 8 Definition of Material

The amendments are effective for annual periods beginning on or after 1 January 2020 with earlier application permitted. The amendments clarify the definition of material and how it should be applied by including in the definition guidance that until now has featured elsewhere in IFRS Standards. The amendments also specify that materiality will depend on the nature or magnitude of information. These amendments have no impact on the financial statements of the Company.

Conceptual Framework for Financial Reporting

The IASB issued the revised Conceptual Framework for Financial Reporting on 29 March 2018, which is effective for annual periods beginning on or after 1 January 2020. The Conceptual Framework sets out a comprehensive set of concepts for financial reporting, standard setting, guidance for preparers in developing consistent accounting policies and assistance to others in their efforts to understand and interpret the standards. The main amendments introduced in the revised Conceptual framework for financial reporting are related to measurement, including factors, which should be considered when choosing measurement basis, and to presentation and disclosure, including income and expenses which should be classified in other comprehensive income. The Conceptual framework also provides updated definitions for asset and liability and criteria for their recognition in the financial statements. These amendments had no impact on the financial statements of the Company.

15. Published standards that are not yet in force and have not been adopted earlier

Listed below are the published standards that are not yet effective or have not been adopted earlier by the Fund at the date of these financial statements. It is disclosed how, to a reasonable extent, the disclosures, financial position and operating results are expected to be influenced when the Fund adopts these standards for the first time. This is expected to happen when they come into effect.

IFRS 17: Insurance Contracts

In May 2017, the IASB issued IFRS 17 *Insurance Contracts* (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation, and disclosure. Once effective, IFRS 17 will replace IFRS 4 *Insurance Contracts* (IFRS 4) that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance, and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features.

A few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

IFRS 17 is effective for reporting periods beginning on or after 1 January 2023, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17. The standard has not yet been endorsed by the EU. The Fund will analyse and assess the effects of the changes on its financial position or performance.

15. Published standards that are not yet in force and have not been adopted earlier (continued)

IFRS 17: Insurance Contracts (Amendments), IFRS 4: Insurance Contracts (Amendments)

The amendments to IFRS 17 are effective, retrospectively, for annual periods beginning on or after January 1, 2023, with earlier application permitted. The amendments aim at helping companies implement the Standard. In particular, the amendments are designed to reduce costs by simplifying some requirements in the Standard, make financial performance easier to explain and ease transition by deferring the effective date of the Standard to 2023 and by providing additional relief to reduce the effort required when applying IFRS 17 for the first time. The amendments to IFRS 4 change the fixed expiry date for the temporary exemption in IFRS 4 *Insurance Contracts* from applying IFRS 9 *Financial Instruments*, so that entities would be required to apply IFRS 9 for annual periods beginning on or after January 1, 2023. The Fund will analyse and assess the effects of changes over its financial position and performance.

Amendments to IAS 1: *Classification of Liabilities as Current or Non-current*

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively. The amendments have not yet been endorsed by the EU. The Company will analyze and assess the impact of the new amendments on its financial position or performance.

Amendments to IFRS 3 Business combinations

In May 2020, the IASB issued Amendments to IFRS 3 *Business Combinations - Reference to the Conceptual Framework*. The amendments are intended to replace a reference to the *Framework for the Preparation and Presentation of Financial Statements*, issued in 1989, with a reference to the *Conceptual Framework for Financial Reporting* issued in March 2018 without significantly changing its requirements.

The Board also added an exception to the recognition principle of IFRS 3 to avoid the issue of potential ‘day 2’ gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 *Levies*, if incurred separately. At the same time, the Board decided to clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022 and apply prospectively. The amendments have not yet been endorsed by the EU. The Company will analyze and assess the impact of the new amendments on its financial position or performance.

15. Published standards that are not yet in force and have not been adopted earlier (continued)

Interest Rate Benchmark Reform – Phase 2 – IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 (Amendments)

In August 2020, the IASB published Interest Rate Benchmark Reform – Phase 2, Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, completing its work in response to IBOR reform. The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR). In particular, the amendments provide for a practical expedient when accounting for changes in the basis for determining the contractual cash flows of financial assets and liabilities, to require the effective interest rate to be adjusted, equivalent to a movement in a market rate of interest. Also, the amendments introduce reliefs from discontinuing hedge relationships including a temporary relief from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component. Furthermore, the amendments to IFRS 4 are designed to allow insurers who are still applying IAS 39 to obtain the same reliefs as those provided by the amendments made to IFRS 9. There are also amendments to IFRS 7 *Financial Instruments: Disclosures* to enable users of financial statements to understand the effect of interest rate benchmark reform on an entity's financial instruments and risk management strategy. The amendments are effective for annual periods beginning on or after 1 January 2021 with earlier application permitted. While application is retrospective, an entity is not required to restate prior periods. The Company will analyze and assess the impact of the new amendments on its financial position or performance.

Amendments to IAS 16 Property, Plant and Equipment: Proceeds before Intended Use

In May 2020, the IASB issued Property, Plant and Equipment — Proceeds before Intended Use, which prohibits entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss. The amendment is effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment. The amendments have not yet been endorsed by the EU. The Company will analyze and assess the impact of the new amendments on its financial position or performance.

***Amendments to IAS 37:* Onerous Contracts – Costs of Fulfilling a Contract**

In May 2020, the IASB issued amendments to IAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022. The amendments have not yet been endorsed by the EU. The Company will analyze and assess the impact of the new amendments on its financial position or performance.

15. Published standards that are not yet in force and have not been adopted earlier (continued)

IFRS 1 *First-time Adoption of International Financial Reporting Standards* – Subsidiary as a first-time adopter

As part of its 2018-2020 annual improvements to IFRS standards process, the IASB issued an amendment to IFRS 1 *First-time Adoption of International Financial Reporting Standards*. The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to IFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1. The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted. The amendment has not yet been endorsed by the EU. It is not expected that the amendments would impact the financial position or performance of the Company.

IFRS 9 *Financial Instruments* – Fees in the '10 per cent' test for derecognition of financial liabilities

As part of its 2018-2020 annual improvements to IFRS standards process the IASB issued amendment to IFRS 9. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted. The amendment has not yet been endorsed by the EU. The Company will analyze and assess the impact of the new amendments on its financial position or performance.

IAS 41 *Agriculture* – Taxation in fair value measurements

As part of its 2018-2020 annual improvements to IFRS standards process the IASB issued amendment to IAS 41 Agriculture. The amendment removes the requirement in paragraph 22 of IAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of IAS 41. An entity applies the amendment prospectively to fair value measurements on or after the beginning of the first annual reporting period beginning on or after 1 January 2022 with earlier adoption permitted. The amendment has not yet been endorsed by the EU. It is not expected that the amendments would impact the financial position or performance of the Company.

16. Contingent liabilities and assets

The Fund does not recognise contingent liabilities and contingent assets in its financial statements due to the fact that there are no potential liabilities for which it has not yet been ascertained whether the Fund has any current liabilities or their possible recognition may lead to recognition of income that may never be realised.

17. Events after the reporting period

After 31st December 2020 Expat Czech PX UCITS ETF has been invoiced costs and paid expenses by "Expat Asset Management" EAD at the amount of BGN 41,963.

According to the policy accepted by the Management Company the accrued expenses are to be recovered in the balance of the Management Company and will be included in the NAV with a future date only if NAV surpasses EUR 1,000,000. The Management Company has accepted such policy in order to minimize the weight of common expenses of the Fund in its initial development period in which it is relatively small.

17. Events after the reporting period (continued)

The costs are accrued by the Management Company for the period from December 1st, 2017 to 31st December 2020. The Management Company has invoiced these costs with invoice No67865/05.01.2021 and they have been paid by the Fund and respectively taken into account in the calculations of the NAV for the following dates:

- On 14.01.2021 – BGN 4,987
- On 18.01.2021 – BGN 4,889
- On 19.01.2021 – BGN 5,598
- On 20.01.2021 – BGN 4,401
- On 21.01.2021 – BGN 5,522
- On 22.01.2021 – BGN 5,522
- On 25.01.2021 – BGN 5,522
- On 26.01.2021 – BGN 5,522

There are no other events which have occurred after the financial position reporting date which require further announcing or corrections in the annual report.