Expat Hungary BUX UCITS ETF,
ISIN BGHUBUX01189

ANNUAL REPORT ON THE ACTIVITY AND FINANCIAL STATEMENTS
31 December 2021

Annual Report On The Activity
of „Expat Hungary BUX UCITS ETF" Exchange Traded Fund

for the year ended 31 December 2021

in accordance with Art. 39 of the Accountancy Act

"Expat Hungary BUX 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 4 January 2018. 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 Hungary BUX UCITS ETF has no branches.

The Fund is a passively managed exchange traded fund that follows the model of full physical replication of BUX index of the Budapest Stock Exchange. It is traded on the Zagreb Stock Exchange and Frankfurt Stock Exchange (XETRA) having HUBE 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 Hungary BUX 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 under Art. 82, para. 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 31.12.2021 the total value of the assets of Expat Hungary BUX UCITS ETF amounts to BGN 273 871. The liabilities amount to BGN 475. The net asset value is BGN 273 396. The number of shares at the end of 2020 the units are 900 000, and 160 000 units at the end of 2021. The realized annual return from the beginning of the public offering is negative 2.60% and negative 8.04% for 2021.

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 BUX. In this respect, investing in shares of "Expat Hungary BUX UCITS ETF" involves undertaking a high risk, given that the Reference Index comprises of stocks.

In its operation, "Expat Hungary BUX 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 Hungary BUX 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, there are no other circumstances are projected to impact 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 2021 and 2020.

Assets	**As of 31.12.2021**	**%**	**As of 31.12.2020**	**%**
Cash	45 987	16,79%	465 566	32,67%
Shares	227 884	83,21%	959 556	67,33%
Total assets	**273 871**	**100,00%**	**1 425 122**	**100,00%**

The Fund's total liabilities at the end of 2021 amount to BGN 475, representing liabilities to the Custodian Bank (CB), the Management Company (MC) and other liabilities.

Liabilities	**As of 31.12.2021**	**%**	**As of 31.12.2020**	**%**
Liabilities to custody bank	235	0,08%	353	0,03%
Liabilities to management fee	240	0,09%	1 196	0,08%
Total liabilities	**475**	**0,17%**	**1 549**	**0,11%**
Total liabilities and equity	**273 871**	**100,00%**	**1 425 122**	**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	**2021**	**%**	**2020**	**%**
Loss from operations and remeasurement of financial assets	7 209	1,55%	17 463	3,82%
Expenses associated with foreign currency operations	433 798	93,40%	422 265	92,28%
Other financial expenses	22 633	4,87%	16 497	3,60%
External services expenses	840	0,18%	1 384	0,30%
Total expenses	**464 480**	**100,00%**	**457 609**	**100,00%**

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

Type of income	**2021**	**%**	**2020**	**%**
Income from dividends	28 626	4,30%	8 374	2,34%
Income from operations and remeasurement of financial assets	196 071	29,48%	-	-
Income associated with foreign currency operations	440 387	66,22%	349 985	97,66%
Total income	**665 084**	**100,00%**	**358 359**	**100,00%**

The operating results of the Fund for 2021 and 2020 are shown in the table below:

	2021	**2020**
Income	665 084	358 359
Expenses	464 480	457 609
Net result	**200 604**	**(99 250)**

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. No changes in the managers and the members of the Board of Directors of the management company have occurred during the reporting period.

Following are the managing representatives and members of the Board of Directors of "Expat Asset Management" EAD as of 31.12.2021:

1. Nicola Simeonov Yankov – Chairman of the Board of Directors
2. Nikolay Vassilev Vassilev – Executive Director
3. Daniel Penov Donchev – Executive Director
4. Konstantina Dimitrova Pergelova – Okoliyska – Member of the Board of Directors
5. Nataliya 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 and 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

On February 24, 2022, a military conflict between Russia and Ukraine began, which continued at the date of preparation of this financial statement. The ongoing war and related sanctions have already had a serious impact on the global economy. The main effect is the increase in the prices of energy, grain, as well as basic raw materials. This has a serious effect on global inflation, which is rising significantly. The crisis creates unfavourable conditions for economic activity at a time when price pressures are already high. Price shocks will be felt around the world and authorities must provide fiscal support to poor households for whom food and fuel make up a higher share of spending. These factors, as well as the severely improved sentiment of market participants, would give rise to an increase in volatility in financial markets.

However, the long-term consequences of the crisis and its importance are difficult to assess.

However, the economic and financial impact of the war will be greatest in Russia and Ukraine, followed by the EU due to its strong dependence on Russian gas. Given this dynamic, even a strong US economy will experience a slowdown, and tighter financial conditions and the resulting impact on business, consumer and investor confidence will enhance the macroeconomic impact of the global war.

This event shall be considered as non-correcting occurring after the balance sheet date and, accordingly, no adjustments are reflected in this financial statement.

The management of UD Expat Asset Management believes that the war will not have much effect on the company's business due to the fact that it does not develop business in the region affected by the conflict. However, the potential indirect risks of war are actively managed. The investments of managed funds and portfolios take full account of the situation with the war in Ukraine. Portfolios are invested lower risk than usual and some market risks are hedged through investment risk mitigation tools. UD Expat Asset Management's business has no direct connection to Ukraine and Russia – it does not offer products that are based on this market, there are no offices and subsidiaries, no business relations with companies and customers from these countries. The potential risks to our business are from the possible indirect effect of the war, mainly through falls in global share and bond prices, which would potentially lead to the outflow of our customers.

There are no other events after the reporting period requiring adjustments or disclosures in the Fund's annual financial statements that occurred for the period from the reporting date to the date when that financial statement was approved for issue by the Board of Directors of the Management Company.

Annual Report On The Activity

of "Expat Hungary BUX UCITS ETF" Exchange Traded Fund for the year ended 31 December 2021

(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 2022	Realized tracking error as at 31.12.2021
BGHUBUX01189	Expat Hungary BUX UCITS ETF	Up to 10%	4.79%*

ISIN	Name of the exchange traded fund	2021 ETF return	2021 Index return	2021 Tracking difference
BGHUBUX01189	Expat Hungary BUX UCITS ETF	8.0%	19.4%	(11.4)%

* The realized tracking error is calculated on a weekly basis for 52 weeks prior to 31.12.2021.

For 2022, the tracking error is not expected to exceed 10% deriving from the limited history of trading of exchange traded funds on the Bulgarian market, respectively of "Expat Hungary BUX UCITS ETF".

Tracking error is the volatility (measured by the annualised 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 consistency of the difference in performance between the Fund and the Reference Index.

Date: 25.03.2022

Nikolay Vassilev
Executive Director

NIKOLAY VASSILEV VASSILEV

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Date: 2022.09.08 14:01:27 +03'00'

Daniel Donchev
Executive Director

Daniel Penov Donchev

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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 Hungary BUX UCITS ETF (Fund) is a passively managed fund and adheres to the method of full physical replication of the BUX index. It is admitted to trading on the Bulgarian Stock Exchange and Frankfurt Stock Exchange (XETRA) with a ticker code HUBE. 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 organised 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 177241246. 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 behaviour
- *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: 25.03.2022

Nikolay Vassilev
Executive Director

NIKOLAY VASSILEV VASSILEV
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Date: 2022.09.08 14:03:17 +03'00'

Daniel Donchev
Executive Director

Daniel Penov Donchev
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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 2021	Fixed renumerations	Variable renumerations	Number of receiving parties
BGN 1 1 373 738	BGN 1 174 789	BGN 198 949	19

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 850 378
ii	Employees whose activity is linked to undertaking risks	-
iii	Employees with controlling functions	BGN 75 540
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 271 508
	Total	BGN 1 197 426

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 labour 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 2021 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: 25.03.2022

Nikolay Vassilev

Executive Director

NIKOLAY VASSILEV VASSILEV

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Date: 2022.09.08 14:04:25 +03'00'

Daniel Donchev

Executive Director

Daniel Penov Donchev

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Statement of Comprehensive Income
For the year ended 31 December 2021

BGN'000	***Note***	**01.01.2021-31.12.2021**	**01.01.2020 – 31.12.2020**
Other Income	*3*	29	8
Net profit / (loss) from financial assets, held at fair value through profit and loss	*6*	189	(17)
Profit/(Loss) associated with foreign currency operations		6	(72)
Operating expenses	*4*	(24)	(18)
Operating profit / (loss) for the period		**200**	**(99)**
Tax expenses	*10*	-	-
Profit / (loss) for the period		**200**	**(99)**
Other income		-	-
Total income for the period		**200**	**(99)**
Net income per unit			
Net profit / (loss) per unit (in BGN)	*8*	**0.309**	**(0.130)**

Date: 25.03.2022

Approved by: Prepared by:

Nikolay Vassilev
Executive Director
NIKOLAY VASSILEV VASSILEV Digitally signed by NIKOLAY VASSILEV VASSILEV Date: 2022.09.08 14:05:20 +03'00'

Tatiana Lazarova
Head of Accounting

Daniel Donchev
Executive Director
Daniel Penov Donchev Digitally signed by Daniel Penov Donchev Date: 2022.09.08 14:05:51 +03'00'

The financial statements have been approved for issue by decision of the Board of Directors of the Management Company dated 25.03.2022.

The notes from page 18 to page 45 are integral part of the annual financial statements.

Financial Statements on which the auditing company Kreston BulMar OOD, registration number 119, has issued an auditor's report dated 29 March 2022

Velichka Stoyanova Markova
Procurator

Vyara Petrova Kukova
Registered Auditor

Statement of Profit and Loss
As at 31.12.2021

BGN'000	*Note*	31.12.2021	31.12.2020
Assets			
Cash and cash equivalents	*5*	46	465
Financial assets held at fair value through profit and loss	*6*	228	960
Total assets		**274**	**1 425**
Equity			
Equity		313	1 760
Subscribed Capital		(134)	(231)
Accumulated loss		94	(106)
Total equity	*7*	**273**	**1 423**
Liabilities			
Trade and other payables	*9*	1	2
Total Liabilities		**1**	**2**
Total Equity and Liabilities		**274**	**1 425**

Date: 25.03.2022 г.

Approved by:

Nikolay Vassilev
Executive Director

Daniel Donchev
Executive Director

Prepared by:

Tatyana Lazarova
Head of accounting

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Financial Statements on which the auditing company Kreston BulMar OOD, registration number 119, has issued an auditor's report dated 29 March 2022

Velichka Stoyanova Markova
Procurator

Vyara Petrova Kukova
Registered Auditor

Changes in Equity Statement

for the year ended 31 December 2021

BGN'000	*Note*	Share capital	Share premium account	Profit and Loss	Total
On 1 January 2020		**763**	**(50)**	**(7)**	**706**
Other income					
Loss for the period		-	-	(99)	(99)
Total income		**-**	**-**	(99)	(99)
Contributions from and allocation to owners					
Issue of new units		1 173	(225)	-	948
Redemption of units		(176)	44	-	(132)
Total contributions from and allocations to owners		997	(181)	-	816
On 31 December 2020	*7*	**1 760**	**(231)**	**(106)**	**1 423**
On 1 January 2021		**1 760**	**(231)**	**(106)**	**1 423**
Other income					
Profit for the period		-	-	200	200
Total income		**-**	**-**	200	200
Contributions from and allocations to owners					
Issue of new units		313	(29)	-	284
Redemption of units		(1 760)	126	-	(1 634)
Total contributions from and allocations to owners		(1 447)	97	-	(1 350)
Balance on 31 December 2021	*7*	**313**	**(134)**	**94**	**273**

Date: 25.03.2022 г.

Approved by:

Nikolay Vassilev
Executive Director

Daniel Donchev
Executive Director

Prepared by:

Tatyana Lazarova
Head of Accounting

The financial statements have been approved for issue by decision of the Board of Directors of the Management Company dated 25.03.2022.

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Financial Statements on which the auditing company Kreston BulMar OOD, registration number 119, has issued an auditor's report dated 29 March 2022

Velichka Stoyanova Markova

Procurator

Vyara Petrova Kukova

Registered Auditor

Cash Flow Statement

for the year ended 31 December 2021

BGN'000	***Note***	**01.01.2021 – 31.12.2021**	**01.01.2020 – 31.12.2020**
OPERATING CASH FLOW			
Dividends received		29	8
Income associated with financial assets held at fair value through profit and loss		1 423	-
Payments associated with financial assets held at fair value through profit and loss		(494)	(890)
Payments to counterparties		(18)	(16)
Payments associated with foreign currency operations		(2)	(5)
Net cash flow for operating activities		**938**	**(903)**
CASH FLOW FROM FINANCING ACTIVITY			
Income from issue of units		213	948
Payments for redemption of units		(1 564)	(132)
Payments to counterparties for financing activity		(6)	(1)
Net cash flow from financing activity		**(1 357)**	**815**
Net increase of cash and cash equivalents		**(419)**	**(88)**
Cash and cash equivalents on 1 January		**465**	**553)**
Cash and cash equivalent on 31 December	***5***	46	**465**

Date: 25.03.2022 г.

Approved by:

Nikolay Vassilev
Executive Director

Daniel Donchev
Executive Director

Prepared by:

Tatyana Lazarova
Head of Accounting

The financial statements have been approved for issue by decision of the Board of Directors of the Management Company dated 25.03.2022.
The notes from page 18 to page 45 are integral part of the annual financial statements.

Financial Statements on which the auditing company Kreston BulMar OOD, registration number 119, has issued an auditor's report dated 29 March 2022

Velichka Stoyanova Markova
Procurator

Vyara Petrova Kukova
Registered Auditor

Notes to the Annual financial statements

1. Status and scope of activity

Expat Hungary BUX 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 on 4 January 2018 in the Bulstat Register at the Registry Agency under BULSTAT code 177241246. The registered office of the Fund and the Management Company is in Sofia, Postal code 1000, 96A, "Georgi S. Rakovski" St.

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

The units of the Fund may be redeemed from investors at their request.

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) Active company

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 an active company, and respectively, that it is appropriate to prepare the financial report on the basis of the assumption for an active company.

The Fund has prepared its financial report for the year ended 31 December 2021 on the basis of the assumption that it is an active company, 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.

(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.

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.

2. Basis of preparation (continued)

- 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	**01.01.2021 – 31.12.2021**	**01.01.2020 – 31.12.2020**
Income from dividends	29	8
Total income	**29**	**8**

4. Operating expenses

BGN'000	**01.01.2021 – 31.12.2021**	**01.01.2020 – 31.12.2020**
Fees to stock exchange registration and mediators	2	2
Fees and commissions to custodian bank	8	5
Fees and commissions to Management Company	12	11
Fees and commissions to investment intermediaries	2	-
Total operating expenses	**24**	**18**

The Management Company has accrued BGN 51 thousand for set-up and administration not included in the net asset value as of 31.12.2021. These expenses are owed to the MC and will be expensed in the net asset value on a future date only if and when the Fund's NAV exceeds EUR 1 000 thousand. The Management Company has followed such a policy that it minimises the total expenses of the Fund at the starting point when the Fund size is relatively small.

5. Cash and cash equivalents

BGN'000	**31.12.2021**	**31.12.2020**
Cash in bank accounts in BGN and other currency	46	465
Cash and cash equivalents	**46**	**465**
Cash and cash equivalents in Cash flow statement	**46**	**465**

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

Changes in liabilities stemming from financial activity

5. Cash and cash equivalents (continued)

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 31.12.2021, nor as of 31.12.2020.

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

BGN'000	2021	2020
Financial assets at fair value through profit and loss		
Quoted shares	*228*	*960*
Financial assets held at fair value in other income		
Unquoted shares	-	-
Quoted debt instruments	-	-
Total financial assets at fair value	**228**	**960**

The financial assets at fair value through profit or loss of Expat Hungary BUX UCITS ETF includes non-controlling shares in public companies operating in Hungary. The company is a passively managed fund and adheres to the method of full physical replication of the BUX index, made up of shares denominated and traded in Hungarian forint. The fair values of those shares in equity are determined by reference to published quoted market price quotations.

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 Budapest Stock Exchange on the last working day of the respective reporting period.

The structure of the Fund's financial assets measured at fair value through profit and loss as at 31 December 2021 and 31 December 2020 is as follows:

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

Financial instrument type — Shares
Regulated market on which they are traded — Budapest Stock Exchange

Issuer	Number	Amount at the end of reporting period, BGN	Percentage of the total amount of assets
Otp Bank	916	80 553	29,41%
Mol Hungarian Oil And Gas Pl	4 143	55 309	20,20%
Richter Gedeon Rt.	1 181	54 588	19,93%
Magyar Telekom Telecommunica	6 484	14 135	5,16%
Graphisoft Park Se	124	2 509	0,92%
4IG	642	2 905	1,06%
Cig Pannonia Life Insuranc-A	788	1 618	0,59%
Any Security Printing Co	212	1 741	0,64%
Pannergy PLC	212	1 168	0,43%
Waberer'S International Nyrt	92	1 150	0,42%
Akko Invest PLC	363	816	0,30%
Appeninn Holding	450	579	0,20%
Autowallis PLC	1 820	1 157	0,42%
Masterplast Nyilvanosan Muko	98	2 129	0,78%
Opus Global Nyilvanosan MU	6 897	7 527	2,75%
TOTAL	**24 422**	**227 884**	**83.21%**

Financial instrument type — Shares
Regulated market on which they are traded — Budapest Stock Exchange

Magyar Telekom Telecommunica	28 100	57 392	4,03%
Opus Global Nyilvanosan MU	16 300	25 407	1,78%
Budapest Real Estate PLC	7 600	11 152	0,78%
4IG	3 500	11 964	0,84%
Graphisoft Park SE	460	8 406	0,59%
Richter Gedeon RT.	6 820	272 721	19,14%
OTP Bank	3 989	286 438	20,10%
Mol Hungarian Oil and Gas PLC	24 304	286 076	20,07%
TOTAL	**91 073**	**959 556**	**67,33%**

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	**01.01.2021-31.12.2021**	**01.01.2020 – 31.12.2020**
Income /(expenses) from remeasurement of financial assets held through profit and loss	147	(17)
Income /(expenses) from operations of financial assets held through profit and loss	42	
Net profit/(loss) from financial assets held at fair value through profit and loss	**189**	**(17)**
Net loss from currency transactions	6	(72)
Net profit from financial assets	**195**	**(89)**

7. Equity

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

BGN'000	**Number of shares**	**Amount 31.12.2021**	**Number of shares**	**Amount 31.12.2020**
As at 1 January	900 000	1 423	390 000	706
Issued new units	160 000	284	600 000	948
Redeemed of units	(900 000)	(1 634)	(90 000)	(132)
Profit/Loss for the period	-	200	-	(99)
As at 31 December	160 000	273	900 000	1 423

In BGN	**31.12.2021**	**31.12.2020**
Net asset value per unit (in BGN)	1.7088	1.5817

Equity

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

- Units entitle its holder to a proportional unit of the Fund's net assets at any time and in the event of the Fund being dissolved;
- Units 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 units 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 units 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 units.

7. Equity (continued)

Share premium account

The Fund's assets are divided into units. The nominal value of the shares is 1 (one) euro. The units of the Fund are acquired at issue price. The number of Fund's units changes as a result of their sale or redemption. The difference between the issue and nominal value of the units 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 activity requirements for the collective investment schemes, managing companies, national investment funds and the persons managing alternative investment funds. The Fund has already met this requirement.

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 unit

	01.01.2021 - 31.12.2021	01.01.2020 – 31.12.2020
Net profit/(loss) per unit in BGN for the period	0.309	(0.130)

Net profit/(loss) per unit 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 units is 648 876 in 2021 (763 720 in 2020). 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	31.12.2021	31.12.2020
Liabilities to Custodian Bank and AM	1	2
Total liabilities	**1**	**2**

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 31.12.2021, 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 were 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;

- Remuneration under Management contract;

Information about Expat's contractual funds' investments in Expat Hungary BUX UCITS ETF is shown in the table below.

As at 31 December 2021

Contractual Fund	Investment in:	Shares	Value in BGN at the end of the period
Expat Developed Markets Equities	Expat Hungary BUX UCITS ETF	1 040	1 773
Expat Emerging Markets Equities	Expat Hungary BUX UCITS ETF	6 139	10 468

As at 31 December 2020

Contractual Fund	Investment in:	Shares	Value in BGN at the end of the period
Expat Developed Markets Equities	Expat Hungary BUX UCITS ETF	2 540	4 011
Expat Emerging Markets Equities	Expat Hungary BUX UCITS ETF	841	1 328

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 valuation 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 show an analysis of the quantitative disclosures regarding the hierarchy of the financial instruments, valued at fair value in levels, in which they fall:

12. Financial instruments (continued)

31 December 2021

In BGN' 000	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial Assets				
Otp Bank	80 553	-	-	80 553
Mol Hungarian Oil And Gas Pl	55 309	-	-	55 309
Richter Gedeon Rt.	54 588	-	-	54 588
Magyar Telekom Telecommunica	14 135	-	-	14 135
Graphisoft Park Se	2 509	-	-	2 509
4Ig	2 905	-	-	2 905
Cig Pannonia Life Insuranc-A	1 618	-	-	1 618
Any Security Printing Co	1 741	-	-	1 741
Pannergy Plc	1 168	-	-	1 168
Waberer'S International Nyrt	1 150	-	-	1 150
Akko Invest Plc	816	-	-	816
Appeninn Holding	579	-	-	579
Autowallis Plc	1 157	-	-	1 157
Masterplast Nyilvanosan Muko	2 129	-	-	2 129
Opus Global Nyilvanosan Mu	7 527	-	-	7 527
Total	**227 884**	**-**	**-**	**227 884**

31 December 2020

In BGN' 000	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial Assets				
Magyar Telekom Telecommunica	57 392	-	-	57 392
Opus Global Nyilvanosan MU	25 407	-	-	25 407
Budapest Real Estate PLC	11 152	-	-	11 152
4IG	11 964	-	-	11 964
Graphisoft Park SE	8 406	-	-	8 406
Richter Gedeon RT.	272 721	-	-	272 721
OTP Bank	286 438	-	-	286 438
Mol Hungarian Oil and Gas PL	286 076	-	-	286 076
Total	**959 556**	**-**	**-**	**959 556**

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 BUX index of shares. In this respect, investing in shares of "Expat Hungary BUX UCITS ETF" involves undertaking a high risk, given that the Reference Index comprises of stocks.

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

12. Financial instruments (continued)

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 Hungary BUX 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 has both a direct and indirect impact on the financial markets, thus affecting the return of Expat Hungary BUX UCITS ETF. The indirect effect is observed in terms of a significant decline in economic activity in the first half of the year, which is not offset by a drastic increase in the second half. This affects the revenues and profits of most sectors. In addition, business forecasts are also deteriorating, and credit risk is rising. Capital markets reacted adequately with a sharp decline in February and March. Statistics of the number of people infected with the COVID-19 virus were often used as an economic indicator, respectively expressing a strong correlation with the main market indices. This phenomenon presented the direct effect of the pandemic on the financial markets - any positive news about the declining rate of infections and deaths, as well as news of a breakthrough in the development of vaccines, led to rising stock prices on stock exchanges.

These effects will not be limited to a specific asset class, sector or jurisdiction, and will therefore affect the performance of Expat Hungary BUX UCITS ETF and other Expat exchange traded funds that follow the main stock indices of the Central and Eastern European countries.

Currency risk

The Fund is created and traded in EUR but the reference index BUX comprises of shares denominated and traded in Hungarian forint. For this reason, the value of the Fund's financial assets depends on the change in the exchange rate of the Hungarian forint against the euro and the lev.

From 1 January 1999 the currency 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.

12. Financial instruments (continued)

Risk profile and risk management (continued)

A 5% change in the currency rate of euro vs. Hungarian forint would have the following effect on the profit/loss of the Fund, based on the Fund's portfolio as at 31.12.2021 and 31.12.2020:

Effect on profit/loss in BGN'000	31.12.2021	31.12.2020
5% appreciation of Hungarian forint vs euro	14	71
5% depreciation of Hungarian forint vs euro	(14)	(71)

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 31.12.2021 and 31.12.2020:

Effect on profit/loss in BGN'000	31.12.2021	31.12.2020
5% increase of market prices	14	71
5% decrease of market prices	(14)	(71)

Management company's inability to adapt to market developments

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

Liquidity risk

Risk associated with the possibility of losses or loss of profits from imperative or coercive sales of assets under adverse market conditions (such as low demand in the presence of oversupply). Liquidity risk also exists where the Fund may need to buy back the shares of investors. The Fund invests in listed shares which, under normal market conditions, are quickly and easily marketable, which significantly reduces exposure to that risk.

12. Financial instruments (continued)

Risk profile and risk management (continued)

Issuance and redemptions

If orders for the issue and redemption of shares are received late or do not meet the requirements of the Prospectus and the Fund Rules, this would lead to a delay between the time of placing the order and the actual date of issue or redemption. Such postponement or delay may lead to a decrease in the number of shares or the amount of redemptions.

Trading on a regulated market

There is no certainty that trading in the Fund's shares will be maintained or that the conditions for admission to trading will not change. Furthermore, trading in shares on a stock exchange may be suspended under the rules of the relevant exchange due to market conditions and investors may not be able to sell their shares until trading has been restored.

Regulatory risk

The Fund is presented in its prospectus, which has been drawn up in accordance with the laws and regulations in force. 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 may not allow or significantly limit the possibility for the Fund to invest in certain instruments. They may also prevent the conclusion of contracts with certain third parties. This may impair the Fund's ability to meet relevant investment objectives and policies. The implementation of such new or modified laws, rules and regulations may result in an increase in all or some of the Fund's costs and restructuring of the Fund in order to comply with the new rules. Such possible restructuring may include restructuring costs. Where resolution is not possible, recourse may be had to the termination of the Fund.

The assets of the Fund and the Reference Index are subject to a change in laws or regulations and/or such change may affect their value and/or liquidity.

Operational risk

Operational risk relates to the possibility of losses due to errors or imperfections in the organisation system, understaffed staff, adverse external events of a non-financial nature, including legal risk. The management company shall define a short-term and long-term strategy in the management of operational risks arising in the management of the Fund's business and portfolio described in the Fund's Risk Assessment and Management Rules.

Risk of error when following the Reference Index

Following the Benchmark Index by investing in all index positions can prove costly and difficult to implement. The portfolio manager can use optimization techniques, such as selecting individual Index positions in proportions that differ from those in the Index. The use of such optimisation techniques may increase the follow-up error and lead to a different performance of the Fund to the Index.

12. Financial instruments (continued)

Risk profile and risk management (continued)

Similarly, existing restrictions on or future changes in the law and regulations of the Exchange Traded Fund in respect of, but not limited to, the composition, concentration and manner of valuation of assets may lead to the Fund's inability to replicate the index fully. Also, exchange-traded funds in low liquidity markets are at greater risk of error when following an index.

Reference index

In the event of an event affecting the Index, the Fund may have to suspend the purchase and redemption of shares. The revaluation of the Fund may also be affected. In the case of ongoing problems with the Index, the Fund will take appropriate action that may reduce the net asset value of the Fund.

Systemic risks

Systemic risks depend on general fluctuations in the economy and markets as a whole. The Fund may not influence systemic risks, but shall take them into account and comply with them. Risks posed by political and economic situations are possible instability or military action in the region. Disasters and accidents are factors complicating any risk management system. The consequences are difficult to predict, but access to information and the implementation of a forecasting system and actions in extreme situations are possible ways to minimize the negative effect.

13.Accounting policies and disclosures

The Fund has consistently implemented the significant accounting policies presented below for the period presented in this annual financial statement.

The accounting policies adopted in the preparation of the annual financial statements comply 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 are not yet in force.

IFRS 16 Leasing, effective as of 2020, has no impact on the Fund's annual financial statements.

The Fund recognises a financial asset or financial liability in its statement of financial position then and only when it becomes a party to the contractual terms of that instrument

Contracts for the purchase or sale of financial assets requiring settlement of transactions within the normal time established by market rules or agreement shall be recognised in the statement of financial position at the settlement date.

Classification and evaluation

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

The evaluation of the Fund's business model shall be carried out at the date of initial application. The assessment of whether contractual cash flows on debt instruments consist only of principal and interest shall be made on the basis of the facts and circumstances of the initial recognition of the assets.

The requirements for the classification and measurement of IFRS 9 have no material impact on the Fund and it continues to report at fair value all financial assets previously accounted for at fair value under IAS 39.

In order to determine the classification and valuation category under IFRS 9, all financial assets, excluding equity instruments and derivatives, should be valued on the basis of a combination of the Asset Management Fund's business model and the contractual characteristics of the cash flow of the instruments.

13.Accounting policies and disclosures (continued)

Classification and evaluation (continued)

The financial asset valuation categories are as follows:

Trade receivables, Dividend Receivables and Other Non-Current Receivables (i.e. receivables from related parties, receivables on trade loans, etc.) classified as Trade Receivables and Trade and other non-current receivables are held for the purpose of obtaining contractual cash flows and lead to cash flows representing only principal and interest payments and are classified and measured as Debt Instruments at amortized cost.

13.1 Financial instruments

- Listed capital investments are classified as Fair Value Financial Assets in profit or loss.

Business Model Assessment

The Fund defines the following business models for financial asset management:

- A business model aimed at holding assets to collect contractual cash flows. Includes assets that are managed to collect contractual payments over the entire duration of the instrument;
- A business model aimed at realizing cash flows by selling the asset. Those financial assets for which the Fund intends to monitor their current fair value, which is the basis of decisions to carry out purchase and sale transactions, shall be classified; there are certificates of active activity of purchase and sale; contractual cash flows from the asset are not composed solely of principal and interest payments; the collection of contractual cash flows from such assets are only in addition to achieving the main objective – realisation of cash flows from sale

Valuation categories of financial assets and liabilities

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

The Fund classifies its receivables at amortised cost because they are held within a business model aimed at holding the assets in order to collect contractual cash flows. The Fund classifies its financial liabilities as commercial liabilities measured at amortised cost.

13. Accounting policies and disclosures (continued)

13.1 Financial instruments (continued)

Financial assets and liabilities

Trade receivables and payables (amortised cost)

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

- which the Fund intends to sell immediately or in the near future;
- which the Fund, at initial recognition, has determined at fair value through profit or loss or as available for sale;
- for which the Fund cannot substantially recover its entire initial investment for a different reason from that resulting from a deterioration in the exposure that has been identified as available for sale.

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 which are necessarily required to be measured at fair value through profit or loss under IFRS 9. Upon initial recognition, the Management Company shall determine an instrument at fair value through profit or loss where one of the following criteria is met. This categorisation is defined at instrument level:

- The determination eliminates or significantly reduces the inconsistent treatment that would otherwise arise from the measurement of assets or liabilities or from the recognition of gains or losses there from on a different basis, or
- Liabilities are part of a group of financial liabilities (or financial assets, or both) that are managed and their results measured on a fair value basis, in accordance with documented risk management or investment strategy, or
- Liabilities containing one or more embedded derivatives, unless they materially alter the cash flows that would otherwise be required by the contract or is clear, in little or no analysis, where a similar instrument is first considered to be the division of the embedded derivative(s) prohibited.

Financial assets and financial liabilities at fair value through profit or loss are recorded in the statement of financial position at fair value. Changes in fair value are recorded in profit and loss.

Dividend income from equity instruments recorded at fair value through profit or loss shall be at all profit or loss as operating income when entitlement to payment is established.

Impairment of financial assets

IFRS 9 requires the Fund to record a correction for expected credit losses for all financial assets that are not held at fair value through profit or loss. The correction shall be based on expected losses related to the likelihood of default over the next twelve months, unless there has been a significant increase in credit risk since the asset occurred.

13. Accounting policies and disclosures (continued)

13.1 Financial instruments (continued)

The management company shall conduct a periodic review for indications of impairment of the carrying amount of the Fund's assets as follows:

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

The Fund applies a simplified impairment approach for trade receivables, where credit loss allowance is determined on the basis of expected credit losses for the entire duration of the instrument. The choice of the simplified approach is a consequence of the specificities of those financial assets and the matrix for determining expected credit losses for those financial assets is mainly based on admitted arrears in respect of default loss periods.

Financial assets are classified in three phases according to changes in the credit quality of the counterparty/instrument:

- phase 1 ('regular') – financial assets are classified without any indication of an increase in credit risk relative to the initial valuation.
- phase 2 ("impaired service")– financial assets with a significant increase in credit risk are classified, but without objective evidence of impairment / grounds for loss-bearing ('default');
- phase 3 ('default') – financial assets with a significant increase in credit risk and objective evidence of impairment (assets for which there has been a 'default' are classified.

Where there are indications of impairment, the recoverable amount of the assets shall be calculated. Impairment losses are defined as the difference between the book value of the financial asset and its estimated recoverable amount and are recognised in profit or loss. Where subsequent events result in a decrease in impairment losses already reported, the adjustment shall be accounted for through profit or loss.

Derivatives at fair value in profit or loss

The Fund does not enter into derivative transactions.

Financial assets or financial liabilities held for trading

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

Date of recognition

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

Contracts for the purchase or sale of financial assets requiring settlement of transactions within the normal time established by market rules or agreement shall be recognised in the statement of financial position at the settlement date.

Initial recognition of financial instruments

At their initial recognition, the fund's financial assets are classified as those subsequently measured at fair value in profit or loss.

The Financial Asset Management Fund's business model refers to the way it replicates the BUX 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, the sale of financial assets, or both.

13. Accounting policies and disclosures (continued)

13.1 Financial instruments (continued)

Purchases or sales of financial assets whose terms require the delivery of the assets within a given period of time, normally established by a regulatory provision or practice in place on the relevant market (regular purchases), shall be recognised on the trading date (the transaction), i.e. on the date on which the Fund has committed to buy or sell the asset.

At initial recognition, the Fund shall assess claims that do not have an essential financing component at the relevant transaction price.

Ex-post evaluation

Financial assets at fair value in profit or loss

Financial assets at fair value in profit or loss include financial assets held for trading and financial assets identified at initial recognition as such at fair value in profit or loss, or financial assets that are necessarily required to be measured at fair value. Financial assets shall be classified as held for trading if they are acquired for sale or re-acquisition at short notice. Cash-flow financial assets that are not solely principal and interest payments are classified and measured at fair value in profit or loss, regardless of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised or fair value in other comprehensive income as described above, debt instruments may be defined as such at fair value in profit or loss at initial recognition if this eliminates or substantially reduces the accounting mismatch.

Financial assets at fair value in profit or loss are in the statement of financial position at fair value, with net changes in fair value recognised in the income statement.

This category includes derivative instruments and listed equity instruments 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 income statement when entitlement to payment is 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 the Statement of Financial Position of the Company), mainly where:

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

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

13. Accounting policies and disclosures (continued)

13.1 Financial instruments (continued)

Where it has neither transferred nor substantially retained all the risks and benefits of ownership of the financial asset nor transferred control of it, it shall continue to recognise the transferred asset to the extent that it continues to participate in it. In this case, the Fund shall also recognise the related obligation. The transferred asset and related obligation shall be valued on a basis that reflects the rights and obligations that the Fund has retained.

A continuing holding that takes the form of a guarantee on the transferred asset shall be 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.

Offsetting of financial assets and liabilities

Financial assets and liabilities are netted and net worth is recorded in the statement of financial position when the Fund has a legally entered into force right to net recognised values and 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-rate 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 for the transfer of a liability between market participants at the measurement date. The measurement of fair value is based on the assumption that the transaction for the sale of the asset or the transfer of the liability is carried out either on the main market of the asset or liability or, in the absence of a major market, on the most advantageous market for the asset or liability. The main or most advantageous market must be available to the Fund. The fair value of the asset or liability shall be measured, using assumptions that market participants would use when pricing the asset or liability, taking into account that market participants are acting in their best economic interest.

The fair value of financial instruments traded on active markets at the reporting date shall be based on their quotation, without deduction of transaction costs. For all other financial instruments that are not traded on an active market, fair value is determined using valuation techniques that are considered appropriate in the circumstances . options using as much available and supporting market data as possible).

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

13. Accounting policies and disclosures (continued)

13.3 Functional currency and currency of presentation

The functional currency is the currency of the primary economic environment in which the Fund operates. The shares of the Fund shall be issued in euro, the net asset value per unit and the redemption price shall be calculated in euro, therefore the functional currency of the Fund shall be eur.

This financial statement is presented in Bulgarian leva (BGN). All financial information presented in BGN is rounded up to a thousand, unless otherwise stated.

Since 1 January 1999 the exchange rate of the Bulgarian lev (BGN) has been fixed to euro (EUR). For this reason, this financial statement does not have a reported effect of currency differences arising from the use of the Bulgarian lev as a currency of presentation. The exchange rate is BGN 1.95583 / EUR 1.0.

13.4 Foreign currency transactions

Transactions carried out in foreign currencies are transformed into BGN at the official rates of the BNB for the day of the transaction. All foreign currency-denominated assets and liabilities are revalued daily.

13.5 Rules for determining the net asset value of the fund

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

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

The net asset value per unit is the basis for determining the issue value and redemption price of one share of the Fund. The units issued shall be reported at nominal value. The net asset value of the Fund per unit shall be calculated by dividing the net asset value by the number of units issued.

13.6 Expenditure

Expenses are recognised in gains and losses for the period in which they occurred, regardless of cash payments. All costs related to the fund's activities, including the remuneration costs of the Management Company and the depositary bank, shall be recognised in accruals and losses.

The direct costs of unit-holders related to the purchase and redemption of units of the Fund are specified in the Prospectus of the Fund.

Fees and commissions

Fees and commissions are recognised in profit and loss with the provision of the relevant services.

13.7 Taxes

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

13. Accounting policies and disclosures (continued)

13.8 Fixed capital. Issue and redemption of shares

The basic capital is presented at the nominal value of the units issued and paid of the Fund.

The Fund issues shares at issue value each working day. The issue value of a unit is formed by the net asset value per unit plus issuance costs. The difference between the net asset value per unit and the nominal value of a unit shall be recorded as premium reserves. Depending on whether the Fund issues its shares at face value or above par, the difference up to the nominal value shall be indicated respectively as a weath or a positive premium for the issue of shares. The Fund has an obligation to buy back its shares from its holders.

13.9 Cash and cash equivalents

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

14.Changes toread-throughpolicies and disclosures

The Fund has consistently implemented 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 comply 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 are not yet in force.

As at the date of this financial statement, the following amendments to standards have been published and entered into force for annual reporting periods beginning on 01.01.2021:

Amendment to IFRS 4 – Extension of the period of application of the temporary exemption from IFRS.

The amendment to IFRS 4 Insurance Contracts changes the fixed expiry date in IFRS 4 from the application of IFRS 9 Financial Instruments (applying IAS 39 Financial Instruments: Recognition and Measurement) instead of IFRS 9), so that entities that primarily carry out insurance activities that benefit from this option will apply IFRS 9 for annual periods, beginning on or after 01.01.2023 together with the new IFRS 17 Insurance Contracts.

The perception of the change has had no effect on the financial position or performance of the Fund.

Amendment to IFRS 16 Lease – Rental discounts in the context of COVID- 19 after 30 June 2021 (Adopted for use in the EU).

In May 2020, the IASB amended IFRS 16 (according to the EC Regulation in force from 01.01.2020) on rental rebates in the context of COVID-19, including remission or deferral of lease installments, providing a practical expedient measure to lessees to account for rental rebates arising as a direct consequence of COVID-19. This practical expedient measure was applicable to rental rebates where a reduction was made to lease payments originally due on or before 30 June 2021.

In March 2021, the IASB issued a new amendment to IFRS 16 on rental rebates after 30 June 2021 (Amendment to IFRS 16), which prolongs the practicable measure to apply to reductions in lease payments originally due on or before 30 June 2022 (and not only to those due on or before 30 June 2021). The

14.Changes in accounting policies and disclosures (continued)

Amendment to IFRS 16 Lease – Rental discounts in the context of COVID- 19 after 30 June 2021 (Adopted for use in the EU). (continued)

practically expedient measure allows the lessee to choose not to assess whether the COVID-19-related rental discount is an amendment to the lease. A lessee who makes this choice must take into account any

change in lease payments resulting from COVID-19-related rental rebates applying IFRS 16 as if the change were not an amendment to the lease. The practicable measure shall apply only to rental rebates arising as a direct consequence of COVID-19 and if all of the following conditions are met:

The change in lease payments results in a revised lease consideration that is essentially the same or less than the lease consideration immediately preceding the change;

Any reduction in lease payments concerns only payments originally due on or before 30 June 2022 (rental discount meets this condition if it results in reduced lease payments on or before 30 June 2022 and increased lease payments that continue after 30 June 2022);

There are no material changes to the other terms of the lease.

Undertakings applying the practicable measure must disclose this fact and whether the measure has been applied to all eligible rental rebates or, if not, information on the nature of the contracts to which it is applied and the amount recognised in profit or loss resulting from rental rebates.

As a result of the new amendment to IFRS 16 from 2021, if the lessee has already applied the original practical expedient, it must continue to apply it consistently to all leases with similar characteristics and in similar circumstances, using the subsequent amendment to IFRS 16. If a lessee has not applied the original practical expedient to eligible rental rebates, it shall be prohibited from applying the practicable measure in the amendment to IFRS 16 from 2021.

However, if the lessee has not yet defined an accounting policy for the application (or not) of the practicable measure in respect of eligible rental rebates, it may decide to do so.

The perception of the change has had no effect on the financial position or performance of the Fund.

Amendments to IFRS 9 Financial Instruments, IAS 39 Financial Instruments: Recognition and Measurement, IFRS 7 Financial Instruments: Disclosure, IFRS 4 Insurance Contracts and IFRS 16 Leases - Base Rate Reform - Phase 2 (Adopted for Use in the EU).

The amendments concern issues that may affect financial reporting following the reform of reference interest rates, including their replacement by alternative interest rates.

In September 2019, the IASB published a related amendment to IFRS 9, IAS 39 and IFRS 7 as a result of phase 1 of the project relating to hedge accounting relief.

The reform of base interest rates may lead to a change in the basis for determining contractual cash flows under concluded contracts. The amendment to IFRS 9 Phase 2 Financial Instruments provides as a practical expedient in replacing an existing base rate with an alternative base rate in respect of a financial asset or financial liability should not recognise immediate profit or loss. Instead, undertakings are required to update the effective interest rate in the same way that they would account for changes in market interest rates in respect of floating rate financial instruments under par. B5.4.5 of IFRS 9.

14.Changes in accounting policies and disclosures (continued)

Amendments to IFRS 9 Financial Instruments, IAS 39 Financial Instruments: Recognition and Measurement, IFRS 7 Financial Instruments: Disclosure, IFRS 4 Insurance Contracts and IFRS 16 Leases - Base Rate Reform - Phase 2 (Adopted for Use in the EU) (continuationed).

The practicable measure shall be applied subject to both conditions: (a) the change is necessary as a direct consequence of the reform of the base rate; and (b) the new basis for determining contractual cash flows is economically equivalent to the previous base (the basis immediately prior to the change). If these two conditions are not met, it must be assessed whether the changes require the write-off of the initial financial instrument or a modification without unsubscribe.

IFRS 7 Financial Instruments: Disclosure has also been amended requiring additional disclosures that allow consumers to understand the nature and extent of the risks arising from the reform of the underlying interest rates to which the entity is exposed and how an entity manages those risks.

Lessees shall, as a practical expedient, apply par. 42(b) of IFRS 16 Leasing, taking into account the change in the reference rate in respect of variable lease payments as a revaluation of the lease liability using a discount rate that reflects the change in the reference interest rate.

The perception of the change has not had a material impact on the financial position or performance of the Fund.

15.Published standards not yet in force and not adopted earlier

The published new and amended standards and their interpretations, which are not yet in force until the date of issue of the Fund's financial statements, are disclosed below. The Fund intends to apply these new and amended standards and interpretations, provided that they are applicable when they enter into force.

As at 31 December 2021, the following amendments to existing standards and a new standard have been published, which are not mandatory for the annual reporting periods ending on 31.12.2021:

Amendment to IAS 16 – Property, plant and equipment – proceeds before the intended use (accepted for use in the EU).

In May 2020, the IASB published an amendment to IAS 16 Property, Plant and Equipment called "Property, Plant and Equipment - Proceeds Before Intended Use", prohibiting undertakings from deducting from the value of a property, plant or facility proceeds from the sale of units produced while the asset is brought to the location and condition necessary to be able to operate in the manner provided for by management. Instead, an entity should recognise the proceeds from the sale of such units and the cost of producing those units in profit or loss.

The amendment shall apply retroactively to items of property, plant and equipment that are available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

The Fund will analyse and assess the effects of the changes on its financial position or performance.

Amendment to IAS 37 – Onerous contracts – costs of performance of a contract (adopted for use in the EU).

In May 2020, the IASB published an amendment to IAS 37 Provisions, Contingent Liabilities and Contingent Assets to specify which costs an entity should include when assessing whether a contract is onerous or loss-bearing. The amendment applies a 'directly related cost approach'. Costs directly linked to a contract for the provision of goods or services shall include both additional costs and allocated costs directly linked to the activities of the contract. General and administrative costs do not relate directly to a contract and are

15.Published standards not yet in force and not adopted earlier (continued)

Amendment to IAS 37 – Onerous contracts – costs of performance of a contract (adopted for use in the EU). (continued)

excluded, unless they are explicitly due to the counterparty to the contract. The amendment shall apply for annual reporting periods beginning on or after 01.01.2022.

The Fund will analyse and assess the effects of the changes on its financial position or performance.

Amendment to IFRS 3 – Reference to the Conceptual Framework (adopted for use in the EU).

In May 2020, the IASB published an amendment to IFRS 3 Business Combinations – "Reference to the Conceptual Framework". The amendment aims to replace the reference to the General Terms and Conditions for the preparation and presentation of financial statements issued in 1989 with a reference to the Financial Reporting Conceptual Framework issued in March 2018, without substantially changing the requirements. The Board also added an exception to the recognition principle in IFRS 3 to avoid the question of potential subsequent gains or losses arising from liabilities and contingent liabilities that would be within the scope of IAS 37 or an interpretation of IFRIC 21 Levies if they occurred separately. At the same time, the Council decided to clarify the existing guidelines in IFRS 3 for contingent assets that will not be affected by replacing the reference to the General Terms for the preparation and presentation of financial statements.

The amendment shall apply for annual reporting periods beginning on or after 01.01.2022 and shall apply in the future.

The Fund will analyse and assess the effects of the changes on its financial position or performance.

Annual improvements to IFRS 2018-2020 cycle (adopted for use in the EU).

These successive Annual Improvements to IFRS amend the following standards: IFRS 1, IFRS 9, IAS 41 and IFRS 16.

IFRS 1 First-time Application of International Financial Reporting Standards – A subsidiary as an entity applying IFRS for the first time.

The amendment allows a subsidiary that chooses to apply par. D16(a) of IFRS 1 to measure cumulative recalculation differences using amounts reported by the parent entity based on the parent entity's date of transition to IFRS. This amendment shall also apply to an associate or joint venture that chooses to apply par. D6(a) of IFRS1. The amendment shall apply for annual reporting periods beginning on or after 01.01.2022 and earlier application is permitted.

The amendment is not applicable to the fund's activities.

IFRS 9 Financial Instruments - Fees at the "10 percent" threshold for write-off of financial liabilities.

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 initial financial liability. These fees shall include only fees paid or received between the borrower and the creditor, including fees paid or received by the borrower or creditor on behalf of the other.

An entity shall apply the amendment to financial liabilities that have been modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendment shall apply for annual reporting periods beginning on or after 01.01.2022, allowing for earlier application.

15.Published standards not yet in force and not adopted earlier (continued)

IFRS 9 Financial Instruments - Fees at the "10 percent" threshold for write-off of financial liabilities. (continued)

The Fund will analyse and assess the effects of the changes on its financial position or performance.

IAS 41 Agriculture – Fair Value Measurement Taxation.

The amendment removes the requirement in par. 22 of IAS 41, entities exclude cash flows for taxes when they measure the fair value of assets within the scope of IAS 41. An entity shall apply the future change to fair value measurements at or after the beginning of the first annual reporting period beginning on or after January 1, 2022, where earlier application is permitted. The amendments are not applicable to the fund's activities.

IFRS 16 Leases

An amendment to Example 13 accompanying IFRS 16 has been amended, removing from the example the text for restoring improvements to the leased property by the lessor in order not to create any confusion as to the treatment of lease incentives that may arise due to the way leasing incentives are illustrated in this example. amendment is not subject to ec adoption.

The amendments are not applicable to the fund's activities.

IFRS 17 Insurance Contracts (adopted for use in the EU).

In May 2017, the IASB published IFRS 17 Insurance Contracts, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure issues. Once into force, IFRS 17 will replace IFRS 4 Insurance Contracts issued in 2005. IFRS 17 applies to all types of insurance contracts (life insurance, non-life insurance, direct insurance and reinsurance), regardless of the type of undertakings issuing them, as well as to certain guarantees and financial instruments with additional non-guaranteed income. A few exceptions to the scope 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. Unlike the requirements in IFRS 4, which are largely based on 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 overall model, complemented by:

Specific adaptation for contracts with a direct participation characteristic (variable fee approach).

Simplified approach (premium allocation approach) mainly for short-term contracts.

IFRS 17 is effective for reporting periods beginning on or after January 1, 2023, with comparative data required. Earlier application is permitted provided that an entity also applies IFRS 9 and IFRS 15 on or before the date of initial application of IFRS 17.

The Fund will analyse and assess the effects of the changes on its financial position or performance.

Amendment to IAS 1 – Classification of liabilities as current or non-current (not yet accepted for use in the EU).

In January 2020, the IASB published an amendment to par. 69–76 of IAS 1 Presentation of Financial Statements to specify the requirements for classifying liabilities as current or non-current. The amendment clarifies:

What should be understood as the right to defer the settlement?

The right to defer must exist at the end of the reporting period.

15.Published standards not yet in force and not adopted earlier (continued)

Amendment to IAS 1 – Classification of liabilities as current or non-current (not yet accepted for use in the EU). (continued)

This classification is not affected by the likelihood that the entity will exercise its right of deferral.

If the embedded derivative itself in a convertible liability is an equity instrument, the terms of the liability will not affect its classification. The amendment is in force for annual reporting periods beginning on or afterJanuary 1, 2023 and must be applied retrospectively.

Amendment to IAS 8 – Definition of accounting estimates (not yet accepted for use in the EU).

In February 2021, the IASB published an amendment to IAS 8 Accounting Policies, changes in accounting estimates and errors, introducing a definition of "accounting estimates". The amendment clarifies the difference between changes in accounting estimates and changes in accounting policies and correction of

15.Published standards not yet in force and not adopted earlier (continuation)

Amendment to IAS 8 – Definition of accounting estimates (not yet accepted for use in the EU) (continuation).

errors. It also clarifies how companies use valuation techniques and input data in the development of accounting estimates. The amendment shall apply to annual reporting periods beginning on or after 01.01.2023 and shall apply to changes in accounting policies and changes in accounting estimates made on or after the beginning of that period. Earlier application is permitted as long as this fact is disclosed.

The amendment is not expected to have a material impact on the fund's financial position or performance.

Amendments to IAS 1 and IFRS 2 Practical Standard – Disclosure of accounting policies (not yet accepted in the EU).

In February 2021, the IASB published amendments to IAS 1 Presentation of Financial Statements and IFRS 2 Practical Standard Materiality Assessments providing guidance and examples to help entities apply materiality assessments to accounting policy disclosures. The amendments aim to help businesses provide disclosures to accounting policies that are more useful by replacing the requirement for entities to disclose their "significant" accounting policies by requiring them to disclose their "material" accounting policies and adding guidance on how to apply the concept of materiality when deciding on disclosure of accounting policies. The amendment to IAS 1 is applicable for annual periods beginning on or after 01.01.2023, with earlier application permitted. Since the amendment of the IFRS 2 Practical Standard provides optional guidance on the application of the definition of materiality to accounting policy information, the date of entry into force of this amendment is not necessary.

The amendment is not expected to have a material impact on the fund's financial position or performance.

Amendment to IAS 12 – Deferred tax relating to assets and liabilities arising from a single transaction (not yet accepted in the EU).

In May 2021, the IASB published an amendment to IAS 12 Income Taxes clarifying the way deferred tax is taken into account on transactions such as leases and decommissioning obligations. According to the amendment, the exemption from initial recognition provided for in par. 1 shall be granted in accordance with the procedure laid down in 15(b) for deferred tax asset or liability and par. 24 for deferred tax assets, does not apply to transactions where equal amounts of deductible and taxable temporary differences arise at initial recognition. This is also explained in the newly added par. 22A.

15.Published standards not yet in force and not adopted earlier (continued)

Amendment to IAS 12 – Deferred tax relating to assets and liabilities arising from a single transaction (not yet accepted in the EU). (continued)

The amendment shall apply for annual reporting periods beginning on or after 01.01.2023 and earlier application is permitted. It shall apply to transactions carried out on or after the beginning of the earliest comparative period submitted. Also, at the beginning of the earliest comparative period presented, deferred tax shall be recognised for all temporary differences related to leases and decommissioning obligations, the cumulative effect of the initial application of the amendment being recorded in the opening balance of retained earnings (or any other component of equity, as appropriate) at that date.

The amendment is not applicable to the fund's activities.

16.Contingent liabilities and assets

The Fund does not recognise contingent assets in its financial statements because no receivables are available and their possible recognition may lead to recognition of income that may never be realised.

The Fund recognises contingent liabilities in connection with expenditure incurred for the organization and administration of the fund by the Management Company (item 4).

17. Events after the reporting period date

On February 24, 2022, a military conflict between Russia and Ukraine began, which continued at the date of preparation of this financial statement. The ongoing war and related sanctions have already had a serious impact on the global economy. The main effect is the increase in the prices of energy, grain, as well as basic raw materials. This has a serious effect on global inflation, which is rising significantly. The crisis creates unfavourable conditions for economic activity at a time when price pressures are already high. Price shocks will be felt around the world and authorities must provide fiscal support to poor households for whom food and fuel make up a higher share of spending. These factors, as well as the severely improved sentiment of market participants, would give rise to an increase in volatility in financial markets. However, the long-term consequences of the crisis and its importance are difficult to assess.

However, the economic and financial impact of the war will be greatest in Russia and Ukraine, followed by the EU due to its strong dependence on Russian gas. Given this dynamic, even a strong US economy will experience a slowdown, and tighter financial conditions and the resulting impact on business, consumer and investor confidence will enhance the macroeconomic impact of the global war.

This event shall be considered as non-correcting occurring after the balance sheet date and, accordingly, no adjustments are reflected in this financial statement.

17. Events after the reporting period date (continued)

The management of MC Expat Asset Management believes that the war will not have much effect on the company's business due to the fact that it does not develop business in the region affected by the conflict. However, the potential indirect risks of war are actively managed. The investments of managed funds and portfolios take full account of the situation with the war in Ukraine. Portfolios are invested lower risk than usual and some market risks are hedged through investment risk mitigation tools. UD Expat Asset Management's business has no direct connection to Ukraine and Russia – it does not offer products that are based on this market, there are no offices and subsidiaries, no business relations with companies and customers from these countries. The potential risks to our business are from the possible indirect effect of the war, mainly through falls in global share and bond prices, which would potentially lead to the outflow of our customers.

There are no other events after the reporting period requiring adjustments or disclosures in the Fund's annual financial statements that occurred for the period from the reporting date to the date when that financial statement was approved for issue by the Board of Directors of the Management Company.

REPORT OF THE INDEPENDENT AUDITOR

To Unitholders
in an exchange traded fund
“Expat Hungary BUX UCITS ETF”

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Exchange-traded Fund “Expat Hungary BUX UCITS ETF” (the Fund), which comprise the statement of financial position as at 31 December 2021, 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 2021, 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

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.

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Key audit matters	How our audit addressed the key audit matter
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.*	
As at 31 December 2021 the Fund reports BGN 228 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 BUX 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 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.*	*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 2021.* ➢ *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 2021 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.

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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.

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- 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.

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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 2021, 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 2021, 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

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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.

- „Kreston BulMar – Financial Audit "Ltd was appointed as a statutory auditor of the financial statements of Exchange-traded "Expat Hungary BUX UCITS ETF" (the Fund) for the year ended 31 December 2021 by decision of the Sole owner of the capital of Expat Asset Management EAD for a period of one year.

- The audit of the financial statements of the Fund for the year ended 31 December 2021 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.

- For the period covered by our statutory audit, in addition to the audit, we have not provided any other services to the Fund

Auditing company „Kreston BulMar - Financial Audit" Ltd with registration number 119

Vyara Petrova Kukova, CPA
Registered auditor, responsible for the audit

Velichka Stoyanova Markova
Procurator

172, Naycho Tsanov Str
Sofia 1309, Bulgaria

March 29, 2022

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