

**“EXPAT BULGARIA SOFIX UCITS ETF”****PROSPECTUS**

FOR PUBLIC OFFERING AND ADMISSION TO TRADING OF UNITS ON A REGULATED  
MARKET

(Dematerialized, freely transferable)

(Collective investment scheme for investment in equities and other liquid financial assets  
with high risk)

The Exchange-traded Fund Expat Bulgaria SOFIX UCITS ETF (hereinafter referred to as Expat Bulgaria SOFIX UCITS ETF, the Exchange-traded Fund, the ETF or just the Fund), organized and managed by Expat Asset Management EAD (the Management Company), issues/sells units providing equal rights to their holders. The number of the units of the ETF changes depending on the volume of unit issues and redemptions.

The Prospectus for the public offering and admission to trading of units of Expat Bulgaria SOFIX UCITS ETF (the Prospectus) on a regulated market contains all the information necessary to make an investment decision, including the main risks relating to Expat Bulgaria SOFIX UCITS ETF and its activity.

**It is in the interest of investors to review this Prospectus before they decide to invest.**

The members of the Board of Directors of the Management Company are jointly responsible for damages caused by false, misleading, or incomplete data in the Prospectus. With them, the persons preparing the annual financial statements of the Fund are jointly responsible for damages caused by false, misleading or incomplete data in the financial statements of the Fund, and the certified public accountant – for damages caused by the financial statements audited by him/her.

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**The Financial Supervision Commission (the Commission, the FSC) has confirmed this Prospectus with resolution No.604–DF dated 19 August 2016, but that does not mean the Commission approves or disapproves investment in the units offered, nor that it assumes responsibility for the authenticity and completeness of the information presented in the Prospectus.**

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12<sup>th</sup> October 2020

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**PROSPECTUS OF “EXPAT BULGARIA SOFIX UCITS ETF”**

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Investors may obtain free of charge the Prospectus and the Key Investor Information Document, along with all appendices, from Expat Asset Management, from 9:00 to 18:00 (CET+1) every business day, as well as through the web at [www.ypat.bg](http://www.ypat.bg).

**Expat Asset Management EAD** headquarters and office address:

96A Georgi S. Rakovski Street, Sofia 1000, Bulgaria

tel.: +359 2 9801881

fax: +359 2 9807472

Contact person: Ms. Dilyana Todorova

Investing in units of Expat Bulgaria SOFIX UCITS ETF is associated with risks that are specific to the units offered, described in detail on page 28 and the subsequent pages of the Prospectus.

PROSPECTUS OF “EXPAT BULGARIA SOFIX UCITS ETF”

**I. INFORMATION ABOUT EXPAT BULGARIA SOFIX UCITS ETF**

(Amended by BD Resolution No. 200/09.06.2017) (Amended by BD Resolution No. 228/22.12.2017) (Amended by BD Resolution No. 258/16.04.2018) (Amended by BD Resolution No. 275/05.10.2018) (Amended by BD Resolution No. 291/09.05.2019) (Amended by Resolution No. 299/16.08.2019 of the BD) (Amended by Resolution No. 310/23.01.2020 of the BD) (Amended by Resoliton No. 312/27.03.2020 of the BD) (Amended by Resoliton No. 337/01.10.2020 of the BD)

<i>Name:</i>	Expat Bulgaria SOFIX UCITS ETF
<i>Investment objective:</i>	To replicate the performance of the stock market equity index SOFIX (hereinafter referred to as “Reference Index”)
<i>Risk profile:</i>	High risk
<i>Type:</i>	UCITS ETF for full physical replication
<i>Exchange for trading of units:</i>	Bulgarian Stock Exchange Frankfurter Wertpapierbörse (FWB), London Stock Exchange, or other regulated market, on which ETF’s units are traded
<i>Currency:</i>	BGN
<i>Par value of one unit:</i>	BGN 1.00 (one)
<i>Date of establishment:</i>	19 August 2016
<i>Term of duration:</i>	Indefinite
<i>Number and date of Fund entry in the FSC Register:</i>	Authorization No.156-DF/23.08.2016
<i>Address:</i>	1000 Sofia, 96A Georgi S. Rakovski Str.
<i>Telephone (fax):</i>	+359 2 9801881, fax: +359 2 9807472
<i>E-mail address:</i>	<a href="mailto:office@expat.bg">office@expat.bg</a>
<i>Website:</i>	<a href="http://www.expat.bg">www.expat.bg</a>
<i>Management Company:</i>	Expat Asset Management EAD
<i>Market makers:</i>	BenchMark Finance AD
	First Financial Brokerage House OOD
	Elana Trading AD
	Lang & Schwarz Broker GmbH
	Goldenberg Hehmeyer LLP
	InterCapital Securities Ltd.
<i>Investment adviser:</i>	Mr. Nikolay Vassilev Vassilev

PROSPECTUS OF “EXPAT BULGARIA SOFIX UCITS ETF”

	Mr. Daniel Penov Donchev Ms. Zhasmina Angelova Ivanova Ms. Dzhuliya Sasheva Katsarova
<i>Custodian:</i>	Eurobank Bulgaria AD

Expat Bulgaria SOFIX UCITS ETF is an open-ended collective 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 Law on Obligations and Contracts (LOC) and the other applicable laws of the Republic of Bulgaria.

(Amended by BD Resolution No. 200/09.06.2017) The Fund is a designated asset pool for the purpose of collective investment of funds raised through public offering of units in transferable securities and other liquid financial assets under Art. 38, para. 1 of the CISOUCIA carried out by a management company on the principle of risk spreading in order to achieve the investment objectives as stated in Art. 7. Unless otherwise prescribed by the law or by the Fund’s Rules, Section XV “Company” of LOC, except for Art. 359, para. 2 and 3, Art. 360, 362, Art. 363, letters “c” and “d” and Art. 364 shall apply to this Fund. The Fund is organized and managed by Expat Asset Management and does not have independent management. The Management Company shall act for and on behalf of the collective investment scheme, in this case Expat Bulgaria SOFIX UCITS ETF, in accordance with Art. 87, para. 1 of CISOUCIA, when performing activities, associated with the public offering and redemption of ETF units under Art. 4, para. 1.

(Amended by BD Resolution No. 200/09.06.2017) “The capital” of the Fund is equal to its net asset value (NAV) which may not be less than the amount of BGN 500 000. This minimum amount should be reached within one year of being granted the authorization to organize and manage the Fund by the FSC. The Fund shall be subject to entry in the public registers under Art. 30, para 1, item 5 of the Financial Supervision Commission Act (FSCA).

Expat Bulgaria SOFIX UCITS ETF shall meet the following additional requirements applicable to exchange-traded funds at the time of preparation of this Prospectus:

- Minimum net asset value may not be less than the amount of BGN 100 000 and should be reached within 30 days of approval of this Prospectus;
- After the expiration of this 30-day period, the exchange-traded fund shall publish the value of net assets raised on its website and shall notify the Commission;
- Within 30 days of reaching the minimal amount of assets of BGN 100 000, the Management Company shall apply for the Fund’s units to be admitted to trading on a regulated market.

PROSPECTUS OF “EXPAT BULGARIA SOFIX UCITS ETF”

**I.1. Management Company**

(Amended by BD Resolution No. 291/09.05.2019) (Amended by Resolution No. 310/23.01.2020 of the BD)

<i>Name:</i>	Expat Asset Management EAD
<i>Seat and registered address:</i>	Sofia 1000, 96A Georgi S. Rakovski Str.
<i>Telephone (fax):</i>	+359 2 9801881; fax: +359 2 9807472
<i>E-mail address:</i>	<a href="mailto:office@expat.bg">office@expat.bg</a>
<i>Website:</i>	<a href="http://www.expatsbg.com">www.expatsbg.com</a>
<i>Date of incorporation:</i>	30 July 2007
<i>Term of duration:</i>	indefinite
<i>Resolution of the FSC on granting a licence for operations as a management company:</i>	No. 1574-UD dated 30.11.2007

Information about the professional experience of the Company

Expat Asset Management has been actively managing clients’ assets since 16 June 2008. The main competitive advantage and strong quality of the Management Company is its team of professionals with extensive expertise in asset management and investment analysis, plus young experts with good skills and knowledge in finance.

Management and operation of Expat Bulgaria SOFIX UCITS ETF

Under the Rules of Expat Bulgaria SOFIX UCITS ETF, the Management Company, the members of its Board of Directors and the Investment Adviser of the Fund must act in the best interest of all unitholders of the Fund, guided only by such interest in managing the Fund.

The Management Company shall manage the Fund in the following areas – investment management, administrative services, distribution and marketing of the units of the Fund. The Management Company invests the funds raised by the Fund in accordance with the investment objectives and investment policies of the Fund described in this Prospectus.

When issuing or redeeming fund units, the Management Company shall calculate the issue price and the redemption price of the Fund’s units under the control of the Custodian, shall keep the accounts, maintain and keep records, and perform any other similar duties under the terms and conditions of issue and sale of units, the terms and conditions of redemption and the circumstances under which redemption may be temporarily suspended, the terms and conditions for the calculation of the issue price and redemption price of the units, as described in this Prospectus. The Management Company shall manage the overall marketing activity of the Fund and perform any other activities that are necessary in connection with the legal operation and termination of the Fund.

In carrying out the duties mentioned above, the Management Company makes decisions on all matters associated with the organization, operation and termination of the Fund, including:

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- Amendment and supplement of the Fund’s Rules, Rules on portfolio valuation and net asset value and indicative net asset value calculation, the Rules on risk management, and other internal regulations, as well as on the update of this Prospectus;
- Signing, control over execution, termination and cancellation of the contracts with the Custodian, the Market maker and investment brokers, executing investment instructions regarding the management of the Fund portfolio;
- Appointment and dismissal of the Fund’s certified public accountants;
- Preparation of annual financial statements and their approval after certification by the appointed auditors;
- Daily determination of the net asset value of the Fund, the NAV per unit, the issue price and redemption price of its units;
- Calculating and publishing indicative NAV and NAV per unit according to the Prospectus and the Fund’s Rules;
- Decisions to temporary suspend/resume redemption and extending the duration of the temporary suspension of redemption;
- Decisions to enter into loan agreements;
- Decisions to transform and terminate the Fund;
- Appointment of liquidator/s when reasons to terminate the Fund occur.

**Other collective investment schemes managed by Expat Asset Management**

As of the date of publication of this Prospectus, the Management Company is also managing three mutual funds: MF Expat Emerging Markets Stocks, MF Expat Global Equities, and MF Expat Bonds and eleven exchange traded funds: “Expat Bulgaria SOFIX UCITS ETF”, “Expat Czech PX UCITS ETF”, “Expat Poland WIG20 UCITS ETF”, “Expat Slovenia SBI TOP UCITS ETF”, “Expat Slovakia SAX UCITS ETF”, “Expat Hungary BUX UCITS ETF”, “Expat Croatia CROBEX UCITS ETF”, “Expat Serbia BELEX15 UCITS ETF”, “Expat Macedonia MBI10 UCITS ETF”, “Expat Romania BET-BK UCITS ETF” and “Expat Greece ASE UCITS ETF”, as well as a national exchange traded fund “Expat Bulgaria Short SOFIX”.

**Information about members of the management and supervisory boards of Expat Asset Management**

(Amended by BD Resolution No.158/01.07.2016) (Amended by BD Resolution No.258/16.04.2018) (Amended by BD Resolution No. 291/09.05.2019) (Amended by Resolution No. 299/16.08.2019 of the BD) (Amended by Resolution No. 310/23.01.2020 of the BD) (Amended by Resolution No. 313/01.04.2020 of the BD) (Amended by Resolution No. 331/17.09.2020 of the BD)

“Expat Asset Management” EAD was registered in the Commercial Register in November 2007. The Company has a one-tier management system – Board of Directors consisting of five natural persons.

Nikolay Vassilev Vassilev – Executive Director

Nicola Simeonov Yankov – Chairman of the Board of Directors

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Daniel Penov Donchev – Member of the Board of Directors

Natalia Antonova Todorova – Member of the Board of Directors

Konstantina Dimitrova Pergelova-Okoliyska – Member of the Board of Directors

As of the date of this Prospectus the Members of the Board of Directors do not perform any other activity outside of Expat Asset Management EAD.

Subscribed and paid-in capital

(Amended by Resolution No. 292/17.05.2019 of the BD) The core capital of “Expat Asset Management” EAD amounts to BGN 640 000, divided into 640 dematerialized units with a nominal value of BGN 1 000 each. The entire capital is subscribed and paid by the sole owner “Expat Capital” AD.

**I.2. Units of Expat Bulgaria SOFIX UCITS ETF**

<i>Exchange for trading the units:</i>	Bulgarian Stock Exchange AD
<i>Website:</i>	<a href="http://www.bse-sofia.bg">www.bse-sofia.bg</a>
<i>Exchange for trading the units:</i>	Frankfurter Wertpapierbörse
<i>Website:</i>	<a href="http://www.boerse-frankfurt.de">www.boerse-frankfurt.de</a>
<i>Exchange for trading the units:</i>	London Stock Exchange
<i>Website:</i>	<a href="http://www.londonstockexchange.com">www.londonstockexchange.com</a>

(Amended by BD Resolution No.158/01.07.2016) (Amended by BD Resolution No. 196/30.03.2017) (Amended by BD Resolution No. 228/22.12.2017) (Amended by BD Resolution No. 275/05.10.2018)

Registration for trading on a stock exchange

Within 30 days after reaching the minimum amount of assets of BGN 100 000, the Management Company will apply for admission of the Fund’s units to trading on the Bulgarian Stock Exchange (BSE) and the Fund will comply with the requirements of the Bulgarian stock Exchange related to units trading. The Fund is admitted to trading on Frankfurter Wertpapierbörse (FWB), Frankfurt am Main and will comply with the requirements of Frankfurter Wertpapierbörse related to units trading. The Fund is admitted to trading on the London Stock Exchange, London, the United Kingdom and will comply with the requirements of the London Stock Exchange related to units trading. The Fund can be listed on other exchanges in the future, in case the Management Company makes a decision with regard to such listings.

Dividend policy

The Fund will not distribute dividends. Dividends paid by the shares in which the Fund has invested, as well as capital gains realized from equities trading in the Fund, shall be reinvested.



**I.3. Investment adviser**

(Amended by BD Resolution No.258/16.04.2018) (Amended by BD Resolution No. 291/09.05.2019) (Amended by Resolution No. 299/16.08.2019 of the BD) (Amended by Resolution No. 310/23.01.2020 of the BD) (Amended by Resolution No. 325/18.06.2020 of the BD)

Investment adviser

The investment decisions for managing the assets of Expat Bulgaria SOFIX UCITS ETF will be made by:

1. Nikolay Vassilev Vassilev, licensed investment adviser, holder of certificate No. 412-IC/02.06.2014, issued by FSC for acquired right to carry out activity as an investment adviser.

*Education:*

1996 – 1997	KEIO UNIVERSITY, Tokyo, Japan, Specialization in Tax Policy and Finance
1995 – 1997	BRANDEIS UNIVERSITY, Waltham, USA, Master of International Economics and Finance
1994 – 1995	STATE UNIVERSITY OF NEW YORK, Oswego, USA, Bachelor of Business Administration, Finance and Economics
1990 – 1994	BUDAPEST UNIVERSITY OF ECONOMIC SCIENCES, Budapest, Hungary, Bachelor of Economics and Management

*Additional qualification*

1999	Chartered Financial Analyst (CFA)
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*Professional experience*

2010 – ongoing	“Expat Alpha” AD Member of the Board of Directors
2009 – ongoing	“Expat Capital” AD, representative and Executive Director
2009 – ongoing	“Expat Group” EOOD, sole owner of the capital
2005 – 2009	Minister of State Administration and Administrative Reform

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2003 – 2005	Deputy Prime Minister and Minister of Transport and Communications
2001 – 2003	Deputy Prime Minister and Minister of Economy
2001 – 2005	Member of Parliament, 39 <sup>th</sup> and 40 <sup>th</sup> National Assembly
2000 – 2001	LAZARD CAPITAL MARKETS, London, United Kingdom, Senior Vice President; Director of Central and Eastern Europe Research
1997 – 2000	UBS WARBURG (former Warburg Dillon Read), London, United Kingdom, Associate Director
1997	SBC WARBURG DILLON READ, New York, USA, Analyst "Emerging European Capital Markets"
1996 – 1997	SBC WARBURG, Tokyo, Japan, Japan Financial Markets Strategy Analyst
1993 – 1994	COOPERS & LYBRAND, Budapest, Hungary, Tax Consultant
1988 – 1990	Military School for Reserve Officers " Hristo Botev" – Pleven

*Activities outside the Company that are relevant to the Company's activities*

In addition to the above-mentioned positions at the date of this Prospectus, Nikolay Vassilev does not perform any other activity outside of Expat Asset Management EAD.

2. Daniel Penov Donchev, licensed investment adviser, holder of certificate No. 266-IC/28.01.2008, issued by FSC for acquired right to carry out activity as an investment adviser.

*Education:*

1999 – 2003	University of National and World Economy, Bachelor's degree: Finances
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*Additional qualification*

2013	Chartered Financial Analyst (CFA)
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*Professional experience*

July 2019 – ongoing	“Expat Asset Management” EAD, Member of the Board of Directors
June 2019 – ongoing	“Expat Asset Management” EAD, Chief Investment Director
Feb 2018 – June 2019	“Karoll Capital Management” EAD, Head of Investment Strategies Department
Feb 2012 – Feb 2018	“NN Bulgaria” EAD, Chief Portfolio Manager
July 2007 – Feb 2008	“NN Bulgaria” EAD, Portfolio Manager
May 2006 – June 2007	“Unicredit leasing” AD, Chief Financial Analyst

*Activities outside the Company that are relevant to the Company's activities*

In addition to the above-mentioned positions at the date of this Prospectus, Daniel Donchev does not perform any other activity outside of Expat Asset Management EAD.

3. Zhasmina Angelova Ivanova, licensed investment adviser, holder of certificate No. 455-IC/19.07.2017, issued by FSC for acquired right to carry out activity as an investment adviser.

*Education:*

2012 – 2013	Yonsei University, Republic of Korea, Masters degree: MBA – Business Administration
2007 – 2011	University of National and World Economy, Bachelor's degree: Finance

*Additional qualification*

2017	Certificate of Acquired Right to Operate as Investment Consultant No. 455-IC/19.07.2017
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*Professional experience*

2017 – ongoing	“Expat Asset Management” EAD, Portfolio Manager
2015 – 2017	“Expat Asset Management” EAD, Financial Analyst and Risk Manager

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2014 – 2015 “Expat Asset Management” EAD, Financial Analyst

In addition to the above-mentioned positions at the date of this Prospectus, Zhasmina Ivanova does not perform any other activity outside of Expat Asset Management EAD.

4. Dzhuliya Sasheva Katsarova, licensed investment adviser, holder of certificate No. 491-IC/03.10.2019, issued by FSC for acquired right to carry out activity as an investment adviser.

*Education:*

2016 – 2018 Durham University, United Kingdom, Master of Finance

2012 – 2016 Sheffield University, United Kingdom, Bachelor’s degree: Accounting and Finance

*Additional qualification*

2019 Certificate of Acquired Right to Operate as Investment Consultant No. 491-IC/03.10.2019

2019 Chartered Financial Analyst (CFA) Level III

*Professional experience*

2019 – ongoing “Expat Asset Management” EAD, Financial Analyst

In addition to the above-mentioned positions at the date of this Prospectus, Dzhuliya Katsarova does not perform any other activity outside of Expat Asset Management EAD.

**I.4. Custodian**

Information about the Custodian

<i>Name:</i>	Eurobank Bulgaria AD
<i>Headquarters and registered office:</i>	City of Sofia, 260 Okolovrasten pat Str.
<i>Telephone (fax):</i>	+359 2 816 6215; fax: +359 2 9888191
<i>E-mail address:</i>	custody@postbank.bg
<i>Website:</i>	www.postbank.bg
<i>Date of registration:</i>	Eurobank Bulgaria was registered with Sofia City Court under company file No.10646/1991 on 15 May 1991
<i>Number and date of authorization to conduct banking business:</i>	Licence No. B-05/1991 updated by order No. RD 22-2252/16.11.2009 of BNB Governor, amended by Order No. RD 22-2201/12.10.2012

Key terms of the contract with the Custodian

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(Amended by BD Resolution No. 196/30.03.2017) According to the contract signed between the Management Company acting on behalf of the Fund, and the Custodian, the Custodian shall render the following main services to Expat Bulgaria SOFIX UCITS ETF: (a) safekeeping the cash of the Fund; (b) making all the payments for and on behalf of the Fund; (c) safekeeping the dematerialized securities held by the Fund in a sub account/register of the Custodian with the Central Depository AD, the Bulgarian National Bank or another institution; (d) safekeeping the paper-based securities of the Fund; (e) safekeeping the financial instruments of the Fund traded abroad (foreign securities); (f) safekeeping the certificates of dematerialized securities and other documents of the Fund; (g) rendering other services specified in the contract or which the Custodian is obliged to render under the law or which are agreed upon between the parties in the contract for custodial services.

(Amended by BD Resolution No. 200/09.06.2017) (Amended by BD Resolution No.258/16.04.2018) The Custodian shall keep the assets of the Fund - both financial instruments and cash - subject to the requirements of paragraph 3 of the Additional Provisions and the requirements of Art. 92 para. 2 of the MFIA, according to which the Custodian is not liable to its creditors with the financial instruments and funds it holds in the name and on behalf of the Fund. Under no circumstances may the Custodian block the Fund's assets against claims against the Management Company, whether these claims are from a third party, including bailiffs, the National Revenue Agency, or any other government bodies. The Custodian shall keep, record and report the assets of the Fund, both financial instruments and cash, off-balance-sheet, without including them in its balance sheet.

The Custodian shall keep and report the assets of the Fund - both financial instruments and cash – separately from its assets, assets of the Management Company and the assets of its other clients under custody services contracts.

The Custodian shall exercise general control over the issue (sale), redemption and cancellation of units of the Fund, and ensure that the collection and use of proceeds of the Fund shall comply with the law and its Rules, and shall monitor whether the management fee is calculated and paid in accordance with the law and the Fund's Rules. The Custodian shall ensure that the value of the units of the collective investment scheme is calculated by the Management Company in accordance with the law and the Net Asset Valuation Rules of the managed collective investment scheme.

For the services rendered under the contract, Expat Bulgaria SOFIX UCITS ETF shall pay to the Custodian remuneration in the amount as set forth in an addendum to the contract as well as fees and commissions for the transfer of securities, and other services under a fee structure included as part of the contract.

The contract with the Custodian is valid for a period of one year and shall enter into force only after obtaining due approval by the FSC under Art. 18 of CISOUCA. Unless within 90 (ninety) calendar days before the expiration of the contract either party requests in writing its termination or amendment, the contract shall be automatically extended for the same period and under the same conditions.

The contract with the Custodian may be terminated under the following conditions:

1. By mutual consent of the parties expressed in writing;
2. Unilaterally by either party with a three months' written notice;
3. Upon termination of the Fund;
4. In case of termination, revocation of license or bankruptcy of the Fund – under Art. 26, para. 3 of CISOUCA (i.e. after Custodian has performed as an exception for a period not longer than three months management activities for the Fund pursuant to Section I of Chapter V of Ordinance 44, and the contract may be terminated upon signing a contract with another management company pursuant to Section I of

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Chapter V of Ordinance 44 or after a transformation of the Fund through a merger or acquisition).

5. When the Custodian’s license is revoked, or it has declared bankruptcy;
6. When the authorization issued by the FSC to organize and manage the Fund has been revoked;
7. When the Custodian’s license is amended so that it excludes or limits certain activities necessary for the execution of the custodial services;  
(Repealed by BD Resolution No. 200/09.06.2017)
8. When either of the parties fails to fulfil any of its essential obligations under the contract due to a reason for which it is accountable, the injured party may terminate the contract in writing by giving the faulty party a notice in writing with an appropriate period to rectify the situation with a warning that after the expiration of this notice the contract is considered terminated.

(Amended by BD Resolution No. 200/09.06.2017) The contract with the Custodian shall be signed in compliance with the legal requirements and restrictions and these Rules. The contract with the Custodian may not be in conflict with these Rules and legal framework. In case of inconsistency between the legal framework and the contract with the Custodian, the provisions of the normative regulation shall apply.

(New – BD Resolution No. 200/09.06.2017, Amended by BD Resolution No. 238/26.01.2018) The terms of the contract with the Custodian may not be changed unilaterally by the Custodian or the Management Company and the contract may not refer to internal documents of the Custodian or the Management Company, such as regulations, tariffs, general conditions and others, which may be unilaterally changed by the Custodian or the Management Company. Any change to the contract shall be made in writing and signed by both parties. In the event of contract termination, the Custodian shall transfer the assets of Expat Bulgaria SOFIX UCITS ETF along with all the necessary documents to a new Custodian appointed by the Management Company and approved by the FSC.

**I.5. Market makers**

Information about the market makers

(Amended by BD Resolution No. 166/30.09.2016, Amended by Resolution No. 339/12.10.2020 of the BD)

The ETF’s market makers are:

<i>Name:</i>	<b>BenchMark Finance AD</b>
<i>Headquarters and registered address:</i>	City of Sofia, Lozenets Residential complex, 19 Viskiyyar planina Str., fl. 2
<i>Telephone, fax:</i>	+359 2 962 5795; +359 2 962 5388
<i>E-mail address:</i>	<a href="mailto:office@benchmark.bg">office@benchmark.bg</a>
<i>Website:</i>	<a href="http://www.benchmark.bg">www.benchmark.bg</a>
<i>Date of incorporation:</i>	18 December 2003
<i>Number and date of authorization to perform business as an Investment broker issued by the FSC:</i>	Resolution No.179-IP/09.03.2004 of the FSC

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<i>Registration number with the FSC:</i>	No. RG-03-0212
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<i>Name:</i>	<b>First Financial Brokerage House OOD</b>
<i>Seat and registered address:</i>	City of Sofia, 2 Enos Str.
<i>Telephone, fax:</i>	+ 359 2 810 6400, fax: +359 2 810 6401
<i>E-mail address:</i>	<a href="mailto:ffbh@ffbh.bg">ffbh@ffbh.bg</a>
<i>Website:</i>	<a href="http://www.ffbh.bg">www.ffbh.bg</a>
<i>Date of incorporation:</i>	27 March 1991
<i>Number and date of authorization to perform business as an Investment broker issued by the FSC:</i>	Resolution No. 102-IP/08.02.2006 of the FSC
<i>Registration number with the FSC:</i>	No. RG-03-0015

<i>Name:</i>	<b>Elana Trading AD</b>
<i>Seat and registered office:</i>	City of Sofia, Sredets District, 4 Kuzman Shapkarev Str., fl.2
<i>Telephone, fax:</i>	+359 2 810 00 70;
<i>E-mail address:</i>	<a href="mailto:info@elana.net">info@elana.net</a>
<i>Website:</i>	<a href="http://www.elana.net">www.elana.net</a>
<i>Date of incorporation:</i>	15 June 2007
<i>Number and date of authorization to perform business as an Investment broker issued by the FSC:</i>	Resolution No.171-IP/08.03.2006 of the FSC
<i>Registration number with the FSC:</i>	No. RG-03-0030

<i>Name:</i>	<b>Lang &amp; Schwarz Aktiengesellschaft</b>
<i>Headquarters and registered address:</i>	Breite Strasse 34 40213 Duesseldorf
<i>Website:</i>	<a href="http://www.ls-d.de">www.ls-d.de</a>

<i>Name:</i>	<b>Goldenberg Hehmeyer LLP</b>
<i>Headquarters and registered address:</i>	5 Greenwich View Place London E14 9NN United Kingdom

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<i>Website:</i>	<a href="http://www.goldenberghehmer.co.uk">www.goldenberghehmer.co.uk</a>
<i>Name:</i>	<b>InterCapital Securities Ltd.</b>
<i>Headquarters and registered address:</i>	I Masarykova 1, 10000 Zagreb, Croatia
<i>Telephone, fax:</i>	T: +385 1 4825 894   M: +385 91 2825 894 F: +385 1 4825 869
<i>Website:</i>	<a href="https://inter.capital/">https://inter.capital/</a>

*Key terms of the contract with the market makers*

According to the contract signed with the Management Company acting on behalf of the Fund, on one side, and the market maker, on the other side, the market makers shall provide the following services to EXPAT Bulgaria SOFIX UCITS ETF:

- Quote constant “buy” and “sell” orders for the ETF’s units and thus ensure that the stock market price of the ETF’s units does not differ significantly from their value, determined on the basis of the net asset value; the minimum amount of each of the “buy” and “sell” quotes shall be BGN 2 500;
- Introduce new “buy” or “sell” quotes within 2 minutes after the withdrawal, respectively the execution of a previous quote;
- Maintain “buy” and “sell” quotations with a maximum spread of 5% of the last announced net asset value at the opening session, of the indicative net asset value during the continuous trading phase, and of the latest announced indicative net asset value, so that quotations meet cumulatively the following criteria:

$$\frac{(Ask - Bid)}{NAV} \leq 5\%, \frac{|Ask - NAV|}{NAV} \leq 5\%, \frac{|Bid - NAV|}{NAV} \leq 5\% ;$$

Where: Ask = sell quote, Bid = buy quote, and NAV = the latest announced net asset value, including indicative;

- Subscribe new units of the Fund in the primary market while meeting the legal requirements for subscription in the primary market of units of an ETF for direct replication and following the additional requirements and conditions for subscription of units of the Fund in the primary market, described in chapter Terms and conditions of issue and redemption of units on the primary market of this Prospectus, unless otherwise agreed with the market maker in the contract and its addendums;
- Redeem units of the Fund in the primary market while meeting the legal requirements for redemption on the primary market of units of an ETF for direct replication and following the additional requirements and conditions of redemption of units of the Fund in the primary market, described in chapter Terms and conditions of issue and redemption of units in the primary market of this Prospectus, unless otherwise agreed with the market maker in the contract and its addendums;
- In case of suspension of redemption and/or suspension of issuance of units of the Fund, the obligations of the market makers to maintain “buy” and/or “sell” orders on a regulated market shall cease until the reintroduction of these procedures.



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If the ETF share price moves more than 4% away from the indicative net asset value per share, the regulated market or multilateral trading system shall initiate a volatility interruption. The rules under which the volatility auction is done must ensure the stability of the price of the ETF’s units. When the share price of the ETF moves 5% away from the last reported net asset value per unit, the regulated market or multilateral trading facility which the Financial Supervision Commission regulates shall suspend trading with the Fund’s units until the end of the business day. Trading with the ETF’s units shall be resumed on the next business day. After trading is resumed, the market maker shall continue to enter market orders according to the conditions of the contract between the market maker and the Management Company.

**I.6. Accounting dates**

(Amended by BD Resolution No. 158/01.07.2016) The Management Company shall submit to the Financial Supervision Commission and shall make public the following reports on the Fund’s activity:

1. An annual report within 90 days after the end of the fiscal year;
2. A six-month report covering the first six months of the fiscal year within 30 days after the end of the reporting period;

By 31 March of each year, the Board of Directors of the Management Company shall prepare financial statements and an activity report of the Fund for the preceding calendar year and submit it to be certified by a certified public accountant appointed by the Management Company. EXPAT Bulgaria SOFIX UCITS ETF does not distribute any profits realised as dividends to the unitholders. The Management Company shall reinvest any profits, as a result of which the net asset value of the Fund shall increase to the benefit of the Fund unitholders.

By the 10th day of the month following the reporting month, the Management Company of the Fund is required to submit to the Financial Supervision Commission a monthly balance sheet and information about the value and structure of the investment portfolio by issuers, asset classes and other financial instruments.

**I.7. Auditors**

(Amended by BD Resolution No. 196/30.03.2017) (Amended by BD Resolution No.258/16.04.2018) (Amended by BD Resolution No. 291/09.05.2019) As an auditor responsible for carrying out the statutory audits and audit certification of the financial statements of the Fund for 2019, the Management Company selected Ernst & Young, UIC 130972874, represented by Nikolay Garnev registration № 612/2004.

**I.8. External advisers**

(Amended by BD Resolution No. 196/30.03.2017) Apart from investment intermediaries, marketmakers, custodians, stock exchanges, and banks, the Fund may hire from time to time any paid external advisors in relation to the Fund's usual activities, including marketing and advertising services, legal services, registration and licensing services for new markets and new exchanges, investor relations services, fund distribution services, services for specialized information support, subscription services for access to specialized information database and systems, courier services and other one-off or periodic services directly related to the activities of the Fund. The Management Company agrees on the contracts with the external service providers in the name of and on behalf of the Fund and informs the Custodian thereof. The Custodian may object to costs incurred by the

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Management Company on behalf of the Fund by refusing to confirm their inclusion in the calculation of the net asset value of the Fund. Confirmation of the NAV by the Custodian is considered as approval of the expenses incurred by the Management Company on behalf of the Fund.

**I.9. Facilities Agent in the UK**

(New – BD Resolution No. 196/30.03.2017) (Amended by Resolution No. 325/18.06.2020 of the BD) Peterhouse Capital Limited (“Facilities Agent”) is chosen as a Facilities Agent of the Fund in the UK and has agreed to provide certain services to the Fund at the following address: 15 Eldon Street, London EC2M 7LD, United Kingdom.

The following documents of the Fund in English can be viewed and received free of charge at the Office of the Facilities Agent:

- (a) the latest Prospectus, together with all attachments thereto;
- (b) Key investor information;
- (c) the last published annual and half-yearly report of the Fund

Complaints related to the Fund's activities may be submitted to the Facilities Agent at the same address.

**I.10. Information Agent in Slovenia**

(New – BD Resolution No.320/29.05.2020) (Amended by BD Resolution No.324/12.06.2020) ILIRIKA borzno posredniška hiša d.d. („Information Agent”) is chosen as a Information Agent of the Fund in Slovenia and has agreed to provide certain services to the Fund at the following address: Slovenska cesta 54A, 1000 Ljubljana, Slovenija.

The following documents of the Fund in English can be viewed and received free of charge at the Office of the Information Agent:

- (a) the latest Prospectus, together with all attachments thereto;
- (b) Key investor information (in the Slovene language as well);
- (c) the last published annual and half-yearly report of the Fund

Information about net asset value per share and indicative net asset value per share will be found at the website of the stock exchange of Ljubljana <http://www.ljse.si/> after admittance to trading of the Fund's units on that stock exchange.

Complaints related to the Fund's activities may be submitted to the Information Agent at the same address.

The Fund intends to fulfil the requirements to be qualified as a tax transparent fund but declines any liability in this respect. In general, the tax treatment of any unitholder will depend on the personal circumstances and may change in the future. Unitholders and prospective unitholders are therefore advised to seek independent tax advice prior to investing in the Fund.

**I.11. Additional information for investors in the Federal Republic of Germany**

(New – BD Resolution No. 204/24.08.2017)

1. Zeidler Legal Services Rechtsanwaltsgesellschaft mbH is chosen as Information Agent of the Fund in the Federal Republic of Germany and has agreed to provide certain services to the Fund with regard to Art. 309 of the German Investment Code (Kapitalanlagegesetzbuch) at the following address: Bettinastrasse 48, 60325 Frankfurt, Germany. The Information Agent may be contacted via e-mail at: [contact@zeidlerlegalservices.com](mailto:contact@zeidlerlegalservices.com).

The latest Prospectus, Fund’s Rules, Rules for Portfolio Valuation and Determination of the Net Asset Value and Indicative Net Asset Value, and the Key Investor Information Document (KIID), as well as the latest semi-annual and annual reports may be inspected at and can be received free of charge at the address of the Information Agent during normal business hours on every business day in Frankfurt am Main.

Further investor information, if any, is available at the German Information Agent and will be published on the website [www.expat.bg](http://www.expat.bg).

2. No paying agent has been appointed as no individual share certificates in respect of the Fund are issued in printed format.
3. (Amended by BD Resolution No. 218/15.11.2017) Investors from the Federal Republic of Germany should know that the process of subscription and redemption is unified as to all investors in the primary market regardless of their country of origin. Access to the primary market is however granted to institutional investors only. Issuance and redemption orders are made in a written manner via email to the Fund’s Management Company with electronic signature at the following address: [asset.management@expat.bg](mailto:asset.management@expat.bg). Once accepted by the Fund’s administration the order cannot be cancelled. The Management Company will then instruct the client through the relevant process. The order is executed using the NAV per unit calculated on the date of placing the order if the order is submitted until 3:00 pm Sofia time (CET+1:00). Settlement may be done via Clearstream. For both: issuance and redemption orders, the execution can be done via DVP settlement and/or with a basket of assets. Requests for subscription and redemption of units procedure is thoroughly described in the Prospectus section headed ‘Terms and conditions for the creation and redemption of units in the primary market’ starting from page 35 of this very document.
4. Information on the net asset value per unit, issue price and redemption price can be obtained free of charge at the Information Agent during normal business hours on every business day in Frankfurt am Main.
5. In addition to publications on the website [www.expat.bg](http://www.expat.bg) unitholders will be informed with a letter or email about the following changes:
  - suspension of redemption of the Fund's units;
  - the termination of the management of the Fund or the liquidation thereof;
  - amendments to the fund rules which are inconsistent with existing investment principles, affect material investor rights, or relate to remuneration or the reimbursement of expenses that may be taken out of the Fund’s assets;
  - the merger of the Fund, and where applicable, the conversion of the Fund into a feeder fund.

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6. The Fund intends to fulfil the requirements to be qualified as a tax transparent fund to enable unitholders to make use of the benefits provided by the German Investment Tax Act but declines any liability in this respect. In general, the tax treatment of any unitholder will depend on the personal circumstances and may change in the future. Unitholders and prospective unitholders are therefore advised to seek independent tax advice prior to investing in the Fund.

**I.12. Persons responsible for preparing the Prospectus**

Persons responsible for preparing the Prospectus:

1. Dilyana Todorova – for the financial part and
2. Zhasmina Ivanova – for the business management part.

The above-mentioned persons declare with their signatures laid at the end of the Prospectus that after due care and diligence, and to the best of their knowledge and belief, the information contained in the Prospectus is not untrue, misleading or incomplete.

**II. INVESTMENT INFORMATION**

**II.1. Investment objectives and investment policy. Restrictions.**

PROSPECTIVE INVESTORS SHOULD READ THIS SECTION IN ORDER TO DETERMINE WHETHER the INVESTMENT OBJECTIVES, STRATEGY AND POLICIES OF EXPAT Bulgaria SOFIX UCITS ETF COINCIDE WITH THEIR OWN INVESTMENT OBJECTIVES.

**Investment objectives**

The investment goal of the Fund is to track the performance of the SOFIX Index (“Reference Index”, “the Index”), by following the method of full physical replication while minimizing the level of tracking error.

The value of the units of the Fund depends on the Reference Index which may rise or fall. Therefore, investors should be aware that the value of their investment may rise as well as fall, and they should accept that there is no guarantee that they will recover the amount originally invested.

**Reference index**

The reference index is SOFIX, denominated in Bulgarian levs. The Reference Index is free-float adjusted market-capitalization weighted. The Reference Index tracks the performance of 15 of the largest and most liquid stocks on BSE. The reference index is one of the major benchmark indices for BSE, and its performance is strongly tied to the performance of the overall equity market. A full description of the Reference Index, its composition, methodology for selecting the composition and the weight of the selected companies in the Index is available on the website of BSE <http://www.bse-sofia.bg/?page=Indices>.

The Fund seeks to replicate the performance of the Reference Index based on the securities’ closing prices.

As of the date of the current Prospectus, the Index has the following characteristics:

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Profile:

Name	SOFIX
ISIN	BG92SOFI4086
Reuters code	.SOFIX
Bloomberg code	SOFIX
Start date	20 October 2000
Start value	100
Currency	BGN
Number of constituents	15
Changes in index base	Semi-annual
Changes in free-float	Quarterly
Maximum weight of economic group	20%
Maximum weight of one issue	15%
Adjustments for corporate events	Yes

General criteria for the selection of constituents

1. Issues admitted to trading on a regulated market;
2. Issues of companies that have not been declared bankrupt or into liquidation, nor are carrying out a company recovery plan;
3. Issues that are not temporarily suspended from trading.

(Amended by BD Resolution No. 202/27.06.2017) Additional criteria for selection of constituents

Admission to trading on the main market BSE	Yes
Period of trading on a regulated market	3 months
Number of shareholders	750
Market capitalization of the free-float	Min BGN 10 million
Bid-ask spread is determined in a test of BGN 10 000 (ten thousand) *	At least in 68.27% (confidence interval at one standard deviation for a two-tail test) of actual observations during the previous six-month period

\*The bid-ask spread for each issue shall be calculated as follows:

- The resting orders in the order-book are tested daily for simultaneous execution of incoming “sell” and “buy” orders with a total value of BGN 20,000 (twenty thousand), BGN 15,000 (fifteen thousand) and BGN 10,000 (ten thousand) each in four randomly selected moments during a trading session determined by the Bulgarian Stock Exchange.

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- In each of the intervals and for each of the four test values of incoming orders, the spread reached after the potential execution of the buy and sell orders shall be calculated as a result of applying the following formula:

$$\text{Spread} = (A-B)/A*100\%$$

where “A” is the price of the best sell order after the potential execution of an incoming buy order, respectively “B” is the price of the best buy order after the potential execution of an incoming “sell” order for each of the four test values.

Final selection of constituents: the criteria under the preceding item shall have the same weight. If, as a result of the ranking, it turns out that two or more issues are equally ranked, priority to inclusion shall be given to the ones with a higher free float market capitalisation. If one or more issues have median of weekly turnover or number of transactions with a value of 0, then they all shall receive the lowest rank.

Highest median value of the weekly turnover during the last 6-month period
Highest number of transactions during the last 6-month period
Largest free-float market capitalization
Lowest arithmetic means of the bid-ask spread calculated as above

SOFIX is calculated daily based on the official closing price of the stock exchange on which the companies in the Index are traded. SOFIX is also calculated in real time every business day on which SOFIX is published. The closing price of SOFIX is available on <http://www.bse-sofia.bg/>. The Methodology for calculation of SOFIX can be changed by the Index Committee and information about the methodology can be obtained at the Bulgarian Stock Exchange or at <http://www.bse-sofia.bg/>.

Change of the Reference index

(Amended by BD Resolution No. 158/01.07.2016, Amended by BD Resolution No. 238/26.01.2018) The Board of Directors of the Management Company may decide, if it believes that it is in accordance with the Law and in the interest of the Fund’s unitholders, to change the Reference Index with another reference index. According to Art. 18 of CISOUCA, such a change may be allowed after approval by the Financial Supervision Commission with the proposition issued by the Deputy Chairman of the Financial Supervision Commission. The unitholders of the Fund will be notified of the decision of the Board of Directors to change the Reference Index on the website [www.expat.bg](http://www.expat.bg) or in official publications as stipulated in the applicable laws and regulations. The Prospectus and the Rules of the Fund shall be updated in case of a change of the existing reference index.

Any change in the existing Reference Index, such as a change in the companies composing the Index or their weight, may require the Fund for full replication to make appropriate changes and rebalancing of its investment portfolio in order to replicate in full the Reference Index. Such changes can lead to additional/extraordinary transaction costs. The Management Company and the investment advisors will monitor such changes and can make the necessary adjustments within a few days, if necessary.

Investment strategy and policy

(Amended by BD Resolution No. 200/09.06.2017) In order to reach the highest possible

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correlation with the performance of the Reference Index, the Fund will follow the model of complete physical replication, which means that it will invest mainly in a basket of balance-sheet assets consisting of shares of the companies in the Reference Index. As a Fund for direct replication, Expat Bulgaria SOFIX UCITS ETF may not invest with the exact weight of each company in the Reference Index. To ensure the transparency of the method by which the performance of the Reference Index is replicated, investors can find the updated information about the composition of the portfolio of Expat Bulgaria SOFIX UCITS ETF on the page, designated for the Fund: at [www.expat.bg](http://www.expat.bg). The frequency of update and/or the date on which the above-mentioned information is updated are indicated on the same website.

The extent to which a fund for direct physical replication can achieve its objectives depends on the investment restrictions which the Fund must comply with, as described in this Prospectus. In addition to the investment restrictions, it should be noted that

- Exceptional circumstances such as, but not limited to, disruptive market conditions or extremely volatile markets may occur and cause the performance of the Fund to depart significantly from the performance of the Reference Index;
- Due to various reasons, including fees and expenses, concentration limits, other legal or regulatory restrictions, and in some cases, the illiquidity of certain securities, it may not be possible or appropriate to invest in every company of the Reference Index and/ or in the same proportions as in the Reference Index.

Composition and structure of the Fund portfolio, asset classes in which the Fund will invest, investment restrictions

As a fund for full physical replication of an index, Expat Bulgaria SOFIX UCITS ETF will invest in a manner and in accordance with its Rules. Its assets may be invested in the following groups of financial instruments:

1. (Amended by BD Resolution No. 200/09.06.2017, Amended by BD Resolution No. 231/08.01.2018) Up to 100% of the fund's assets in equities and company rights of the constituting the Reference Index. In order to comply with the legal restrictions and maintain liquidity to meet the redemption needs, the Fund will maintain a minimum level of cash and cash equivalents, which will limit the weight of the equities for replication of the Reference Index.

(Repealed by BD Resolution No. 200/09.06.2017)

(Amended by BD Resolution No. 196/30.03.2017) The Fund shall invest only in equities which are part of the Reference Index. In circumstances beyond the Management Company control (change of a constituent of the Reference Index), within 6 months the Fund must rebalance its portfolio and sell/buy the shares subject to change in the Reference Index. During the period when the Fund is raising capital, it is likely to experience disproportionately large cash inflows beyond the control of the Management Company.

2. (Amended by BD Resolution No. 200/09.06.2017) Bank deposits payable on demand or eligible to be withdrawn at any time and maturing in no more than 60 days, provided that the bank is headquartered in the Republic of Bulgaria or in another Member State of the EU, and if established in a third country, provided that it is subject to regulations that the Deputy-Chairman of the FSC considers equivalent to those under the EU law – up to 20% of the Fund's assets.
3. (Amended by BD Resolution No. 200/09.06.2017) Without limitation, in total of up to

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100% of the Fund's assets can be invested in securities and money market instruments issued by the Republic of Bulgaria, another Member State or a third country which is included in a list approved by the Deputy-Chairman of the FSC only in the following or similar exceptional cases:

- In case of a disproportionately large subscription of new Fund units against cash on the primary market;
- In case of low market liquidity;
- High market, political or systemic risk that may affect the ETF management in normal market conditions;
- The ETF may invest temporarily its free funds in securities under this item if the Management Company assesses that any of the afore-mentioned risks is present, but the Management Company is required within 6 months to rebalance the portfolio in order to replicate the Reference Index as close as possible.

Investment restrictions

The restrictions applicable to the Fund’s investments under the law and the Rules of the Fund are listed below.

1. (Amended by BD Resolution No. 200/09.06.2017, Amended by BD Resolution No. 231/08.01.2018) Expat Bulgaria SOFIX UCITS ETF seeks to replicate the composition of the SOFIX Index which meets the following conditions:
  - The index composition is sufficiently diversified;
  - The index represents an adequate benchmark for the market to which it refers, and
  - It is published in an appropriate manner.

As a passive index tracker fund, in compliance with the afore-mentioned conditions, the “Expat Bulgaria SOFIX UCITS ETF” has no other restrictions except for 20% in equities, part of the Reference Index, issued by one entity, in compliance with Art. 46, para. 1 of CISOU CIA. The Fund strives to follow the Reference Index and it is possible that the allocation of shares in the ETF deviates from that of the Reference Index at times of exceptional market conditions, change of the structure of the Reference Index, an order for subscription or redemption of the Fund, low market liquidity and low trading volume, etc. The MC performs any rebalancing of the portfolio of Fund in the interests of the investors and according to the Fund's mandate to track the Reference Index. In order to comply with legal limitations and maintain liquidity, and to meet redemption requirements, the Fund will maintain a minimum level of cash and equivalents, which limits the weight of shares to replicate the Reference Index.

2. The Management Company may not invest more than 20 percent of the Fund’s assets in deposits in one bank;
3. (New – BD Resolution No. 200/09.06.2017) The risk exposition of Fund to the counterparty in a deal deriving from effective portfolio management techniques cannot exceed 10% of the assets when the counterparty is a bank defined under Art. 38 para 1. item 6. of CISOU CIA, and 5% of the assets in all other such cases.
4. (Amended by BD Resolution No. 200/09.06.2017) The total amount of investments under para 2-3 in securities or money-market instruments issued by a single entity



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and deposits with this entity, and exposure due to effective portfolio techniques should not exceed 20 percent of the amount of Fund's assets;

5. The Management Company may invest up to 30 percent of the Fund's assets in securities and money-market instruments issued by a single issuer if the securities and money-market instruments are issued or guaranteed by the Republic of Bulgaria, by another Member State, by their local authorities, by a third country or a public international organization in which at least one Member State is a member.
6. The parties belonging to one group for the purposes of preparation of consolidated financial statements in accordance with the recognised accounting standards are regarded as a single entity in applying the restrictions under items 2-4.
7. (Amended by BD Resolution No. 238/26.01.2018) The Fund may acquire no more than:
  - 7.1. Ten percent of the equity shares without voting rights issued by one entity;
  - 7.2. Ten percent of the bonds and other debt securities issued by one entity;
  - 7.3. Ten percent of the money-market instruments issued by one entity.

Restrictions under para. 7.2 and 7.3 shall not apply upon receipt of the described instruments the Management Company acting on behalf of the Fund is not able to evaluate the total amount of the debt securities, money market instruments or the net amount of the issued debt securities.

8. (Amended by BD Resolution No. 238/26.01.2018) The above-mentioned restrictions shall not apply in exercising subscription rights attributed to securities and money-market instruments that are part of the Fund's assets.

(Amended by BD Resolution No. 200/09.06.2017) In case of violation of the investment restrictions for reasons beyond the control of the Management Company, the MC shall notify the Commission within 7 days of detection of the violation and provide a schedule of measures such that assets shall be brought in line with the law requirements not later than six months from the occurrence of the violation.

(Amended by BD Resolution No. 158/01.07.2016) Requirements for the securities, money-market instruments and other assets under Art. 38 of CISOU CIA and for the structure of the assets and liabilities, and liquidity of the Exchange-traded Fund

(Repealed by BD Resolution No. 200/09.06.2017)

Other investment strategies and techniques

(Amended by BD Resolution No. 200/09.06.2017) The Fund may, in accordance with the law, purchase or sell securities with the agreement to sell them or alternatively buy them back from the seller/buyer under the requirements of Art. 27 and 28 of CISOU CIA and the Financial Collateral Arrangements Act (these transactions are generally known as repurchase or repo transactions). These contracts may be executed under different conditions with respect to their term, the redemption price and collateral, depending on the situation and the agreement reached with the specific counterparty. Such contracts could optimize the profitability and liquidity of the ETF, and their counterparties must meet the pre-defined by the MC creditworthiness requirements.

The Management Company shall follow the guidelines in Section X of the Guidelines on Exchange-Traded Funds (ETFs) and other UCITS issues (ESMA/2014/937). The Management Company shall not use derivative instruments in the management and structure of the ETF and therefore all guidelines related to these instruments are not

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relevant. Expat Bulgaria SOFIX UCITS ETF may use techniques and instruments related to securities and money-market instruments under the conditions and restrictions set out in this Prospectus and the Fund Rules, but in any case, these techniques shall not lead to a deviation from the investment objectives of the Fund or impose additional risks to the original policy risks as described in this Prospectus and the Fund Rules. When and if such actions are to be undertaken, Expat Bulgaria SOFIX UCITS ETF will ensure that it is able at any time to take back the securities lent or terminate any agreement entered for the lending of securities. Term repo and reverse repo agreements, the duration of which does not exceed seven days, shall be considered transactions whose conditions enable the ETF to take back the securities at any time. The annual financial statements of Expat Bulgaria SOFIX UCITS ETF shall also include details on:

- A. the risk exposure due to efficient techniques for portfolio management;
- B. the identity of the counterparty/counterparties of these efficient techniques for portfolio management;
- C. type and amount of collateral received by the UCITS to reduce the exposure to the counterparty; and
- D. revenues as a result of efficient techniques for portfolio management for the whole reporting period along with direct and indirect operating costs and fees incurred.

(Repealed by BD Resolution No. 162/03.08.2016)

Liquidity requirements

(Repealed by BD Resolution No. 231/08.01.2018)

(Amended by BD Resolution No. 231/08.01.2018) At any time, the Fund must have minimum liquid funds as follows:

- Cash (including deposits with credit institutions under Art. 38, para 1, i. 6 of CISOUICIA), securities, money-market instruments under Art. 38, para 1, items 1-3 of CISOUICIA, money-market instruments under Art. 38, para 1, item 9 of CISOUICIA and short-term receivables – amounting to not less than 100 percent of the weighted current liabilities;
- Cash (including deposits with credit institutions under Art. 38, para 1, i. 6 of CISOUICIA), securities and money market instruments issued by the Republic of Bulgaria or another Member State and money market instruments under Art. 38, para 1, i. 9, letter “a” of CISOUICIA – not less than 70 percent of the weighted current liabilities, except for liabilities associated with participation in capital increases of public companies.

The Management Company shall conduct regular stress-tests annually – until the 15th day each first month of the year, or when the Management Company decides, if the market circumstances require it. These stress-tests facilitate the assessment of the liquidity risk of the Fund in exceptional market conditions. Within 30 days after the completion of the stress-tests, the Management Company shall notify the Deputy-Chairman of the FSC about the results and the actions taken to modify the existing rules, if necessary.

(New – BD Resolution No. 200/09.06.2017) The ETF may use different types of money market operations (repos; lending of securities) thus providing liquidity whenever necessary, if the redemption liabilities exceed the current cash amount of the Fund and securing additional money through urgent asset sales may harm the interest of the rest of the investors of the ETF. Such operations are appropriate under extreme market conditions: periods with low market liquidity, daily market fluctuations of more than 5% in

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the Index or other circumstances that may lead to potential losses for the current investors of the Fund after securing the necessary liquidity.

The ETF may not use repos for leveraging and may not enter into such transactions with maturities of over 30 days.

In case of a violation of the provisions in the preceding paragraphs, the ETF is required within 7 days of detecting the violation to notify the Financial Supervision Commission stating the reasons for the violation and propose measures to align the liquidity with the regulatory requirements. The Fund aligns its liquidity with the regulatory requirements within 30 days of detecting the violation. When, before the expiry of the 7-day period, the ETF aligns its liquidity with the regulatory requirements, it shall notify the FSC thereof not later than the next business day. In this case, the requirement to provide measures under the first sentence of this paragraph shall not apply.

#### Other restrictions

(Amended by BD Resolution No. 200/09.06.2017) In managing the Fund, the Management Company shall comply with all legal requirements and restrictions, including those set by decisions of the FSC. The Management Company may not change the scope of activity of the Fund or decide on its transformation in any other way except through mergers and acquisitions after an authorization by the Financial Supervision Commission.

The Management Company and the Custodian when acting on behalf of the ETF may not grant loans or secure or guarantee obligations of third parties with assets of the Fund.

(Amended by BD Resolution No. 300/02.09.2019) In carrying out its investment activities, the ETF may not sell securities, money-market instruments and other financial instruments under Art. 38, para. 1, i. 1, 2, 3 and 9 of CISOUCIA which the Fund does not own, nor lend securities to third parties.

The ETF may not use loans except for the cases specified in the applicable laws. Loans may be used only with the prior approval of the Deputy Chairman of the FSC and under the following conditions:

- The loan is needed to cover liabilities related to units' redemptions;
- The loan, respectively the total amount of the loans for the same period, does not exceed 10 percent of the Fund's assets;
- The term of the loan is no longer than 3 months;
- (New – BD Resolution No. 158/01.07.2016) The terms and conditions of the loan agreement are not more unfavourable than the usual for the market;
- (New – BD Resolution No. 158/01.07.2016) Only a bank may be a lender (except the Custodian bank)

The Management Company may not invest the Fund's assets (and those of any mutual fund managed) in shares entitled to voting rights of a single issuer, in a way that the acquired shareholding enables the Management Company or the members of its management or control bodies, jointly or separately, to exercise significant influence on the issuer.

#### Changes in the investment strategy, policy and restrictions

(Amended by BD Resolution No. 238/26.01.2018) The above-listed provisions of the

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investment strategy, policy and restrictions are set out in Art. 7-12 incl. and Art. 17 of the Fund's rules and comply with the legal requirements at the date of the Prospectus. Some of these provisions may be amended by a resolution of the Management Company, after an approval of the supervisory authority in compliance with CISOU CIA provided that it is in the best interest of investors or is pursuant to the law or an FSC resolution. Notwithstanding the foregoing, in case of a discrepancy between the investment strategy, policy and restrictions of the Fund as set out in the Prospectus and subsequent changes in CISOU CIA and in the regulations for its implementation regarding the requirements and restrictions for the composition and structure of the investments and the activity of the ETF, the new regulations shall apply from the date of their entry into force. In this case, the Management Company shall align the Rules and Prospectus of the Fund with the legislative amendments within the shortest reasonable time.

**II.2. Index tracking error**

(Amended by BD Resolution No. 158/01.07.2016)

The Fund is exposed to risks related to the volatility of the tracking difference when following the Reference Index (tracking error risk), which may result in the failure of the price and performance of the Fund's units to follow exactly the price and performance of the Reference Index. For more information on why these risks may arise, please see section “Tracking error” in the Chapter named “Risk Profile of Expat Bulgaria SOFIX UCITS ETF” herein below.

Tracking error is the volatility (measured by the annualized standard deviation) of the difference between the return of the ETF and that of its Reference Index for a certain period of time. It is not the same as tracking difference which is simply the difference between the return of the Fund and that of the Reference Index for a certain period of time. The tracking difference shows by how many percentage points the Fund has performed better or worse than the Index, while the tracking error indicates the consistency in the different performance of the Fund and the Reference Index.

The estimated level of the annual tracking error from following the Reference Index under usual market conditions is 10.00%. The estimated level is determined based on historical tests (back testing), involving the historical performance of SOFIX and the simulated performance of Expat Bulgaria SOFIX UCITS ETF against it, given the inability of Expat Bulgaria SOFIX UCITS ETF to replicate SOFIX exactly due to legal restrictions related to concentration limits; to estimated annual management and other expenses; and to estimated average bid-ask spreads of the shares in SOFIX. The expected level is only an estimate of the tracking error and should not be considered a strict limit. The estimated tracking error is calculated based on the NAV performance of the Fund against the return of the Reference Index, assuming that the dividends received from the constituents of the Index (after taxes) are also reinvested. The policy of the Fund to reinvest the after-tax dividends received may lead to tracking error. The total return of the Fund is important to the Fund unitholders, as it represents the overall return on their investment.

**II.3. Risk profile of Expat Bulgaria SOFIX UCITS ETF**

(Amended by BD Resolution No.158/01.07.2016) Potential unitholders of Expat Bulgaria SOFIX UCITS ETF should be aware of the risks associated with its activity, and based on their individual investment objectives, risk tolerance and investment horizon, should make

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an adequate decision whether to invest in units of the Fund.

It is important to know that an investment in units of the Fund is not a bank deposit and therefore it is not protected under the Law on Bank Deposits Guarantees or any other guarantee scheme. The units' value may be subject to fluctuations due to the composition or the techniques for the investment portfolio management. Previous performance of the Fund (rate of return) is not related to future results and is not a sufficient reason for making a decision to invest in the Fund.

Risk profile of Expat Bulgaria SOFIX UCITS ETF

The risk profile of the 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 an index of shares traded on BSE. In this respect, investing in units of Expat Bulgaria SOFIX UCITS ETF involves undertaking high risk, given that the Reference Index is composed of equities.

Description of the main risks associated with the activity and investment portfolio of Expat Bulgaria SOFIX UCITS ETF, which are borne directly or indirectly by the investors through the purchase of units of the Fund

In its activity, Expat Bulgaria SOFIX UCITS ETF is exposed to various types of risks affecting its results. The main risks that investors face when they invest in units of Expat Bulgaria SOFIX UCITS ETF are:

Market risk

The possibility of loss occurring due to adverse changes in the securities prices, market interest rates, exchange rates and other. This market risk affects the net asset value of the ETF which will also fluctuate as a result of changes in the market prices of the equities and other securities in which the ETF has invested. A variety of factors affect the market price of certain shares (for example, financial statements revealing a reduction in profit of the company issuing the shares; a loss of a major client; claim of a great amount brought against the company; a change of regulations in a certain industry). Not all such factors may be anticipated.

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, the monetary policy of the central banks, the business activity of the issuers, the industry in which the issuer operates and the demand and supply on the stock market. At certain times, the market price of the Fund units on the stock exchange may fluctuate substantially. In the event of significant movements of the Index incl. large daily movements, the performance of the Fund may depart from its investment objectives. The valuation of the Fund will fluctuate as a result of changes in the price of the Fund's assets and the Reference Index.

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Inability of the Management Company to adapt to market changes

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

Interest rate risk

Interest rate risk is the risk that the value of a security will fall when interest rates rise. Generally, rising interest rates have an adverse impact on the stock prices.

Currency risk

The risk of a decline in the value of an investment in a security or bank deposit denominated in a currency other than BGN or euro, due to fluctuations in the exchange rate of that currency and BGN or euro.

Price risk

The risk associated with investment in shares or other equity securities – the risk of a decline in the value of an investment in a security due to adverse movements in market price levels.

Liquidity risk

The risk associated with the possibility of losses or missed profits by mandatory or forced sales of assets in adverse market conditions (such as low demand in the presence of oversupply).

Purchase and redemptions

If the purchase and redemption orders for Fund units are received late or do not meet the requirements in the Prospectus and the Fund Rules, there will be a delay between the time of placing the order and the actual date on which the purchase or redemption is executed. Such delays may lead to a decrease in the number of units purchased or amounts received from redemptions.

Trading on a stock exchange

There can be no guarantees that the Fund will be approved for trading on a regulated market and/or that units of the Fund will continue to be traded or that the criteria for admission to trading will not change. Moreover, trading of the units 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 units until trading resumes.

#### Regulatory risk

The Prospectus has been prepared in compliance with the applicable laws and regulations. The Management Company and/or the Fund and its investment objectives and policies may be affected by future changes in laws and regulations. New or modified laws, rules and regulations in Bulgaria or the European Union could prevent or significantly limit the Fund’s ability to invest in certain instruments. They could also prevent the signing of agreements with certain third parties. This may affect the ability of the Fund to fulfil the respective investment objectives and policies. Applying such new or modified laws, rules and regulations could lead to an increase of all or some of the Fund’s costs and may require the restructuring of the Fund, in order to meet the new rules. Such a 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/or such changes might affect their value and/or liquidity.

#### Credit risk

The assessments of rating agencies like Standard & Poor's, Moody's and Fitch are internationally recognized barometer for the credit risk of market securities. However, these ratings are not perfect: they are based on past events and do not reflect all possible future circumstances. Credit risk also arises when dealing with a counterparty for exchange or OTC transactions and is revealed in two directions – counterparty and settlement risk. Counterparty risk is the risk that the counterparty of an OTC transaction will not fulfil its obligations. This risk is minimized with respect to the Fund, given that it invests mainly in exchange-traded financial assets. Settlement risk is the risk that at the time of the settlement date, the Fund may not receive cash or financial instruments from the counterparty, after the Fund has already fulfilled its obligations with respect to the transaction with this counterparty.

#### Operational risk

It is associated with the potential of loss resulting from errors or system failures in the organization, insufficiently qualified personnel, unfavourable external events that are not financial in nature, incl. legal risk. Expat Asset Management EAD shall determine a short- and long-term strategy in managing the operational risks that arise in managing the business and the portfolio of the Fund, as explained in the Valuation and Risk Management Rules of the Fund.

#### Tracking error risk

Tracking the Reference Index by investing in all positions in the index can be costly and difficult to implement. The portfolio manager may use optimization techniques such as selection of individual positions in the Index in proportions that differ from those in the Index. The use of such optimization techniques can increase the tracking error and lead to a different performance of the Fund compared to that of the Index. Furthermore, existing restrictions or future changes in laws and regulations of the Fund about, but not limited to, the composition, concentration and method of assets valuation can lead to the inability of the Fund to replicate the Index in full. Also, exchange-traded funds in markets characterized by low liquidity may be exposed to a higher tracking error.

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Reference Index

If there is an event that affects the Index, the Fund may be required to suspend the issuance and redemption of units. The valuation 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.

Such events might be, but are not limited to the following:

- The Index is considered inaccurate and does not reflect the actual market developments;
- The Index is suspended by the authority that organises it;
- This authority cannot determine the value of the Index;
- This authority makes changes in the formula for calculating the Index that do not allow the Fund to track it at a reasonable cost;
- A component of the Index is illiquid because it is no longer traded on a regulated market;
- Components of the Index are exposed to higher transaction costs or higher settlement fees or specific tax restrictions that are not reflected in the Index performance.

Systemic risks

Systemic risks depend on general fluctuations in the economy and the markets in general. The Fund cannot influence the systemic risks but registers them and takes them into account. Risks arising from the political and economic situation are possible instability or military actions 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 the implementation of a system for forecasting and actions in extreme situations are possible ways to mitigate the negative effects.

Other risks

Investments in the Fund are facing a risk of a stock-exchange trading suspension, political risk, volatility, lack of liquidity on the exchange.

Finally, investors should be aware that the value of the ETF units and their return may fall, profits are not guaranteed, and investors face the risk of not recovering their investment in full.

**II.4. Portfolio valuation rules**

(Amended by BD Resolution No. 196/30.03.2017) The relevant Rules for Portfolio Valuation and Determination of Net Asset Value and Indicative Net Asset Value of Expat Bulgaria SOFIX UCITS ETF are attached to this Prospectus and are an integral part of the Prospectus.

**II.5. Characteristic of the typical investor at whom the activity of Expat Bulgaria**



**SOFIX UCITS ETF is targeted**

The units of Expat Bulgaria SOFIX UCITS ETF are available to all investors. Investors in the Fund are seeking exposure to a market/markets in which the Reference Index invests. As of the date of this Prospectus, this is the Bulgarian stock market. The invested amount in the Fund depends on the individual circumstances of each investor. To determine this amount, investors should take into account the size of their personal wealth and/or real estate, cash resources available currently and for the next few years, and their willingness to take risk or follow a more cautious approach. Also, we advise investors to diversify their portfolios well enough, so that they are not exposed only to the risks of this Fund. In this respect, investors are advised to assess their specific situation with the assistance of their investment adviser.

**III. BUSINESS INFORMATION**

**III.1. Tax regime**

This section examines the overall tax regime applicable to the ETF and to the investors’ returns from transactions with units of the Fund pursuant to the effective tax legislation as of the date of this Prospectus. It is in the best interest of the unitholders and all investors to consult on these and other tax issues with tax experts, including regarding the tax effect depending on a given situation.

Corporate taxation of the Exchange-traded Fund

Profits generated by the Fund are exempt from corporate taxation.

Income tax treatment of the ETF unitholders

Net profits realized by the Fund increase the net asset value of the Fund and accordingly the value of its units. Since the ETF does not distribute dividends to investors, the latter could realize capital gains by selling their units back to the Fund (under certain conditions) or on the stock exchange. The amount of the capital gain is calculated as the positive difference between the amount received from their sale and the amount paid upon their purchase. If the units are acquired at different prices and then some of them are sold, while it cannot be evidenced exactly which of them are sold, the acquisition price of the units is the weighted average price based on the acquisition price of the units held at the time of sale.

*General terms*

Income from transactions with the Fund’s units (realized capital gains), both in the case of units redemption and units sales on a stock exchange, is tax-exempt when the income beneficiary is a country resident or resident for tax purposes in a Member State of the European Union or in another country within the European Economic Area.

Respectively, the accounting financial result should be reduced with this income when determining the financial result for tax purposes of legal entities subject to taxation under the Corporate Income Tax Law (“CITA”). It should be borne in mind that in the case of losses from transactions with Fund units, the entities subject to taxation under CITA will have to increase their accounting financial result with the negative difference between the sale and purchase price of the units. If the units are acquired at different prices and then some of them are sold, when it cannot be evidenced which of them are sold, the acquisition price of the units is the weighted average price based on the acquisition price of the units held at the time of sale. This income is not subject to a withholding tax.

*Exceptions for certain categories of individuals*

Income from transactions with the Fund's units (realized capital gains) as well as from transactions with financial assets in general, generated by individuals from third countries different from the above-mentioned, are subject to a final tax rate amounting to 10% of the taxable income.

Taxable income is the sum of the profits realized during the year, calculated for each separate transaction, reduced by the amount of losses realized during the year, calculated for each separate transaction. The realized profit/loss for each transaction is calculated as the amount received from the sale minus the amount paid upon purchase. If the units are acquired at different prices and then some of them are sold, while it cannot be evidenced which of them are sold, the acquisition price of the units is the weighted average price based on the acquisition price of the units held at the time of sale.

The Management Company is obliged to provide the Executive Director of the National Revenue Agency with the information under Art. 143 letter “n”, para. 1, items 1-4 of the Tax and Social Security Procedural Code (TSSPC), including information of the amount of income received from savings and investments, until 30 April of the year following the year of payment of the income. The information covers all savings and investments income received during the calendar year.

**III.2. Fees (commissions) for purchase and redemption of units of Expat Bulgaria SOFIX UCITS ETF – charged only for transactions on the primary market**

Charges for purchases and sales are intended to cover the costs associated with the sale/ issuance and redemption of units and are included in the issue price and the redemption price to be paid by the investor.

The following fee structure applies to subscription and redemption of units on the primary market for the following groups of investors:

Type of investor	One-off entry (unit issue) charge	One-off exit (unit redemption) charge
Institutional investor	2.00%	2.00%
Other investor (including a market maker) with a contract with the Management Company	According to the fees, conditions and restrictions specified in the contract with the Management Company	According to the fees, conditions and restrictions specified in the contract with the Management Company

Regardless of the amount invested, the investors in the Fund should pay a fee of 2.00% (two %) payable to the Management Company, unless otherwise agreed in the contract with the Management Company; this fee is charged on top of the net asset value of the Fund per 1 unit and is included in the issue price of the units. The issue price of the Fund is equal to the NAV per a single unit plus the issuance fee, payable to the Management Company.

Institutional investors are all insurance companies, banks, investment brokers, management companies, pension funds, and all collective investment schemes and investment companies with a licence in the EU or in an OECD country. Investors in the Fund should pay to the Management Company a redemption fee of 2.00% (two %), unless otherwise agreed in the contract with the Management Company; this fee is charged on top of the net asset value of the Fund per 1 unit and is deducted from the redemption price of the units. The redemption

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price of the Fund is equal to the NAV per 1 unit less the fee payable to the Management Company.

Investors shall pay all expenses for the settlement and transfer of the Fund’s units for all transactions on the primary market, including fees to custodians, bank charges, commissions, taxes, and other.

It should be noted that the conditions for the issuance and redemption of units with other qualified primary market investors (including market makers) are governed by separate agreements with the Management Company.

**III.3. Costs and fees payable by the ETF**

(Amended by BD Resolution No. 158/01.07.2016) (Amended by BD Resolution No.196/30.03.2017)

Expenses payable by the ETF (indirect expenses for the investor)

(Amended by BD Resolution No. 196/30.03.2017) These expenses are subtracted from the ETF’s assets and thus they are indirectly bared by all unitholders. Full description of those expenses can be found in the Fund’s Rules.

**III.4. Data on the expenses and results of Expat Bulgaria SOFIX UCITS ETF for previous years**

(Amended by BD Resolution No. 196/30.03.2017) (Amended by BD Resolution No. 258/16.04.2018) The Fund was established in 2016. Financial statements for previous years certified by an appointed auditor in accordance with the Accountancy Act are published on the website of the Management Company – [www.expat.bg](http://www.expat.bg). The financial statements are also accessible for investors at the address of the Management Company – 1000 Sofia, Bulgaria, 96A G. S. Rakovski Str. every work day from 9:00 (CET) to 18:00 (CET).

**III.5. Information about Expat Asset Management’s Remuneration Policy**

(New by BD Resolution № 196/30.03.2017) Expat Asset Management’s (The MC’s) Remuneration Policy in no way corresponds to the collective investment schemes and the mutual funds managed by the MC. The Fund is not liable for any fees and does not have additional expenses towards the MC, its personnel or its management deriving from this Policy. The Remuneration Policy is published on Expat Asset Management’s website at [www.expat.bg](http://www.expat.bg) as well as a hard copy of it may be distributed free of charge upon request.

**IV. TRADING INFORMATION**

**IV.1. Terms and conditions for the creation and redemption of units in the primary market**

(Amended by BD Resolution No. 158/01.07.2016) (Amended by BD Resolution No. 240/14.02.2018)

Units of the ETF may be purchased and sold in a primary or secondary market under the laws, regulations and rules of the Fund.

Primary market

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The primary market is the market in which the Fund’s units are issued or redeemed directly by the Fund. The following groups of investors may participate in the primary market under the following conditions set forth in this Prospectus, if they are not in conflict with any law or regulation:

Table Conditions

<b>Type of investor</b>	<b>Minimum contract size for ETF units purchase</b>	<b>Minimum contract size for ETF units redemption</b>
Institutional investor	100 000 units	100 000 units
Other investors (including market makers) with a primary market participation agreement signed with the Management Company	According to the fees, conditions and restrictions specified in the contract with the Management Company	According to the fees, conditions and restrictions specified in the contract with the Management Company

Each order should meet the minimum size requirement and shall be in steps of 100 000 units (the number of units should be a multiple of 100 000) for orders for unit purchase or redemption with sizes above the minimum, unless otherwise agreed in the contract with the Management Company. Marketmakers, the Management Company, and all institutional investors with a contract with the Management Company may subscribe and redeem units in the primary market within the legal limitations (10 000 units at subscription and 30 000 units at redemption), and the same are allowed to aggregate orders of their clients provided that the aggregated number of units meets the legal limitations.

(Amended by BD Resolution No. 200/09.06.2017) Any orders and their timely submission to the ETF are the responsibility of the institutional investors, market makers, and any other investor with a primary market participation agreement signed with the Management Company. Once accepted by the Fund, the orders cannot be withdrawn.

i) (Amended by BD Resolution No. 158/01.07.2016) (Amended by BD Resolution No. 258/16.04.2018) The persons/entities eligible to sign a primary market participation agreement are investors who are classified as “professional client” within the meaning of § 1, para 10 of the Markets in Financial Instruments Act;

ii) (Amended by BD Resolution No. 158/01.07.2016) The requirements for a minimum order size, the steps for orders over the minimum and the one-off charges will be agreed upon between the Management Company and each investor taking into account the investor’s committed amounts, period of investment, frequency and other conditions.

Once accepted by the Fund, the orders cannot be withdrawn. The issue (sale) of ETF units can be executed only after the full amount for the units created is paid.

Unless unit redemptions are temporarily suspended, the Management Company shall calculate daily an issue (or creation) price at which investors can purchase units of the Fund. The price shall be determined based on the NAV per unit calculated under the method described in the Prospectus below.

(Amended by BD Resolution No. 162/03.08.2016) Units of the ETF can be purchased by the investors in the office of Expat Asset Management at: 96A Georgi S. Rakovski Street, Sofia 1000, Bulgaria, from 09:00 until 17:00 hrs. Sofia time (CET+1:00), tel.: +359 2 980 1881, fax: +359 2 980 7472, contact person: Ms. Zhasmina Ivanova.

ETF units shall be purchased in the following manner:

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(Amended by BD Resolution No. 200/09.06.2017)

- **Placing an order for purchase of units.** Investors shall place orders for purchase of units containing the particulars pursuant to Ordinance No 44/20.10.2011 on the Requirements to the Activity of the Collective Investment Schemes, Closed-End Investment Companies and Management Companies (order forms are available from the Management Company), in person, by a proxy/representative or through an investment broker, a bank or a management company with a license issued by a member state of the EU, when the investor is a client of the respective investment broker, bank or management company. Orders for purchase of units shall be accepted every business day between 9:00 am and 5:00 pm Sofia time (CET+1:00) at the office of the Management Company, electronically with electronic signature at email: [asset.management@expat.bg](mailto:asset.management@expat.bg), or if possible through internationally established online fund management platforms, such as Clearstream VESTIMA. The investor states in the order, whether the units will be issued against payment or against a basket of assets.

If the order is placed by a proxy, the latter should submit the original of a notarised power of attorney explicitly authorizing the proxy to manage and provide buy and sell orders for securities, as well as a statement that he or she is not professionally involved in business transactions with securities. These requirements do not apply when the order is placed by an investment broker, a bank, or a management company.

- *Payment for unit subscriptions.* The money for the subscribed units shall be transferred by the investor to a special account with the Custodian held in the name of the ETF with delivery versus payment (DVP) terms.
- *Order execution.* If the investor (including market makers) has placed a purchase or redemption order by 3:00 pm Sofia time (CET+1:00), the order shall be executed using the NAV for the day on which the order was placed. If the order is submitted after 3:00 pm Sofia time (CET+1:00), the same order shall be executed using the NAV for the day following the day when the order was placed. According to Art. 66, para. 1 of Ordinance 44, orders shall be filled within 7 calendar days from the date of placing the order. In case the order form is not signed or is not properly filled, the order shall be considered invalid and must be placed again. In the order, the client must explicitly state the date for delivery versus payment (DVP) of the units and/or basket of assets in the respective custodial institution. Delivery date can be between 2 and 7 calendar days after placing the order.
  - i) *Order execution in cash.* On the next business day, following the day whose NAV per unit shall be used for the order execution the units shall be issued and directed for transfer to the client on the value date specified in the order. The order shall be executed for the number of the requested units multiplied by the creation price per unit, which shall be rounded to the fourth number after the decimal point. The Management Company distributes a confirmation for the valid order in compliance with Art. 2 para 24 of the Fund’s Rules, containing settlement instructions for the DVP as soon as possible, however, no later than the working day following the order day which NAV per unit is used for the execution of the order.
  - ii) *Order execution in kind /basket of assets/* Each business day, the Management Company publishes on [www.expat.bg](http://www.expat.bg) the contents of a basket of Index Securities representing 10 000 Fund units (the “Creation Unit”). In the order for unit subscription in the primary market, the investor shall indicate the number of shares of each issuer that he / she will deposit in the Fund. The number of shares of each issuer must correspond to the number prescribed in the creation unit (or to be divisible of it in case of subscription for more than 10 000 units). The order is executed for the size of the requested number of units multiplied

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by the specified issue price per unit. The amount received is called “Order amount”. On the next business day following the day whose NAV per unit shall be used for the order execution, the units are issued and directed to the client with the value date specified in the order. By midday at noon on this day, the client receives a confirmation of the submitted order in which the Management Company specifies the cash component to be deposited in the account kept in the name of the Fund with the Central Depository together with the shares requested. To determine the cash component, the sum of the deposited shares, multiplied by their price for the day whose NAV shall be used for the order execution, is deducted from the order amount. The value of the basket of assets to be distributed to the Fund is calculated in accordance with the Rules for Portfolio Valuation and Determination of Net Asset Value And Indicative Net Asset Value. To the cash component thus obtained, all costs associated with the transfer of the basket of assets and the cash component that the Fund has to pay, if any, are added. In this way, they are borne by the client subscribing units of the Fund and not by the existing unitholders of the Fund.

- *Order confirmation.* The Management Company shall provide confirmation for the order execution containing instructions for delivery of the units versus payment (DVP) as soon as possible but no later than the end of the business day following the order execution.
- *Order withdrawal.* Once placed, an order for purchase of units of the Fund may not be withdrawn.

ETF units shall be redeemed in the following manner:

(Amended by BD Resoluton No. 200/09.06.2017)

- **Placing an order for redemption of units.** Investors shall place an order for redemption of units in person, by a proxy/representative or through an investment broker, a bank or a management company with a license issued by a member state of the EU, when the investor is a client of the respective investment broker, bank or management company. An order sample may be received at the above-mentioned office. Orders for redemption of units shall be accepted every business day between 9:00 am and 5:00 pm Sofia time (CET+1:00) at the office of the Management Company, electronically with electronic signature at email: [asset.management@expat.bg](mailto:asset.management@expat.bg), or if possible through internationally established online fund management platforms, such as Clearstream VESTIMA. If the order is placed by a proxy, the latter should submit the original of a notarized power of attorney explicitly authorizing the proxy to manage and give buy and sell orders for securities, as well as a statement that he or she is not professionally involved in business transactions with securities. These requirements do not apply when the order is placed by an investment broker, a bank, or a management company.
  - *Order execution.* The redemption order is executed using the NAV per unit calculated on the date of placing the order if the order is submitted until 3:00 pm Sofia time (CET+1:00). For orders placed after this time, the redemption price is determined using the NAV for the next day. Valid orders for redemption of ETF units shall be executed on the day following the specified in the order value date whose NAV per unit will be used for the order execution but no later than 10 days from the date the order was submitted. The settlement date may be between 2 and 10 days after the order submission.
  - *Payment of the amount due.* The amount due shall be paid to the specified bank account of the client under the delivery versus payment (DVP) method or a basket of assets in the respective depository institution at the value date specified in the order.

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- i) Order execution in cash. The Management Company executes all redemption orders for execution using the NAV per unit on day T against cash only if the amount due to investors on redemption orders for execution using the NAV per unit for day T is less than the cash holdings of the Fund minus all liabilities of the Fund as calculated in the NAV for day T but also taking into account all transactions for the purchase of assets of the Fund with pending settlement and for redemption from the Fund with pending/expected settlement which are not reflected in the NAV for day T.
- ii) Order execution in kind /basket of assets/ Upon submission of the redemption order the investor is entitled to declare that his/her wish the order to be executed in a basket of Index Securities. The Management Company performs all redemption orders for execution using the NAV per unit for day T in a basket of assets when the amount due to investors on redemption orders for execution under the NAV per unit for day T is greater than the cash holdings of the Fund minus all liabilities of the Fund as calculated in the NAV for day T, but also taking into account all transactions for the purchase of assets of the Fund with pending settlement and for redemption from the Fund with pending / expected settlement which are not reflected in the NAV for day T. In case these conditions are not met, the Management Company performs redemption orders in cash in the manner described in i). Each redemption order in a basket of assets of the Fund shall be executed as follows:
- The number of units requested and accepted for redemption in the order is multiplied by the redemption price and form "amount payable to redemption order";
  - The percentage of the “amount payable to redemption order” against the total net asset value of the Fund based on which the order is executed is the "redemption rate“. This percentage is rounded to the second decimal point (e.g., 7.355% is rounded to 7.36%, etc.);
  - For each security in the Fund's portfolio, the number of shares as in the Fund's portfolio according to the NAV for the order execution is multiplied by the redemption rate, the resulting figure being rounded down to the first integer (for example, 5.89 becomes 5 etc.). The resulting number of shares is multiplied by their price as used in the NAV which is used for the execution of the order. This amount is subtracted from “amount payable to redemption order”, and the remainder, if any, shall be paid in cash.
- o Order confirmation. The Management Company shall provide confirmation for the execution of the valid order containing instructions for delivery of the units versus payment (DVP) or versus a basket of assets as soon as possible but no later than the end of the business day following the day whose NAV will be used for the order execution.
  - o Order withdrawal. (Amended by BD Resoluton No. 200/09.06.2017) Once placed, an order for redemption of units of the ETF may not be withdrawn.

(Amended by BD Resoluton No. 200/09.06.2017) The net asset value of the Fund and the net asset value per unit are calculated in accordance with Art. 18 and Art. 19 of the Rules. When calculating the net asset value per unit, the issue price and the redemption price are rounded to the fourth decimal point. The NAV, NAV per unit, issue value and redemption price are calculated in BGN.

Subject to the condition above, the Management Company shall announce daily the redemption price of the units at which investors can sell their units back to the Fund according to the conditions in this Prospectus, except in cases of temporary suspension of redemption.

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The price is determined based on the net asset value per unit calculated according to the method described in the Prospectus and the Fund Rules.

(Amended by BD Resolution No. 162/03.08.2016) Expat Asset Management shall redeem the units of the Fund on behalf and for the account of the ETF. Investors may place orders for units redemption in the office of Expat Asset Management at: 96A Georgi S. Rakovski Street, Sofia 1000, Bulgaria, from 09:00 am until 5:00 pm Sofia time (CET+1:00), tel.: +359 2 980 1881, fax: +359 2 980 7472, contact person: Ms. Zhasmina Ivanova.

Rights and obligations of the market maker for purchase of units in the primary market

The market maker under a contract with the Management Company shall be entitled to purchase and sell units of the ETF in the primary market in accordance with the current Prospectus, the Fund Rules and the provisions of the contract. This right may be revoked temporarily or permanently by a written notice from the Management Company if the market maker breaches the terms and conditions of the contract.

**IV.2. Purchase and sale of units in a secondary market**

(Amended by BD Resolution No. 158/01.07.2016)

Main characteristics

When buying and selling units of the ETF on a stock exchange to which the Fund is admitted or will be admitted to continuous trading, there shall be no minimum quantity requirement other than the one which the Exchange itself may require.

(New – BD Resolution No. 200/09.06.2017) (Amended by BD Resolution No. 228/22.12.2017) (Amended by BD Resolution No. 275/05.10.2018) The Management Company has listed Expat Bulgaria SOFIX UCITS ETF on the Bulgarian Stock Exchange, Frankfurter Wertpapierbörse, Frankfurt am Main and London Stock Exchange, London, the United Kingdom. The Management Company intends to list Expat Bulgaria SOFIX UCITS ETF on other regulated markets as well. As part of the listing, there is a requirement one or more members of the Exchange to be appointed as marketmakers that provide prices at which the Fund's units can be purchased or sold on the Exchange. The Market Maker shall comply with the requirements of the relevant stock exchanges and regulations related to their activities, as well as the additional requirements and conditions agreed upon in the contract with the Management Company.

***UCITS ETF's units / shares purchased on the secondary market cannot usually be sold directly back to UCITS ETF, unless the investors qualify under the conditions for participation in the primary market described in table “Conditions” in section IV.1. of this Prospectus. Investors must buy and sell units / shares on a secondary market with the assistance of an intermediary (e.g. a stockbroker) and may incur fees for doing so. In addition, investors may pay more than the current net asset value when buying units / shares and may receive less than the current net asset value when selling them.'***

In case the Management Company assesses that the stock exchange value of the units or shares of the UCITS ETF significantly varies from their net asset value, including during market disruptions, in the absence of a market maker or when the units are suspended from trading on a secondary market for more than 3 consecutive days, the minimum order requirements for unit redemption described in the section “Terms and conditions for the creation and redemption of units in the primary market” in this Prospectus may not apply.

The Management Company shall consider the following to be a substantial deviation of the stock exchange price of the units of the Fund: when the price of the last trade with the ETF's units on BSE is 20% lower or higher than the last published NAV per unit (indicative or for the day depending on which one is the last), given that for each trade the time when it was



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closed and the last published NAV before the trade is taken into account. Only the following is considered as a “market disruption”:

- Absence of a market maker
- When the units are suspended from trading on a secondary market for more than 3 consecutive days

The Management Company of the Fund shall immediately notify the regulated market on which the units are traded, as well as the Financial Supervision Commission, of any decision not to apply the requirements for access to unit redemption on the primary market, and shall publish on its website this decision and the possibility any investor to request redemption. The costs of redemption paid by investors in this case are the same as those described in section “Fees (commissions) for purchase and redemption of units of Expat Bulgaria SOFIX UCITS ETF – charged only for transactions on the primary market” of this Prospectus.

Specific characteristics

(Amended by BD Resolution No. 200/09.06.2017) We advise investors who want to buy units of the ETF or to obtain more information on the rules for market makers that apply to the trading of the shares on the respective regulated market, to get acquainted with the rules of the Exchange and the regulations which are in force, and if necessary, to seek assistance and advice from their investment broker for trading on this exchange.

Unit price at commencement of trading and afterwards

The initial price per unit which the Management Company will use to create units of the Fund on a primary market shall be BGN 1.00. The last NAV per unit shall be considered BGN 1.00 until the first for the day indicative NAV per unit is published. Trading of the units will begin on the secondary market with quotes from the market makers and other participants in the primary market. The market maker has to maintain “buy” and “sell” quotes in a maximum spread of 5% from BGN 1.00 at the opening session, from the indicative net asset value during a continuous trading phase and from the last announced indicative net asset value, in this case BGN 1.00, so that the quotes meet simultaneously the following criteria:

$$\frac{(Ask - Bid)}{NAV} \leq 5\%, \frac{|Ask - NAV|}{NAV} \leq 5\%, \frac{|Bid - NAV|}{NAV} \leq 5\% ;$$

where: Ask = sell quote, Bid = buy quote and NAV = last published net asset value, including indicative;

The subsequent price development of the units of Expat Bulgaria SOFIX UCITS ETF shall be determined by market dynamics.

Indicative Net Asset Value

(Amended by BD Resolution No. 200/09.06.2017)

The indicative NAV and indicative NAV per unit is calculated and published by BSE or by another operator on a regulated market, on which the Fund’s units are registered for trading every trading day for the Fund on regulated market (the market is open and there is data published for the Reference Index) at least twice a day per trading session. For that purpose, the Management Company agrees in the name of and on behalf of the Fund on a contract with the respective regulated market operator. In case such contract is not present, the indicative NAV and NAV per unit would be published on the Fund’s website.

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The indicative NAV indicates the net asset value of the ETF, based on the latest prices of the ETF's assets at the time of calculating the indicative NAV. **The indicative NAV is not the price at which investors buy and sell units of the Fund on the secondary market.** The indicative NAV is calculated based on the available information during the session or during part of the trading session and shall usually be based on the current value of the ETF's assets and/or the Reference Index. **The indicative NAV per unit is not and should not be considered the price at which the units may be subscribed or redeemed in the primary market or the price at which the ETF units may be bought and/or sold on BSE or on another regulated market.** In case some constituents of the Reference Index are not actively traded at the time of the publication of the indicative NAV, the latter may not reflect the real value per unit or may be misleading. Investors should consider the time lag between calculating and publishing the indicative NAV. For example, there may be differences between the indicative NAV and other calculations based on constituents of the Reference Index or between the Fund's iNAV and the indicative NAV of another ETF tracking the same reference index. Investors who want to purchase or sell units of the ETF should not rely solely on the indicative NAV in making an investment decision and should take into account market, economic and other factors (incl. information about the Reference Index and the companies of the Reference Index of the ETF).

Exchanges on which the units of the Fund are admitted to trading

(Amended by BD Resolution No. 200/09.06.2017) The units of Expat Bulgaria SOFIX UCITS ETF are listed for trading on BSE.

Rules for trading the units of Expat Bulgaria SOFIX UCITS ETF

(Amended by BD Resolution No. 200/09.06.2017)

The actual secondary-market trading (exchange) of units of the Fund on BSE or another regulated market is similar to the trading of any ordinary shares of public companies on the exchange. Title to the units issued by the Fund is freely transferable without restrictions and conditions, given that the provisions of the Markets in Financial Instruments Act, CISOUCA, the Public Offering of Securities Act and the regulations for their implementation, the Regulations of BSE and the Rules of “Central Depository” AD, the Regulations of the relevant operator of the regulated market, as well as the Rules of the relevant licensed depository institution, which the Fund has a contract with, are followed.

The transfer of the ownership of the units becomes effective at the time of registration of the transaction in the Central Depository or another licensed depository institution for scripless securities. The register of unitholders of the Fund is kept by the Central Depository AD or by another licensed depository with which the Fund has a contract for that purpose. The transfer of ownership of the units of the Fund in cases of inheritance and donation shall be executed by a licensed investment broker acting as a registration agent after registering the transaction on BSE or another regulated market.

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When making transactions with units of the Fund outside the regulated market, the respective investment broker shall publicly disclose information about this transaction under the terms and conditions provided for in MFIA.

**IV.3. Circumstances under which redemption may be temporarily suspended**

(Amended by BD Resolution No. 200/09.06.2017)

The Fund may temporary suspend the redemption of its units by decision of the Management Company only in exceptional cases where circumstances require it and suspension is justified in view of the interest of the unitholders, including in the following cases:

- a. When on a regulated market, where more than 20 percent of the assets of the ETF are quoted or traded, trading is cancelled, suspended or subject to restrictions – for the duration of the suspension or restriction;
- b. When the assets or liabilities of the ETF cannot be evaluated properly, or the Management Company cannot manage the Fund's assets without harming the interests of the unitholders – as long as this situation lasts;
- c. (Amended by BD Resolution No. 158/01.07.2016) Upon resolution for the termination or transformation through a merger or acquisition of the collective investment scheme under the terms and conditions of Chapter Fourteen of CISOUCA;
- d. (Amended by BD Resolution No. 200/09.06.2017) In case of a termination of the contract with the Custodian due to the Custodian's fault, a withdrawal of the licence for custodial services or the imposition of other restrictions on its activities, resulting in its failure to fulfil its obligations under the custodial agreement or in harming the interests of the unitholders of the Fund – for the minimum necessary period but no longer than 2 months;
- e. (Repealed by BD Resolution No. 200/09.06.2017)

(Amended by BD Resolution No. 200/09.06.2017) The Management Company shall immediately suspend unit creation in the event that the redemption of units of the Fund is temporarily suspended. In these cases, public offering shall be suspended for the duration of the temporary suspension of redemption, respectively for the period for which the temporary suspension of redemption is extended.

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(Amended by BD Resolution No. 200/09.06.2017) The Management Company shall notify the FSC and other competent authorities, the Custodian and the regulated market on which the Fund’s units are traded, about the suspension of redemption, respectively about the extension of the redemption suspension period, by the end of the business day. The Management Company shall notify the unitholders of the redemption suspension, respectively of the extension of the redemption suspension period immediately after the resolution thereof through a publication on the Management Company’s website. If the period of suspension of units’ redemption needs to be extended, the Management Company shall notify the FSC, the Exchange, and the Custodian no later than 7 days before expiration of the original period. If the duration of the suspension is shorter than seven days, including in cases where redemption was suspended for technical reasons, the Management Company shall send the notifications under the preceding sentence until the end of the business day preceding the date on which redemption should have been resumed. Orders placed after the last redemption price has been announced and before the start date of the temporary suspension period shall not be executed. The Management Company shall reimburse the investors who placed orders for the purchase of units by transferring the amounts back to their bank accounts by the end of the business day, following the day of placing the orders.

(Amended by BD Resolution No. 162/03.08.2016)\_Redemption shall be resumed by the Management Company upon expiry of the term specified in the resolution to suspend the redemption, respectively in the resolution to extend the term of suspension of redemption. The notification of the resumption shall be made in the order explained in the preceding paragraph by the end of the business day preceding the resumption.

**IV.4. Terms and conditions for the calculation of creation and redemption price of the units**

Method and frequency of calculation of the issue price and the redemption price of the units

(Amended by BD Resolution No. 162/03.08.2016)

The issue and redemption price of the units shall be calculated each business day.

Procedure for determining the net asset value of the Fund, the net asset value per unit, the issue price and the redemption price:

- until 09:15 am Sofia time (CET+1:00) on the day T+1, following the day T, for which the calculation is made, the Management Company receives from the Central Depository information on creation and redemption transactions that have settled and the number of Fund’s units in circulation;
- the following shall be done between 09:15 am and 9:45 am Sofia time (CET+1:00) on the respective day:
  - assets and the price of assets shall be determined according to the current rules;
  - the accounting for any transaction made by the Fund and the revaluation of its assets and liabilities shall be completed; the net asset value, as well as the net asset value per unit shall be determined and a calculation of the issue and redemption price of the Fund’s units shall be made.
  - the net asset value and the net asset value per unit shall be determined and a decision on the issue price and redemption price of the Fund shall be made. The net asset value per unit is calculated by dividing the net asset value of the Fund by the number of units in circulation at the time of calculation. The issue/creation price is equal to NAV per unit plus the creation costs amounting to 2.0% of NAV per unit. The redemption price is equal to NAV per unit less

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redemption costs amounting to 2.0% of NAV per unit.

- by 9:45 am Sofia time (CET+1:00) on the day T+1, following day T for which the valuation is made, the calculated net asset value, net asset value per unit, issue and redemption price of the Fund units as well as all information about their calculation, including the settled number of sold and redeemed units shall be sent to the Custodian;
- until 10:45 am Sofia time (CET+1:00) on the day T+1, following day T for which the valuation is made, the Custodian shall provide a confirmation of the accuracy of the calculated net asset value, net asset value per unit, issue and redemption price of the Fund’s units (in case of inconsistencies, corrections should be made);
- until 11:00 am Sofia time (CET+1:00) of day T+1, following day T, for which the valuation is made, the process of determination of the net asset value for day T shall be completed.

Issue/creation price shall be equal to the NAV per one unit plus issue expenses.

Redemption price shall be equal to the NAV per one unit less redemption expenses.

Frequency, place and manner of publication of issue price and redemption price of the units

(Amended by BD Resolution No. 162/03.08.2016)

On day T+1, following business day T, for which the valuation is made, the Management Company shall notify the Investment Activities Supervision Department of the Financial Supervision Commission of the issue and redemption price of the Fund’s units for day T.

(New – BD Resolution No. 198/02.05.2017) The indicative NAV and indicative NAV per unit is calculated and published by BSE or by another operator on a regulated market, on which the Fund’s units are registered for trading every trading day for the Fund on regulated market (the market is open and there is data published for the Reference Index) at least twice a day per trading session. For that purpose, the Management Company agrees in the name of and on behalf of the Fund on a contract with the respective regulated market operator. In case such contract is not present, the indicative NAV and NAV per unit would be published on the Fund’s website.

(New – BD Resolution No. 200/09.06.2017) The Management Company distributes to BSE, or to any other regulated market operator on which the Fund’s units are registered for trading, data for its portfolio structure, the volume of the assets owned per position, the cash amount in the Fund, and the number of units issued outstanding confirmed by the Custodian for the past working day. When calculating the indicative assets’ NAV of the ETF, the operator on the corresponding regulated market or the Management Company updates the assets’ prices in the Fund’s portfolio as it keeps unchanged all other elements on its balance sheet.

By the end of business day T+1, on which the issue price and the redemption price of the Fund’s units is calculated, the Management Company shall announce such data on the website of the Management Company. If the amount of the expenses for the issue (sale) and redemption of units is changed by amending the Rules of the Fund, the Management Company shall notify investors by a notice in at least one national daily until the end of the next day after receipt of the approval of the changes in the Rules of the Fund.

(Amended by BD Resolution No. 200/09.06.2017) In case of an error in calculating the net asset value per unit, resulting in an increased issue price by more than 0.5 percent of the net asset value per unit, the Management Company or the Custodian should pay the investor who has purchased the units at the increased issue price within 10 days of detecting the error, unless the investor himself was acting in bad faith.

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(Amended by BD Resolution No. 200/09.06.2017) In case of an error in calculating the net asset value per unit, resulting in a decreased issue price by more than 0.5 percent of the net asset value per unit, the Management Company or the Custodian should pay at its own expense the difference to the Fund within 10 days of detecting the error. The amount due is the difference between the actual and the decreased issue amount of the Fund's units purchased by investors.

If the error does not exceed 0.5 (zero point five) percent of the net asset value per unit, the Management Company or the Custodian shall take the necessary measures to avoid errors in calculation of the net asset value per unit and shall sanction the responsible employees.

**IV.5. Procedure for indicative NAV calculation**

(Amended by BD Resolution No. 200/09.06.2017) The Management Company distributes to BSE, or to any other regulated market operator on which the Fund's units are registered for trading, data for its portfolio structure, the volume of the assets owned per position, the cash amount in the Fund, and the number of units issued outstanding confirmed by the Custodian for the past working day. When calculating the indicative assets' NAV of the ETF, the operator on the corresponding regulated market or the Management Company updates the assets' prices in the Fund's portfolio as it keeps unchanged all other elements on its balance sheet.

**IV.6. Description of the rules for return calculation**

The financial statements of the Fund shall be prepared by the Management Company in accordance with the Accounting Law (AL) and the International Financial Reporting Standards (IFRS) in compliance with the accounting principles, methods and techniques for assessing and reporting on assets/ liabilities and income/ expenses in AL and IFRS.

Under the Rules of the Fund, any profits realized shall not be distributed to the unitholders, and the return/annual profits shall be reinvested after the annual financial statements and the report on the activities of the Fund are prepared and certified by a certified public accountant. Profit reinvestment shall be made in accordance with the investment objectives, strategies, policies and restrictions of the Fund, taking into account the specific market conditions and in compliance with the laws, the Commission's guidelines and the internal regulations of the ETF.

**V. INFORMATION ABOUT ACCESS TO FINANCIAL STATEMENTS**

(Amended by Resolution No. 292/17.05.2019 of the BD) The financial statements, along with the reports on the activity of the Fund and the auditor's reports, shall be available to investors at the address of Expat Asset Management – 96A Georgi S. Rakovski Street, Sofia 1000, Bulgaria, tel: +359 2 980 1881, from 9:00 am to 6:00 pm Sofia time (CET+1:00) every business day, on the website [www.expat.bg](http://www.expat.bg), on the websites of the FSC and BSE, at the address of Peterhouse Corporate Finance Limited, Facilities Agent of the Fund in the United Kingdom: 15 Eldon Street, London EC2M 7LD, United Kingdom, and at the address of Zeidler Legal Services Rechtsanwaltsgesellschaft mbH, Information Agent of the Fund in the Federal Republic of Germany: Bettinastrasse 48, 60325 Frankfurt, Germany.

**VI. ADDITIONAL INFORMATION**

**VI.1. Government Supervisory Institution; number and date of the authorization to organize and manage Expat Bulgaria SOFIX UCITS ETF**

The Financial Supervision Commission is the government supervisory institution of the Management Company and the Fund.

The Management Company is authorized to organize and manage Expat Bulgaria SOFIX UCITS ETF under Resolution No.156-DF dated 23.08.2016 of the Financial Supervision Commission.

The Fund was entered in the Register of Management Companies and Mutual Funds, kept by the Financial Supervision Commission, with Resolution No.604-DF dated 19.08.2016 of the FSC.

**VI.2. Places where the rules of the ETF will be available to investors**

(Amended by BD Resolution No. 204/24.08.2016) The rules of the ETF and the other internal documents and regulations of the Fund shall be available at the address of the Management Company: 96A Georgi S. Rakovski Street, Sofia 1000, Bulgaria, as well as on the website of the Management Company – [www.expat.bg](http://www.expat.bg), at the address of Peterhouse Corporate Finance Limited, Facilities Agent of the Fund in the United Kingdom: 15 Eldon Street, London EC2M 7LD, United Kingdom, and at the address of Zeidler Legal Services Rechtsanwalts-gesellschaft mbH, Information Agent of the Fund in the Federal Republic of Germany: Bettinastrasse 48, 60325 Frankfurt, Germany.

**VI.3. Information about the units**

Capital. Net asset value

(Repealed by BD Resolution No. 200/09.06.2017)

The Exchange-traded Fund Expat Bulgaria SOFIX UCITS ETF is not a legal entity and therefore does not have a capital within the meaning of the Commercial Act and is not entered in the commercial register. The Fund was established by receiving a license under Para 5 and its entry in the Register under Art. 30, Para 1, i. 4 of the Financial Supervision Commission Act.

(Amended by BD Resolution No. 200/09.06.2017) Pursuant to the legal requirements, the net asset value (net capital) of the Fund shall not be less than BGN 500 000. Net Asset Value is the value of the rights (assets) of the Fund less the value of its liabilities. Contributions to the Fund assets shall be made in cash or basket of Index Securities. All units shall provide equal rights.

The minimum amount of the net asset value of the Fund must be reached within one year of receiving the authorization from the FSC to organize and manage the Fund.

(Repealed by BD Resolution No. 158/01.07.2016)

Ways to increase or decrease the capital (NAV) of the Exchange-traded Fund

The net asset value of the ETF may rise or fall depending on the change in the number of issued and repurchased units and as a result of changes in the market prices of the Fund's investments and liabilities.

Number of units and par value

(Amended by BD Resolution No. 158/01.07.2016) The Fund's capital is divided into units. The par value of the units of Expat Bulgaria SOFIX UCITS ETF is BGN 1 (one). Units of the

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Fund are purchased at the issue price. The number of Fund units may change as a result of their creation or repurchase. Pursuant to its Rules, Expat Bulgaria SOFIX UCITS ETF may not issue fractional units based on its net asset value against a cash contribution of a certain amount, if for the amount paid a whole number of units may not be issued. If a whole number of units may not be issued for the amount paid,

the number of units shall be rounded down to the largest whole number.

Type of units. Units' rights

(Amended by BD Resolution No. 200/09.06.2017) Units of the Fund are dematerialized securities registered in accounts at the Central Depository. The rights attached to all of the units are:

1. *Right of redemption.* (Amended by BD Resolution No.200/09.06.2017) Right of unit redemption in accordance with the procedures described in the Rules of the Fund pursuant to Art. 13, Para 2 of the CISOU CIA as:
  - The redemption request may refer to part or all of the units held by the investor;
  - Redemption of units shall be made at a price equal to the net asset value per unit, less redemption costs, to the amount pursuant to Art. 20, para. 7 of the Rules of the Fund.
  - Redemption orders are executed within 10 days at the first redemption price announced after the day of the order submission. The term starts from the time of placing the order.
2. *Right of information.* (Amended by BD Resolution No. 200/09.06.2017) Every investor shall be entitled to the information contained in the Prospectus and the periodic reports of the ETF, as well as to other public information about the ETF;
3. *Right to a liquidation quota.* (Amended by BD Resolution No. 200/09.06.2017) In case of liquidation of the Fund, each investor shall have the right to a part of the Fund's assets, corresponding to the units held by him/her.
4. *Right to lodge a complaint.* (Amended by BD Resolution No. 200/09.06.2017) Every investor has the right to file a complaint without paying a fee. The information about the Policy for Handling Complaints of Expat Asset Management EAD is provided free of charge to investors.

Documents certifying the ownership right

(New – BD Resolution No. 158/01.07.2016) “Central Depository” AD keeps a register of holders of units and issues depository receipts as documents certifying the ownership.

Termination of the Fund

(Amended by D Resolution No. 162/03.08.2016) The Fund shall be terminated by Resolution of the Board of Directors of the Management Company, including in case of redemption of all units, or in case the Financial Supervision Commission revokes the Management Company's authorization to organise and manage the Fund. The Fund shall be terminated upon revocation of the license of the Management Company, in case the FSC imposes an administrative sanction (such as the revocation of the Management Company licence), and provided that the Management Company is not changed by another and the sanction is incompatible with the management of the Fund. The Fund shall also be terminated upon termination or initiation of a bankruptcy procedure of the Management Company, provided also that the Management Company is not changed by another, as well as in other cases provided by law. Except for the case of revocation of the authorization for organising and managing the Fund, the Fund shall be terminated with the approval of the FSC, under the



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terms and conditions specified by the law. The persons appointed as liquidators of the Fund shall be approved by the FSC.

**VI.4. Sources of additional information**

The Prospectus, the Key Investor Information Document and additional information about the ETF and the Management Company, including all the rules of the ETF, shall be available at the office of the Management Company at: 96A Georgi S. Rakovski Street, Sofia 1000, Bulgaria, tel: +359 2 980 1881, from 9:00 am to 6:00 pm Sofia time (CET+1:00). Every business day, contact person: Ms. Zhasmina Ivanova.

The Prospectus and the Rules of the ETF are also available on [www.expat.bg](http://www.expat.bg).