

Exchange-traded fund
Expat Romania BET UCITS ETF, ISIN BGROBET05176
Interim condensed financial statements
for the six-month period ended 30 June 2020

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**Interim Management report of
Exchange-traded fund
Expat Romania BET UCITS ETF
for the six-month period ended 30 June 2020**

Expat Romania BET UCITS ETF (“the Fund”) is a collective open-ended investment scheme for investing in securities and other liquid financial assets established and operating in accordance with the Collective Investment Schemes and Other Undertakings for Collective Investment Act (CISOUCIA), the Public Offering of Securities Act (POSA) and the regulations for its implementation, the Markets in Financial Instruments Act (MFIA), the Obligations and Contracts Act (OCA) and the other applicable laws of the Republic of Bulgaria.

The Fund is organised and managed by the management company “Expat Asset Management” EAD (hereinafter referred to as the Management Company, or MC) under CISOUCIA and the regulations for its implementation, the Obligations and Contracts Act and the other applicable laws of the Republic of Bulgaria.

The Management Company is authorized to organize and manage the Fund by the Financial Supervision Commission as of 1 December 2017. The Fund is fully compliant with the European directives for UCITS.

The sole shareholder of the MC Expat Asset Management EAD is Expat Capital AD. During the reporting period there have been changes in the management and the members of the Board of Directors of the MC Expat Asset Management EAD. Nikola Veselinov was dismissed from the Board of Directors in January 2020, followed by Maria Boychinova in March 2020. No new members of the Board have been selected. As of 30 June 2020, the Board of Directors is comprised of Nikolay Vassilev, Nicola Yankov and Daniel Donchev.

There are no internal events that might have affected the operations or performance of the ETF or of the Management Company during the reporting period.

There are no significant events between the end of the reporting period and the date that the financial statements are authorized for issue which require disclosure.

Expat Romania BET UCITS ETF is a passively-managed exchange-traded fund which follows the model of full physical replication of the BET index calculated by the Bucharest Stock Exchange. The Fund is listed on the Bulgarian Stock Exchange – Sofia as well as on the Frankfurt Stock Exchange (XETRA) with the ticker ROX.

Risk Profile and Risk Management

The risk profile of the fund could be amended only following an authorization from the Financial Supervision Commission as disclosed in the Prospectus and the Rules of the Fund. During the reporting period the risk profile of the Fund has not been subject to changes. The main risks of investing in shares of “Expat Romania BET UCITS ETF” have been outlined in detail in the Fund’s Prospectus and can be found on the website of the MC Expat Asset Management EAD. The management of the Fund does not foresee further risks or sources of uncertainties, other than those disclosed in the Prospectus of the Fund, that could affect the performance of the Fund during the rest of the financial year.

In compliance with the requirements of the Collective Investment Schemes and Other Undertakings for Collective Investments Act (CISOUCIA), as a collective investment scheme the Fund may not enter into transactions with related parties.

During the reporting period the Fund has not executed any repo transactions.

**Interim report on activity of
Exchange-traded fund
Expat Romania BET UCITS ETF
for the six-month period ended 30 June 2020
(continued)**

Tracking error report in compliance with Article 82e of Ordinance 44, 20th October 2011, on the Requirements on the Activity of Collective Investment Schemes, Their Management Companies, National Investment Funds and Managers of Alternative Investment Funds.

ISIN	Name of the exchange-traded fund	Expected tracking error for 2020	Tracking error as of 30 June 2020	
BGROBET05176	Expat Romania BET UCITS ETF	up to 10%	10.62%*	

ISIN	Name of the exchange-traded fund	ETF return for the first half of 2020	Index return for the first half of 2020 including dividends	Tracking difference for the first half of 2020
BGROBET05176	Expat Romania BET UCITS ETF	(11.66%)	(14.11%)	2.45%

*The realized tracking error was calculated based on weekly values for the 52 weeks prior to 30.06.2020. Due to high volatility of the financial markets caused by the COVID-19 pandemic, the tracking error is over 10%.

The tracking error represents the volatility (measured through the annual standard deviation) of the return of the Fund and the one of the corresponding index for a defined period. A lower tracking error would mean a closer index tracking. The tracking error differentiates from the tracking difference which measures to what percentage extent the Fund performed better or worse than the corresponding index, while the tracking error represents the consistency in the different performance of the Fund and the corresponding Index.

Date: 30.07.2020

Nikolay Vassilev
Chief Executive Officer

Report on Review of Interim Financial Information

To the unit holders

In Exchange-traded fund

Expat Romania BET UCITS ETF

Introduction

We have reviewed the accompanying condensed statement of financial position of Exchange-traded Fund Expat Romania BET UCITS ETF ("The Fund") as of June 30th, 2020 and the related condensed statements of comprehensive income, changes in equity and cash flows for the six-month period then ended.

Responsibility of Management for the interim financial information

Management is responsible for the preparation and fair presentation of this interim financial information in accordance with International Accounting Standard 34 "Interim Financial Reporting".

Auditor's responsibility

Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34 "Interim Financial Reporting".

Audit Firm Ernst & Young Audit OOD:



Nikolay Garnev

Legal Representative and
Registered Auditor

Sofia, Bulgaria

30 July 2020

Condensed Statement of Comprehensive Income

For the six-month period ended 30 June

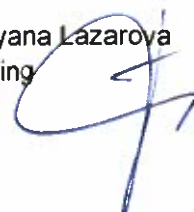
<i>In thousands of BGN</i>	<i>Notes</i>	1 January 2020 – 30 June 2020	1 January 2019 – 30 June 2020
Income	3	125	39
Net gain/(loss) on financial assets at fair value through profit or loss	7	(413)	163
Net foreign exchange gain/(loss)		(44)	(19)
Operating expenses	4	(36)	(40)
Operating profit/(loss) for the period		(368)	143
Tax expenses	11	-	-
Profit/(Loss) for the period		(368)	143
Other comprehensive income		-	-
Total comprehensive income for the period		(368)	143
Basic earnings/(losses) per share			
Basic earnings/(losses) per share (in BGN)	9	(0.226)	0.413

Date: 30.07.2020

Approved by: Nikolay Vassilev
Chief Executive Officer



Prepared by: Tatyana Lazarova
Head of Accounting



Approved by: Daniel Donchev
Member of the Board of Directors



The notes from page 7 to page 24 are an integral part of the interim condensed financial statements.

Condensed Statement of Financial Position

<i>In thousands of BGN</i>	Notes	30 June 2020	31 December 2019
Assets			
Cash and cash equivalents	5	251	579
Other receivables	6	43	-
Financial assets at fair value through profit or loss	7	3 804	2 513
Total assets		4 098	3 092
Equity			
Share capital		3 931	2 621
Share premium		455	392
Accumulated losses		(292)	76
Total equity	8	4 094	3 089
Liabilities			
Trade and other payables	10	4	3
Total liabilities		4	3
Total equity and liabilities		4 098	3 092

Date: 30.07.2020

Approved by: Nikolay Vassilev
Chief Executive Officer



Prepared by: Tatyana Lazarova
Head of Accounting



Approved by: Daniel Donchev
Member of the Board of Directors



The notes on page 7 to page 24 are an integral part of the interim condensed financial statements.

Condensed Statement of Changes in Equity

<i>In thousands of BGN</i>	Notes	Share capital	Share premium	Accumulated losses	Total capital
Balance at 1 January 2019		528	1	(67)	462
Comprehensive income					
Loss for the period		-	-	112	112
Total comprehensive income		-	-	112	112
Issue and redemption of own shares by equity holders					
Issue of shares		39	2	-	41
Redemption of own shares		(58)	(4)	-	(62)
Issue and redemption of own shares by equity holders		(19)	(2)	-	(21)
Balance at 30 June 2019	8	509	(1)	45	553
Balance at 1 January 2020		2621	392	76	3 089
Comprehensive income					
Loss for the period		-	-	(368)	(368)
Total comprehensive income		-	-	(368)	(368)
Issue and redemption of own shares by equity holders					
Issue of shares		1 486	76	-	1 562
Redemption of own shares		(176)	(13)	-	(189)
Issue and redemption of own shares by equity holders		1 310	63	-	1 373
Balance at 30 June 2020	8	3 931	455	(292)	4 094

Date: 30.07.2020

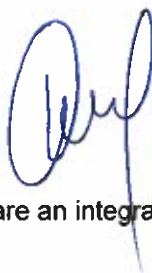
Approved by: Nikolay Vassilev
Chief Executive Officer



Prepared by: Tatyana Lazarova
Head of Accounting



Approved by: Daniel Donchev
Member of the Board of Directors



The notes on page 7 to page 24 are an integral part of the interim condensed financial statements.

Condensed Statement of Cash Flows

For the six-months period ended 30 June

In thousands of BGN

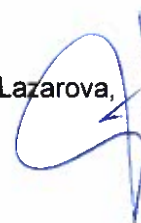
	Notes	1 January 2020 – 30 June 2020	1 January 2019 – 30 June 2019
Cash flows from operating activities			
Dividends received		82	29
Proceeds related to financial assets at fair value through profit or loss		-	
Payments related to financial assets at fair value through profit or loss		(1 747)	(32)
Payment to suppliers or operating activities		(30)	(6)
Cash flows from foreign currency activities		(6)	(1)
Net cash flows used in operating activities		(1 696)	(10)
Cash flows from financing activities			
Proceeds from issue of shares		1 562	41
Payments for redemption of own shares		(189)	(62)
Payment to suppliers for financing activities		(5)	-
Net cash flows from financing activities		1 368	(21)
Net change in cash and cash equivalents			
		(328)	(21)
Cash and cash equivalents at 1 January		579	36
Cash and cash equivalents at 30 June	5	251	5

Date: 30.07.2020

Approved by: Nikolay Vassilev
Chief Executive Officer



Prepared by: Tatyana Lazarova,
Head of Accounting



Approved by: Daniel Donchev
Member of the Board of Directors



The notes on page 7 to page 24 are an integral part of the interim condensed financial statements.

Notes to the Interim condensed financial statements

1. Corporate information

Expat Romania BET UCITS ETF (the Fund) is an exchange-traded fund organized and managed by the Management Company "Expat Asset Management" EAD (hereinafter referred to as the Management Company, or MC). The Fund is registered on 1 December 2017 in the Bulstat Register with code 177234223.

The address of the management of the Fund and the Management Company is Sofia, zip code 1000, 96A Georgi S. Rakovski Str.

Expat Romania BET UCITS ETF is a passively-managed exchange-traded fund which follows the model of full physical replication of the 'BET' index. The Fund is listed on the Bulgarian Stock Exchange – Sofia as well as on the Frankfurt Stock Exchange (XETRA) with the ticker ROX. The Fund's activities include issue and sale of shares which provide the same rights to their holders. The number of shares of the Fund changes depending on the volume of sales and redemptions of shares.

Fund's units can be redeemed by investors at demand.

Since the Fund has no own management body, the Board of Directors of the management company are entitled with the management of the Fund.

2. Basis of preparation of the financial statements

(a) Statement of compliance

These interim condensed financial statements for the six-month period ended 30 June 2020 are prepared in accordance with the International Accounting Standard 34 Interim Financial Reporting. The interim condensed financial statements do not include all information and disclosures required for the preparation of the annual financial statements and should be read in conjunction with the Fund's financial statements as of 31 December 2019.

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

(b) Measurement base

The financial statements have been prepared on a historical-cost basis except for the financial assets held at fair value through profit or loss (FVPL) that have been measured at fair value.

(c) Functional currency and presentation currency

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

These financial statements presented in Bulgarian lev (BGN), which is the presentation currency of the Fund. All financial information in BGN is rounded to the nearest thousand unless otherwise stated.

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

(d) Use of judgements and estimates

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.

Notes to the Interim condensed financial statements

Basis of preparation of the financial statements (continued)**(d) Use of judgements and estimates (continued)**

The review of the accounting estimates is recognized in the period in which the review has been made, when it affects that period and in future periods if the review has an effect on future periods.

Judgements

Information about significant judgements made in applying the accounting policies which have the most significant effect on the amounts presented in the financial statements is presented in the following notes:

- Note 8 Equity - classification of the Fund's units 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 rather than consolidate them. The criteria that define an Investment Entity are:

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

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

The Management Company has determined that the Fund meets the criteria and characteristics above and falls within the definition of an investment entity. The judgment is reviewed regularly on a change in circumstances.

The Management Company has assessed that the Fund does not exercise control over its investments in shares and therefore does not consolidate them.

Fair Value Measurement

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

When assessing the fair value of an asset or liability, the Fund uses observable data as far as possible. Fair values are categorized at different levels in the fair value hierarchy based on incoming data in valuation 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 available (i.e. as prices) or indirectly (i.e. derived from prices) for observation of the asset or liability.
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable incoming data).

If the input data 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 categorized in its entirety at that level from the fair value hierarchy whose input is relevant for the overall assessment.

Information on significant positions that are affected by estimates and assumptions in applying the accounting policies that have the most significant effect on the amounts recognized in these financial statements is described in Note 13 Financial Instruments.

Notes to the Interim condensed financial statements

3. Income

<i>In thousands of BGN</i>	01.01.2020- 30.06.2020	01.01.2019- 30.06.2019
Dividend income	125	39
	<u>125</u>	<u>39</u>

4. Operating expenses

<i>In thousands of BGN</i>	01.01.2020- 30.06.2020	01.01.2019- 30.06.2019
Fees for stock brokers	11	2
Fees and commissions to the custodian bank	9	2
Fees and commissions to the management company	16	2
	<u>36</u>	<u>6</u>

5. Cash and cash equivalents

<i>In thousands of BGN</i>	30.06.2020	31.12.2019
Cash at bank accounts	251	579
Cash and cash equivalents	<u>251</u>	<u>579</u>
Cash and cash equivalents in the Statement of Cash Flows	<u>251</u>	<u>579</u>

The cash of the Fund is kept in the depository bank "Eurobank EFG Bulgaria" AD.

Changes in liabilities stemming from financial activity

The Fund has no long-term liabilities at an amortized cost with accrued interest at an effective interest rate which deviates from that agreed-upon. Therefore, the Fund does not include such changes in Cash Flows from Financing Activities in the Cash Flow Statement as of 30.06.2020, nor as of 31.12.2019.

6. Other receivables

<i>In thousands of BGN</i>	30.06.2020	31.12.2019
Dividend receivables	43	-
	<u>43</u>	<u>-</u>

Notes to the Interim condensed financial statements

7. Financial assets at fair value through profit or loss

In thousands of BGN

	30.06.2020	31.12.2019
Financial assets at fair value through profit or loss		
Quoted shares	3 804	2 513
Financial assets at fair value		
Unquoted shares	-	-
Quoted debt instruments	-	-
Total financial assets at fair value	<u>3 804</u>	<u>2 513</u>

Financial assets at fair value through profit or loss in Expat Romania BET UCITS ETF include non-controlling interests in public companies operating in Slovakia. Expat Romania BET UCITS ETF is a passively-managed fund and adheres to the full physical replication method of the BET index. The reference index BET composes of shares denominated and traded in Romanian leu. The value of the financial assets in the statement of financial position at the date of the reporting period is determined as the close price quote of the respective asset on the Bucharest Stock Exchange on the last business day of the relevant reporting period.

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 statement of financial position at the date of the reporting period is determined as the close price quote of the respective asset on the Bucharest Stock Exchange on the last business day of the relevant reporting period.

The structure of the Fund's financial assets measured at fair value through profit and loss as of 30 June 2020 and 31 December 2019 is, as follows:

Notes to the Interim condensed financial statements

7. Financial assets at fair value through profit or loss (continued)

As of 30 June 2020

In BGN

Type of financial instrument	Shares		
Regulated market on which shares are traded	Bucharest Stock Exchange		
Issuer	Number	Value at the end of the reporting period	Percentage of the total financial assets
Conpet SA Ploiesti	657	20 657	0.50%
Sphera Franchise Group SA	1 810	10 972	0.27%
Bursa De Valori Bucuresti SA	1 470	14 317	0.35%
Digi Communications NV	10 633	150 396	3.67%
Transgaz Sa Medias	1 573	185 620	4.53%
Societatea Nationala Nuclear	15 742	99 751	2.43%
Transelectrica SA	7 493	61 470	1.50%
Teraplast SA	116 135	14 408	0.35%
Societatea Nationala Nuclear (npava)	11 443	3	0.00%
Societatea Energetica Electrica	36 891	154 303	3.77%
Purcari Wineries PLC	4 563	40 568	0.99%
Alro SA	59 564	46 217	1.13%
Brd-Groupe Societe Generale	79 501	371 401	9.06%
Sc Fondul Proprietatea SA - Bucuresti	1 513 288	770 557	18.80%
Med Life SA	3 789	53 593	1.31%
Societatea Nationala De Gaze	32 976	425 110	10.37%
Omv Petrom SA	4 846 423	634 568	15.48%
Banca Transilvania SA	871 275	749 975	18.30%
	7 615 226	3 803 886	92.81%

Notes to the Interim condensed financial statements

**7. Financial assets at fair value through profit or loss
(continued)**

As of 31 December 2019

In BGN

Type of financial instrument	Shares		
Regulated market on which shares are traded	Bucharest Stock Exchange		
Issuer	Number	Value at the end of the reporting period	Percentage of the total financial assets
Conpet SA Ploiesti	320	10 416	0.34%
Digi Communications NV	4 500	61 460	1.99%
Transgaz SA Medias	899	132 341	4.28%
Societatea Nationala Nuclear	9 360	54 579	1.77%
Transelectrica SA	5 220	42 157	1.36%
Med Life SA	1 650	22 940	0.74%
SpheraFranchise Grou SA	1 810	13 914	0.45%
Purcari Wineries PLC	1 400	12 709	0.41%
Societatea Energetica Electrica	21 506	93 657	3.03%
Omv Petrom SA	2 628 100	480 375	15.53%
SC Fondul Proprietatea Sa	1 002 480	496 012	16.04%
Banca Transilvania SA	459 617	487 713	15.77%
Brd-Groupe Societe Generale	43 170	279 620	9.04%
ALRO SA	39 200	37 509	1.21%
Societatea Nationala De Gaze	17 915	271 782	8.79%
Bursa de Valori Bucuresti SA	1 470	15 508	0.50%
	4 238 617	2 512 692	81.25%

Net profit / (loss) on financial assets at fair value through profit or loss

In thousands of BGN	01.01.2020- 30.06.2020	01.01.2019- 30.06.2019
Expenses from operations with financial assets, reported through profit and loss	-	-
Loss from valuation of financial assets at fair value through profit and loss	(413)	87
Net profit / (loss) on financial assets at fair value through profit or loss	(413)	87

Notes to the Interim condensed financial statements

8. Equity

The Fund's equity is equal to the net asset value (NAV). The movement in units and in the NAV of the Fund at the beginning and at the end of the reporting period is, as follows:

	Number of shares	Value	Number of shares	Value
<i>In thousands of BGN</i>		30.06.2020		30.06.2019
At 1 January 2020	1 340 000	3 089	270 000	462
Issue of shares	760 000	1 562	20 000	41
Redemption of shares	(90 000)	(189)	30 000	(62)
Profit/(Loss) for the period		(368)		112
At 30 June 2019	2 010 000	4 094	260 000	553
<i>In BGN</i>		30.06.2020	30.06.2019	
Net asset value per unit		<u>2.0368</u>	<u>2.1279</u>	

Equity

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

- The shares entitle the holder to a proportionate share of the Fund's net assets at any time and in the event of the Fund's liquidation;
- The units issued by the Fund are in the class of instruments that is subordinate to all other classes of instruments in the event of the Fund liquidation;
- Apart from the contractual obligation of the Fund for redemption, the shares issued by the Fund do not incur any other contractual obligation to the Fund to provide cash or other financial assets or to exchange financial assets or financial liabilities;
- The total expected cash flows attributable to the shares issued by the Fund over the life of the instrument are based substantially on the profit or loss, the change in the recognized net assets or the change in the fair value of the recognized and unrecognized net assets of the Fund;
- The Fund does not issue financial instruments other than shares.

Premium reserve

The Fund's equity is divided into shares. The nominal value of the shares is 1 (one) euro. The shares of the Fund are acquired at issue value. The number of shares of the Fund changes because of their sale or redemption. The difference between the issue and the nominal value of the shares on sale or redemption is recorded as a premium reserve.

Capital management

The equity of the Fund is equal to the net asset value (NAV), which for an Exchange Traded Fund cannot be less than BGN 100,000, according to Art. 82 a, para. 1 of Ordinance 44/2011 on the requirements for the activity of collective investment schemes, management companies, national investment funds and persons managing alternative investment funds. The Fund has reached the minimum size of equity.

For the Fund's admission to trading on a regulated market, the minimum net asset value may not be less than BGN 100,000 or the euro equivalent.

Notes to the Interim condensed financial statements

8. Equity (continued)

Dividend policy

The policy of the Fund is not to pay dividends. The dividends received from the shares in which the Fund has invested, as well as the capital gains realized on trading of the shares are reinvested.

9. Basic earnings per share

In BGN

	01.01.2020- 30.06.2020	01.01.2019- 30.06.2019
Net loss per share for the period	<u>(0.226)</u>	<u>0.413</u>

The basic earnings per share is calculated by dividing the profit or loss for the period to be distributed among the equity holders (numerator) to the weighted average number of shares issued for the period (denominator).

The weighted average number of issued shares as of 30.06.2020 is 1 633 629.032, (30.06.2019: 270 000). The weighted average number is calculated by taking the arithmetic mean of the issued shares for each day of the period.

10. Trade and other payables

In thousands of BGN

	30.06.2020	31.12.2019
Payables to the custodian bank and the management company	<u>4</u>	<u>3</u>
	<u>4</u>	<u>3</u>

11. Income taxes

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

12. Related parties

The Fund is a separate entity without management body and its management is carried out by the Management Company "Expat Asset Management" EAD. The sole shareholder of MC is "Expat Capital" AD. As of 30 June 2020, related parties of the Fund are the MC Expat Asset Management EAD and Expat Capital AD. Related party transactions are performed on contractual terms and no guarantees are provided or received.

The expenses accrued to the MC "Expat Asset Management" EAD (note 4) incurred during the reporting period under contracts include:

- Remuneration under a management contract;

Notes to the Interim condensed financial statements

12. Related parties (continued)

The following table provides information on the investment of Expat Mutual Funds in "Expat Romania BET UCITS ETF":

As of 30 June 2020

Mutual Fund	Investment in:	Shares	Value at the end of the reporting period, BGN
MF Expat Global Bonds	Expat Romania BET UCITS ETF	3 024	6 132
MF Expat Developed Markets Equities	Expat Romania BET UCITS ETF	4 795	9 723
MF Expat Emerging Markets Equities	Expat Romania BET UCITS ETF	8 308	16 847

As of 31 December 2019

Mutual Fund	Investment in:	Shares	Value at the end of the reporting period, BGN
MF Expat Global Bonds	Expat Romania BET UCITS ETF	22 001	50 991
MF Expat Developed Markets Equities	Expat Romania BET UCITS ETF	12 388	28 711
MF Expat Emerging Markets Equities	Expat Romania BET UCITS ETF	5 308	12 302

13. Financial instruments

Fair value measurements

The fair value of the Fund's financial instruments is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following methods and assumptions are used in measuring the fair value:

- Quoted shares use the close market price on the date of the reporting period
- 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 respective carrying amount.

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

Notes to the Interim condensed financial statements

13. Financial instruments (continued)

Fair value measurements (continued)

As at 30 June 2020

<i>In BGN</i>	Level 1	Level 2	Level 3	Total
Financial assets				
Conpet SA Ploiesti	20 657	-	-	20 657
Sphera Franchise Group SA	10 972	-	-	10 972
Bursa De Valori Bucuresti SA	14 317	-	-	14 317
Digi Communications NV	150 396	-	-	150 396
Transgaz Sa Medias	185 620	-	-	185 620
Societatea Nationala Nuclear	99 751	-	-	99 751
Transelectrica SA	61 470	-	-	61 470
Teraplast SA	14 408	-	-	14 408
Societatea Nationala Nuclear права	3	-	-	3
Societatea Energetica Electrica	154 303	-	-	154 303
Purcari Wineries PLC	40 568	-	-	40 568
Alro SA	46 217	-	-	46 217
Brd-Groupe Societe Generale	371 401	-	-	371 401
Sc Fondul Proprietatea SA - Bucuresti	770 557	-	-	770 557
Med Life SA	53 593	-	-	53 593
Societatea Nationala De Gaze	425 110	-	-	425 110
Omv Petrom SA	634 568	-	-	634 568
Banca Transilvania SA	749 975	-	-	749 975
Total	3 803 886	-	-	3 803 886

13. Financial instruments (continued)

Fair value measurements (continued)

As at 31 December 2019

<i>In BGN</i>	Level 1	Level 2	Level 3	Total
Financial assets				
Conpet SA Ploiesti	10 416	-	-	10 416
Digi Communications NV	61 460	-	-	61 460
Transgaz SA Medias	132 341	-	-	132 341
Societatea Nationala Nuclear	54 579	-	-	54 579
Transelectrica SA	42 157	-	-	42 157
Med Life SA	22 940	-	-	22 940
Sphera Franchise Groupr SA	13 914	-	-	13 914
Purcari Wineries PLC	12 709	-	-	12 709
Societatea Energetica Electrica	93 657	-	-	93 657
OMV Petrom SA	480 375	-	-	480 375
SC Fondul Proprietatea SA	496 012	-	-	496 012
Banca Transilvania SA	487 713	-	-	487 713
BRD-Groupe Societe Generale	279 620	-	-	279 620
ALRO SA	37 509	-	-	37 509
Societatea Nationala De Gaze	271 782	-	-	271 782
Bursa de Valori Bucuresti SA	15 508	-	-	15 508
Conpet SA Ploiesti	10 416	-	-	10 416
Digi Communications NV	61 460	-	-	61 460
Total	2 512 692	-	-	2 512 692

Risk profile and risk management

Risk profile

The Fund's risk profile represents the amount and type of risk the Management Company undertakes by investing the Fund's assets with the aim of replicating the Reference Index, which at the date of this Prospectus is an index of shares traded on the Bucharest Stock Exchange. In that context, investing in units of "Expat Romania BET UCITS ETF" is associated with taking high risk, given that the Reference Index is composed of shares.

As regards its operations, "Expat Romania BET UCITS ETF" is exposed to various types of risks affecting its performance.

Credit risk

The Fund owns cash and quoted shares, and the level of exposure to credit risk is mainly related to cash held in current accounts with banks. The credit risk associated with the quoted shares is part of the total investment risk of unit-holders in the fund.

The main risks that investors will incur when investing in units of "Expat Romania BET UCITS ETF" are presented below.

Notes to the Interim condensed financial statements

13. Financial instruments (continued)**Risk profile and risk management (continued)****Market risk**

Possibility of losses due to unfavorable changes in securities prices, market interest rates, exchange rates, etc. This market risk affects the net asset value of the Fund, which will also fluctuate as a result of changes in the market prices of the shares and other securities in which the Fund has invested. The Fund is not exposed to the risk of a change in market interest rates as financial assets represent quoted shares.

The COVID-19 pandemic

The COVID-19 pandemic has both a direct and indirect impact on the financial markets, thus affecting the returns of Expat's passive ETFs and Mutual Funds. The indirect effect has been the significant decrease in economic activity in the first half of the year, which will not be compensated by a drastic increase in the second half. This has impacted revenues and profits across multiple sectors, worsening business forecasts and credit risk. Capital markets reacted in line with expectations with a sharp decline in February and March. Statistics on the infected cases were often taken as a direct indicator of the future economic outlook, correlating strongly with major stock indices. This phenomenon constituted the direct effect of the pandemic on the financial markets – each positive news about the decreasing rate of infection and mortality, along with news about breakthroughs in vaccine development, led to price increases in the stock markets. This is the main reason for the almost complete recovery of the US stock market by the second half of July 2020. For the second half of 2020, the effects of COVID-19 on the capital markets will continue at least until a vaccine is launched on the market. This means, ceteris paribus, that market volatility will be higher than in a non-pandemic year. So by definition, higher volatility means higher risk. These effects will not be limited to a specific asset class, sector or jurisdiction, and will therefore affect the performance of Expat ETFs, which follow the main stock indices of the countries of the Central and Eastern European region, as well as Expat's mutual funds.

Currency risk

The Fund has been set up and traded in EUR, but the reference index BET is composed of shares denominated and traded in Romanian leu, and therefore the value of the Fund's financial assets depends on the exchange rate of the Romanian leu against the euro and the lev respectively.

The policy of the Fund is not to hedge currency risk. The currency risk of the Fund is part of the overall investment risk.

A change of 5% in the exchange rate of the euro against the Romanian leu would have the following effect on the Fund's profit / (loss), based on the Fund's portfolio:

	As of 30.06.2020 <i>(In thousands of BGN)</i>	As of 31.12.2019 <i>(In thousands of BGN)</i>
5% appreciation of the Romanian leu against the euro	205	154
5% depreciation of the Romanian leu against the euro	(205)	(154)

Notes to the Interim condensed financial statements

13. Financial instruments (continued)

Risk profile and risk management (continued)

Extreme market movements

The market price of the financial instruments in which the Fund has invested may vary due to changes in the economic and market environment, central bank monetary policy, business activity of issuers, the sector in which the issuer operates and the demand and supply of the securities market. At certain times, stock market prices (stock market) may vary considerably. In case of large movements of the Index, including large daily movements, the Fund's performance may deviate from its investment objectives. The revaluation of the Fund will vary as a result of a change in the value of the Fund's assets and the Reference Index.

A change of 5% in market prices of assets would have the following effect on the Fund's profit/(loss), based on the Fund's portfolio:

	As of 30.06.2020 <i>(In thousands of BGN)</i>	As of 31.12.2019 <i>(In thousands of BGN)</i>
5% increase in market prices	205	154
5% decrease in market prices	(205)	(154)

Inability of the Management Company to adapt to market changes

The Fund follows a passive strategy, i.e. is not actively managed. Accordingly, the Management Company shall not change the composition of the portfolio except to follow closely the overall 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 decline in the Reference Index may result in a fall in the value of the Fund's assets.

Liquidity risk

Risk related to the possibility of losses or lost profits from urgent or forced sales of assets under unfavorable market conditions (such as low demand in the presence of oversupply). Liquidity risk exists also when the Fund may need to redeem the shares of the investors. The Fund invests in quoted shares which, under normal market conditions, are quickly and easily sellable, which substantially reduces the exposure to this risk.

Purchase and redemptions

If orders for the purchase and redemption of units are received late or do not comply with the requirements of the Prospectus and the Fund Rules, there will be a delay between the time of the order submission and the actual date of purchase or redemption. Such postponements or delays may result in a reduction in the number of units or the amount of redemptions.

Notes to the Interim condensed financial statements

13. Financial instruments (continued)

Risk profile and risk management (continued)

Trading on regulated market

There is no certainty that the Fund will receive approval for trading on a regulated market and/or that the Fund's units will be traded or that the conditions for admission to trading will not change. Furthermore, trading units on a stock exchange may be suspended according to the rules of the relevant stock market due to market conditions and investors may not be able to sell their units until the trade is restored

Regulatory risk

The prospectus has been prepared in accordance with 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 may prevent or significantly limit the ability of the Fund to invest in certain instruments. They may also impede the conclusion of Agreements with certain third parties. This may impair the ability of the Fund to comply with the relevant investment objectives and policies. The implementation of such new or amended laws, rules and regulations may result in an increase in all or some of the Fund's costs and may require a restructuring of the Fund in order to comply with the new rules. Such possible restructuring may involve restructuring costs. Where restructuring is not possible, the Fund may be terminated. Fund assets and the Reference Index are subject to change in laws or regulations and/or such a change may affect their value and/or their liquidity.

Operational risk

It is related to the possibility of incurring losses due to errors or inadequacies in the system of organization, insufficiently qualified personnel, unfavourable external events of a non-financial nature, including legal risk. The Management Company shall determine a short and long-term strategy in managing the operational risks that arise in managing the business and the portfolio of the Exchange-Traded Fund listed in valuation and risk management Rules of the Fund.

Risk of tracking the Reference Index error

Tracking the Reference Index by investing in all index positions may be costly and difficult to implement. The Portfolio Manager may use optimization techniques such as selecting individual items in the Index in proportions that are different from those in the Index. The use of such optimization techniques may increase the tracking error and lead to a different performance of the Fund compared to that of the Index. Also, existing restrictions or future amendments to the law and Fund's regulations regarding but not limited, the composition, concentration, and way of asset valuation may lead to the Fund's inability to replicate the index entirely. Moreover, exchange traded funds in markets with low liquidity are at greater risk of tracking error.

Reference Index

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

13. Financial instruments (continued)

Risk profile and risk management (continued)

Systemic risks

Systemic risks depend on general fluctuations in the economy and the markets. The Fund may not influence systemic risks but takes them into account and comply therewith. The risks posed by the political and economic conjuncture are the possible instability or military action in the region. Disasters and accidents are factors that complicate any risk management system. Consequences are difficult to predict, but access to information and the implementation of a forecasting and action system in extreme situations are possible ways to minimize the negative effect.

14. Events after the reporting date

There are no events after the reporting date that require adjustments or disclosures in the Interim financial statements of the Fund that occurred in the period from the reporting date to the date when these financial statements are authorized for issue by the Board of Directors of the Management Company.

15. Changes in the accounting policies and disclosures

The accounting policies adopted in the preparation of the Interim financial statements are in accordance with those applied to the preparation of the Fund's annual financial statements for the year that ended on 31 December 2019 with the exception of the acceptance of new standards which entered into force on 1 January 2020. The Fund has not previously adopted other standards, interpretations or corrections, which have been published, but are not yet in effect.

IFRS 3: Business Combinations (Amendments)

The Amendments are effective for business combinations for which the acquisition date is in the first annual reporting period beginning on or after 1 January 2020 and to asset acquisitions that occur on or after the beginning of that period, with earlier application permitted. The amendments also remove the assessment of whether market participants are able to change missing elements, provide guidance to assist funds in assessing whether the acquired process is essential and introduce an optional test for concentration of fair value. These amendments have not yet been adopted by the EU. The Fund will analyze and evaluate the effects of the changes on the financial condition or the results of the activity.

IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors: Definition of 'material'

The Amendments are effective for annual periods beginning on or after 1 January 2020 with earlier application permitted. The Amendments clarify the definition of material and how it should be applied providing practical guidance that has so far been included in other IFRSs. The amendments also clarify that materiality depends on the nature or significance of the information. The fund will analyze and evaluate the effects of the changes on the financial condition, or the results of the activity.

Conceptual Framework in IFRS standards

The International Accounting Standards Board published the revised Conceptual Framework for Financial Reporting on 29 March 2018, applicable for annual periods starting on 1 Jan 2020 or later. The conceptual framework presents the concepts of financial reporting and standard development, offering guidelines on the preparation of consecutive accounting policies and understanding and interpretation of such standards. The main changes that were implemented in the revised Conceptual Framework for Financial Reporting connect to the concept of assessment, including the factors to be taken into consideration when selecting a base for assessment and the concept for presentation and announcement, including which revenues and expenses are to be classified in another type of comprehensive income.

Notes to the Interim condensed financial statements

15. Changes in the accounting policies and disclosures (continued)**Conceptual Framework in IFRS standards (continued)**

In addition, the Conceptual Framework provides updated definitions for asset and liability along with criteria for their implementation in financial reports. The fund is going to analyze and assess the effects from the amendments on the financial condition or result of the activity.

Interest Rate Benchmark Reform - IFRS 9, IAS 39 and IFRS 7 (Amendments)

The amendments are effective for annual periods, beginning on or after 1 January 2020, and must be applied retrospectively. Earlier application is also allowed. In September 2019, The International Accounting Standards Board (IASB) assumed amendments to IFRS 9, IAS 39, and IFRS 7, concluding phase 1 of its work in response to the effects on financial reporting of the interbank interest rate reform. Phase 2 will focus on problems that may arise when interest rates are replaced

by risk-free interest rates. The published amendments address problems that arise during the replacement of existing interest rates with alternative interest rates. The effects on specific cases of hedge accounting under IFRS 9 Financial Instruments and IAS 39 Financial Instruments: Recognition and Measurement, which require forward-looking analysis, are addressed. The amendments provide for temporary relief applicable to hedging requirements, in compliance with these requirements is directly affected by the benchmark reform. These changes allow hedge accounting to continue in the period of uncertainty until the replacement of the existing reference interest rates with alternative risk-free interest rates. Amendments have also been made to IFRS 7 Financial Instruments: Disclosures, which require the submission of additional information on hedge uncertainty as a result of the reform. The fund will analyze and evaluate the effects of the changes on the financial condition or the results of the activity.

16. Standards issued but not yet effective and not early adopted

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

IFRS 17: Insurance Contracts

The standard is effective for annual periods beginning on or after 1 January 2021 with earlier application permitted if both IFRS 15 Revenue from Contracts with Customers and IFRS 9 Financial Instruments have also been applied. In its March 2020 meeting the Board decided to defer the effective date to 2023. IFRS 17 Insurance Contracts establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts issued. It also requires similar principles to be applied to reinsurance contracts held and investment contracts with discretionary participation features issued. The objective is to ensure that entities provide relevant information in a way that faithfully represents those contracts. This information gives a basis for users of financial statements to assess the effect that contracts within the scope of IFRS 17 have on the financial position, financial performance and cash flows of an entity. The standard has not been yet endorsed by the EU. The standard is not applicable to the Fund.

16. Standards issued but not yet effective and not early adopted (continued)**Amendment in IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture**

The amendments address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28, in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. In December 2015 the IASB postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting. The amendments have not yet been endorsed by the EU. The amendments are not applicable to the activities of the Fund. The amendments are effective for annual reporting periods beginning on or after January 1, 2022 with earlier application permitted. The IASB has issued an exposure draft to defer the effective date to 1 January 2023. The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current or non-current. The amendments affect the presentation of liabilities in the statement of financial position and do not change existing requirements around measurement or timing of recognition of any asset, liability, income or expenses, nor the information that entities disclose about those items. Also, the amendments clarify the classification requirements for debt which may be settled by the company issuing own equity instruments. These Amendments have not yet been endorsed by the EU. The amendments are not applicable to the activities of the Fund.

IFRS 3 Business Combinations; IAS 16 Property, Plant and Equipment; IAS 37 Provisions, Contingent Liabilities and Contingent Assets as well as Annual Improvements (Amendments)

The amendments are effective for annual periods beginning on or after 1 January 2022 with earlier application permitted. The IASB has issued narrow-scope amendments to the IFRS Standards as follows:

- **IFRS 3 Business Combinations (Amendments)** update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.
- **IAS 16 Property, Plant and Equipment (Amendments)** prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss.
- **IAS 37 Provisions, Contingent Liabilities and Contingent Assets (Amendments)** specify which costs a company includes in determining the cost of fulfilling a contract for the purpose of assessing whether a contract is onerous.

Annual Improvements make minor amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IAS 41 Agriculture and the Illustrative Examples accompanying IFRS 16 Leases. The amendments have not yet been endorsed by the EU. Management has assessed the amendments on the basis of contingent liabilities of the Fund.

Notes to the Interim condensed financial statements

16. Standards issued but not yet effective and not early adopted (continued)**IFRS 16 Leases-Covid 19 Related Rent Concessions (Amendment)**

The amendment applies, retrospectively, to annual reporting periods beginning on or after 1 June 2020. Earlier application is permitted, including in financial statements not yet authorized for issue at 28 May 2020. IASB amended the standard to provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the covid-19 pandemic. The amendment provides a practical expedient for the lessee to account for any change in lease payments resulting from the covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change was not a lease modification, only if all of the following conditions are met:

- The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change.
- Any reduction in lease payments affects only payments originally due on or before 30 June 2021.
- There is no substantive change to other terms and conditions of the lease.

The amendment has not yet been endorsed by the EU. The amendments are not applicable to the activities of the Fund.

17. Contingent Liabilities and Assets

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