



**‘EF RAPID’  
MUTUAL FUND**

**(open-type collective scheme)  
organised and managed by the management company  
‘EF Asset Management’ AD**

The Prospectus contains the whole information required for taking an investment decision, including the main risks associated with the mutual fund and its activity. It is in the investors’ best interests to become acquainted with this Prospectus prior to taking a decision regarding an investment.

**The Financial Supervision Commission has confirmed this Prospectus, however, that does not at all mean that the Commission approves or disapproves of investing in the securities offered, neither does it mean that the Commission assumes responsibility for the truthfulness of the information presented in the Prospectus.**

The governing body of the management company ‘EF Asset Management’ AD bears joint liability for any damages resulting from untruthful, misleading or incomplete data contained in the Prospectus. The Accountant in Chief bears joint liability with the governing body for any damages caused as a result of untruthful, misleading or incomplete data contained in the financial statements of the Fund, while the registered auditor is liable for any damages caused as a result of the financial statements he/she has audited.

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**Information:** In order to become acquainted with the content thereof, the investors can receive the Prospectus at the office of MF 'EF Asset Management' AD at the following address: Sofia, 43 Christopher Columbus Blvd, from 9.30 a.m. until 5 p.m. and at the information centre of the Financial Supervision Commission at the following address: Sofia, 16 Budapest Street, from 9 a.m. until 5 p.m. on working days. The telephone number of the Commission is 02/94 04 999. The contact telephone number of MF 'EF Asset Management' AD is 02/902 19 44, fax 02/981 14 96, contact person: Ivan Ovcharov.

**1. MUTUAL FUND DATA**

**1.1. Name**

The name of the mutual fund is 'EF Rapid'

**1.2. Establishment date of the Fund and term of existence**

The mutual fund 'EF Rapid' is entered in the Register under Art. 30, para. 1, subpara. 5 of the Law on Financial Supervision Commission on 13 Oct. 2005 under its previous name 'Sentinel - Rapid', and is thus regarded as being established on the said date. The authorisation for organising and managing the mutual fund is issued by the FSC on 13 Oct. 2005 through Decision No. 644-DF.

The existence of the mutual fund 'EF Rapid' is not limited in time.

**1.3. Data on the management company which organises and manages the mutual fund, including:**

**a) name, registered seat and headquarters address, telephone (fax), e-mail address and Internet site (web-site):**

The name of the company is 'EF ASSET MANAGEMENT' AD. The registered seat of the company is as follows: Republic of Bulgaria, Sofia. The headquarters address of the company is as follows: Sofia 1592, Iskar District, 43 Christopher Columbus Blvd. Contact telephone number: 02/9021 944, fax: 02/981 14 96. E-mail address: office@efam.bg, www.efam.bg.

b) (*Amended through a decision of the BD dated 02 December 2020 and 03 January 2023*) date of establishment of the company; number and date of the authorisation issued by the Commission for carrying out activity as a management company and as a person managing alternative investment funds:

The management company 'EF Asset Management' AD is established at its constituent assembly held in Sofia on 28 January 2005 under the name 'Sentinel Asset Management' AD. It is by decision of the General Meeting of the shareholders held on 5 April 2013 that the name

of the company is changed into 'EF Asset Management' AD, this name being entered in the Commercial Register on 17 April 2013. In order to carry out activities as a management company, "EF Asset Management" AD has authorisations issued by the Financial Supervision Commission under No. 303 - YD/4 May 2005 and No. 172 – YD/8 March 2006 for management of collective investment schemes, management of investments, administration of units and marketing services. With Decision № 861 – УД/19 November 2020 the Financial Supervision Commission expands the license of "EF Asset Management" AD with the the following ancillary services: management of the activities of sovereign wealth funds, management in accordance with a concluded contract of a portfolio, including a portfolio of a collective investment undertaking, including financial instruments, at its own discretion, without special instructions by the client, investment advice on financial instruments, safe-keeping and administration of units in collective investment undertakings.

Management Company EF Asset Management AD has authorisations issued by the Financial Supervision Commission under № 998-ЛЮАИФ от 20.12.2022 for carrying out activity of alternative investment fund management which includes the following services and activities: management of alternative investment fund, including portfolio management, risk management, administrative functions, legal and accounting services in relation to the funds management, re-sponses to investors' requests for information, portfolio measurement and determining the value of units or shares of managed funds, control over compliance with regulatory requirements, keeping of the register of holders of units or shares in the cases of management of alternative investment funds originating from another country, dividend distribution and other payments, issue and redemption of units or shares, performance on contracts, keeping of accounting; mar-keting services in relation to units or shares of the managed alternative investment funds.

**c) (Amended through a decision of the BD dated 14 June 2019, 02 December 2020 and 30 March 2022) brief information about the company's professional experience:**

MF 'EF Asset Management' AD, having the name of 'Sentinel Asset Management' AD as at the time of obtaining the authorisation and the licence, received from the Financial Supervision Commission its authorisation for carrying out activity as a management company on 4 May 2005, on 8 March 2006 and on 19 November 2020.

It is on 17 August 2005 that the management company received its authorisation from the Financial Supervision Commission for organising and managing the mutual fund 'Sentinel - Principal under its new name of 'EF Principal and as of 16 February 2022 - Exchange Traded Fund EF Principal ETF. The activity of this first mutual fund managed by MF 'EF Asset Management' AD started on 12 September 2005. The second mutual fund managed by MF 'EF Asset Management' AD, which is 'Sentinel - Rapid', started its activity on 15 November 2005 under its new name of 'EF Rapid'.

It is on 20.05.2021 that the management company received its authorisation from the Financial Supervision Commission for organising and managing the National Mutual Fund "EF Potential".

**d) (Amended through a decision of the BD dated 03 July 2020 and 19 August) Data on the members of the Board of Directors and the Procurator of MF 'EF Asset Management' AD:**

The Management Company is represented jointly by its Executive Director Ivan Ovcharov and the Procurator Ivelina Ivanova.

#### IVAN KONSTANTINOV OVCHAROV – Executive Director

Ivan Ovcharov is a higher education graduate. He has acquired the educational and qualification degree of Bachelor majoring in Finance from the University of National and World Economy, Sofia. Since the year 2003 Ivan Ovcharov has been working for leading Bulgarian and foreign intermediaries, holding the positions of Head of Commerce, portfolio manager and Executive Director. Ivan Ovcharov has a licence as securities broker and investment consultant, which are issued by the FSC.

#### TEODORA GEORGIEVA SHOPOVA - Member of the Board of Directors

Teodora Shopova is a higher education graduate. She has acquired the educational and qualification degree of Master majoring in Marketing from the University of National and World Economy. From 2015 to 2022, Teodora Shopova held a consulting position in a leading banking institution in Bulgaria. From 2022 Mrs. Shopova holds an accounting position in an investment intermediary.

#### EVELINA VASILEVA- Member of the Board of Directors

Evelina Vasileva is a higher education graduate. She has acquired the educational and qualification degree of Master majoring in Financial management from D. A. Tsenov Academy of Economics, Svishtov. Since 2001 she has been working in a leading Bulgarian insurer. Since the year 2019 she has been working in the management company EF Asset Management..

#### IVELINA IVAYLOVA IVANOVA – Procurator

Ivelina Ivanova is a higher education graduate. She has acquired the educational and qualification degree of Master majoring in Financial Control from the University of National and World Economy, Sofia. In the period 2007 – 2012 she worked in the field of accounting. Since the year 2012 she has been working in a management company. Since 2015 she has been the holder of a licence for investment consultant issued by the FSC.

#### **1.4. Capital subscribed and paid-in:**

The management company's capital subscribed and paid-in is in the amount of BGN 400 000 (four hundred thousand BGN).

#### **1.5. (Amended through a decision of the BD dated 14 June 2019) Data on the investment consultant:**

Ivelina Ivaylova Ivanova, certificate No. 420-IK dated 27 January 2015.

#### **1.6. (Amended through a decision of the BD dated 2 May 2019 and 17 February 2021) Data on the investment intermediaries that implement the investment decisions and orders of the management company, including:**

a) the name, registered seat and headquarters address, telephone (fax), e-mail address and Internet site (web-site):

Name: **'EURO-FINANCE' AD**. Registered seat: Republic of Bulgaria, Sofia. Headquarters address: Sofia 1592, Iskar District, 43 Christopher Columbus Blvd. Contact telephone number: 0700 156 56, fax: (02) 02/981 14 96. E-mail address: [contact@eurofinance.bg](mailto:contact@eurofinance.bg); [www.eurofinance.bg](http://www.eurofinance.bg).

Name: **‘INTERCAPITAL MARKETS’ AD**. Registered seat: Republic of Bulgaria, Sofia. Headquarters address: Sofia, 6 Dobrudzha Street, floor 3. Contact telephone number: + 359 2 921 0510, fax: + 359 2 921 0521. E-mail address: office@intercapital.bg; www.intercapital.bg.

Name: **‘DILINGOVA FINANSOVA KOMPANIA’ AD**. Registered seat: Republic of Bulgaria, Sofia, Headquarters address: Sofia 1000, Triadica District, Street Tsar Asen 7, floor 2. Address: Sofia 1202, 42 ‘G. S. Rakovski’ Street, floor 4. Contact telephone number: + 359 2 87 02 35. E-mail address: [dfco@dfcoad.com](mailto:dfco@dfcoad.com); www.dfcoad.com

b) date of establishment of the company, number and date of the authorisation issued by the Commission for carrying out activity as an investment intermediary:

Date of establishment of **‘EURO-FINANCE’ AD**: 8 November 1993. Number and date of the authorisation issued by the Commission: No. 224-IP/18 December 1996, No. 81-IP/8 December 1999, No. 81-IP/1 February 2006.

Date of establishment of **‘INTERCAPITAL MARKETS’ AD**: 25 November 2002. Number and date of the authorisation issued by the Commission: No. 39-IP/19 February 2003; Number and date of the licence issued by the Financial Supervision Commission: RG-03-0204/24 February 2006.

Date of establishment of **‘DILINGOVA FINANSOVA KOMPANIA’ AD**: 28 December 1992. Number and date of the authorisation issued by the Commission: No. 108-III/11.06.1997. Number and date of the licence issued by the Financial Supervision Commission: PG-03-0091/07 July 2008.

#### **1.7. Data on the depository, including:**

**a) name, registered seat and headquarters address, telephone (fax), e-mail address and Internet site (web-site):**

Name: **‘INICREDIT BULBANK’ JSC**. Registered seat: Republic of Bulgaria, Sofia. Headquarters address: Sofia 1000, ‘Vazrazhdane’ municipal administration, 7 ‘Sveta Nedelya’ Square. Contact telephone number: (02) 923 2121, fax: (02) 923 2573. E-mail address: custody@unicreditgroup.bg; www.unicreditbulbank.bg.

**b) date of establishment of the company; number and date of the authorisation for carrying out banking activity:**

**‘INICREDIT BULBANK’ JSC** is established as a result of the merger of Bulbank JSC, HVB Bank Biochim JSC and Hebros Bank JSC, the said merger being entered in Sofia City Court on 27 April 2007. ‘Bulbank’ JSC is established at its constituent assembly, which took place in Sofia on 16 May 1990. As for carrying out its banking activity, the company has received authorisation from the Bulgarian National Bank (BNB) under No. 100-00485/17 November 1999, the latter being amended by virtue of the Ordinance of the Governor of the BNB No. 22-514/19 October 2000.

**c) (Amended through a decision of the BD dated 19 January 2023) material terms and conditions of the contract of depository services:**

The depository has entered into an agreement with the Management Company that meets the requirements of Art. 2 of Delegated Regulation (EU) 2016/438 of the Commission of 17 December 2015 supplementing Directive 2009/65/EO of the European Parliament and of the Council regarding the obligations of depositaries (OB, L 78/11 of 24 March 2016).

Main activity of the depository bank:

- it ensures that the issue, the sale, the repurchase and the cancellation of the shares of the mutual fund shall be carried out in compliance with the law and the rules of the mutual fund;
- it ensures that the value of the shares of the Fund shall be calculated in compliance with the law and the rules of the collective investment scheme;
- it implements regular checks on the compliance between the accounts that are drawn up by the management company and the depository regarding the assets of the collective investment scheme. In the cases under Art. 37a of the Law on the Activity of Collective Investment Schemes and Other Undertakings for Collective Investments (LACISOUCI) the compliance with the accounts drawn up by the third party must also be checked;
- it ensures the transfer within the usual terms of all the pecuniary resources in favour of the collective investment scheme, these being resources derived from transactions involving assets of the scheme;
- it ensures that the income of the Fund shall be distributed in compliance with the law and the rules of the Fund;
- *(new, adopted by decision of the Board of Directors dated 19 January 2023)* - it ensures whether the management company has adopted and introduced procedures for conducting stress tests for the Fund's liquidity.
- it reports at least once a month to the management company on the assets entrusted and the operations carried out therewith, this including the submission of a full description of the assets of the mutual fund, not later than the 5<sup>th</sup> day of the following month;
- it holds under surveillance the cash flows of the Fund, this including the monitoring of whether all the payments made by the investors or on behalf of the investors and at the expense thereof in the course of subscription for shares of the Fund have been received and entered in accounts which:
  - ✓ are open in the name of MF 'EF Rapid' or in the name of the management company, the latter acting on behalf of and at the expense of the Fund, or in the name of the depository bank, which acts on behalf of and at the expense of the Fund;
  - ✓ are open with a central bank, or a bank licensed in accordance with the procedure set forth in the Law on Credit Institutions, or a bank licensed in a Member State, or a bank that has received authorisation in a third country, and
  - ✓ are managed as follows:



- ❖ the accounting records are maintained and the accounts are drawn up in a way which makes it possible for the Fund's assets held to be immediately differentiated from the assets held for another customer, and from the depository bank's own assets;
- ❖ the accounting records are maintained and the accounts are drawn up in a way which ensures their correctness;
- ❖ regular checks are implemented on the compliance between the accounts that are drawn up by the management company and the depository regarding the assets of the collective investment scheme. In the cases under Art. 37a of the Law on the Activity of Collective Investment Schemes and Other Undertakings for Collective Investments (LACISOUCI) the compliance with the accounts drawn up by the third party must also be checked;
- ❖ the necessary measures are adopted for ensuring that all those pecuniary resources of the Fund which are deposited with a third party can be clearly distinguished from the pecuniary resources of the depository bank as well as from the pecuniary resources of the said third party, this being due to the individual accounts of the holders drawn up by the third party, or to equivalent measures resulting in the same level of protection;
- ❖ measures are implemented for ensuring that the pecuniary resources of the Fund in the accounts with the central bank, or a bank licensed in accordance with the procedure set forth in the Law on Credit Institutions, or a bank licensed in a Member State, or a bank that has received authorisation in a third country are kept either in an individual account or in accounts separately from all the accounts for keeping the pecuniary resources of the person in the name of which the assets of the Fund are kept;
- ❖ appropriate organisation is introduced and the necessary actions are taken for minimizing the risk of loss or decrease in the amounts as a result of abuse, fraud, poor management, improper maintenance and keeping of accounting records, this including the cases of negligent conduct;
- ❖ control is exercised over whether the remuneration of the management company is calculated and paid in compliance with the LACISOUCI and these rules;
- ❖ assistance is rendered to the mutual fund in both receiving information and the participation in general meetings of those issuers in the financial instruments of which the Fund has invested or has assumed other obligations connected with the assets entrusted, in accordance with the contract concluded and the provisions of the operative legislation.

#### Conflicts of interests

The management company and the depository should as well satisfy the following requirements:

- no one can be a member of the governing body of the management company and a member of the governing body of the depository at the same time;
- no one can be a member of the governing body of the management company and an employee of the depository at the same time;
- no one can be a member of the governing body of the depository and an employee of the management company at the same time;
- where the governing body of the management company is not charged with supervisory functions within the company, no more than one third of those members of the body of the company who are charged with supervisory functions can be at the same time members of the governing body, or of the body charged with supervisory functions, or be employees of the depository;
- where the governing body of the depository is not charged with supervisory functions within the depository, no more than one third of those members of the body of the depository who are charged with supervisory functions can be at the same time members of the governing body of the management company, or of the body of the management company charged with supervisory functions, or be employees of the management company. The depository bank shall exercise the care of a conscientious business person and shall perform its obligations in an honest, fair and professional way, solely in the best interests of the Fund and the holders of shares in the Fund.

The depository bank may not carry out activity for either the Fund or the management company acting on behalf of the Fund, if such an activity may give rise to a conflict of interests among the Fund, the investors therein, the management company and the depository, except where there exists a functional and hierarchical separation of the functions performed by the depository bank for the Fund and the other functions of the depository bank, as well as where the conflicts of interests that may arise are duly established, managed, observed and disclosed to the investors in MF 'EF Rapid'.

**(New text adopted through a decision of the BD dated 21 March 2017)** Description of all those functions related to custody which are delegated by the depository bank, a list of persons to whom functions are delegated, and any possible conflicts of interests that may arise as a result of the said delegation: As at the date of updating this Prospectus, the management company has no information showing that the depository bank of the Fund – UniCredit Bulbank JSC – has delegated any functions related to custody.

**(New text adopted through a decision of the BD dated 21 March 2017)** Declaration from the management company: The management company declares that, upon the request of the investors, there will be submitted updated information regarding subpara. 1.7.

**(New text adopted through a decision of the BD dated 10 February 2017 and amended through a decision of the BD dated 19 January 2023)** Upon the request of the investors, the management company will submit updated information regarding subparas 4.1 and 4.2 of Supplement No. 1 to Art. 71, para. 1 of Ordinance 44 governing the requirements for the activity of collective investment schemes, management companies, national investment funds, alternative investment funds and the persons managing alternative investment.

**1.8.** *(Amended through a decision of the BD dated 14 June 2019, 19 August 2020, 30 March 2022 and 19 January 2023)* **Data on the auditors:**

In the years 2005, 2006, 2007, 2008, 2009, 2010, 2011, 2012 and 2013 the registered auditor of the mutual fund 'EF Rapid' was Stoyanka Yordanova Apostolova from BDO AKERO LTD, registration No. 016.

In the years 2014, 2015, 2016 and 2017 the registered auditor of the mutual fund 'EF Rapid' was Mariyana Petrova Mihaylova, Diploma No. 0203.

In the year 2018 the registered auditor of the mutual fund 'EF Rapid' was RSM BG Ltd.

In the year 2019, 2020, 2021 and 2022 the registered auditor of the mutual fund 'EF Rapid' is "BRAIN STORM CONSULT-OD" Ltd.

**1.9.** *(Amended through a decision of the BD dated 8 April 2019, 6 April 2020, 14 April 2021, 30 March 2022 and 10 April)* **Names of the persons in charge of the preparation of the Prospectus or certain parts thereof and declarations from these persons showing that, after conducting due diligence, and to the best of their knowledge, the information presented in the Prospectus is not untruthful, misleading or incomplete.**

The members of the Board of Directors of the management company 'EF Asset Management' are held jointly responsible for the preparation of the Prospectus and jointly liable for any damages caused as a result of untruthful, misleading or incomplete data contained in the Prospectus. The person under Art. 34, paras 1 and 2 of the Accountancy Law is jointly liable with the abovementioned persons for damages caused as a result of untruthful, misleading or incomplete data contained in the financial statements of the issuer, while the registered auditor Stoyanka Yordanova Apostolova from BDO AKERO LTD shall be held jointly liable for any damages caused as a result of the financial statements for the years 2005, 2006, 2007, 2008, 2009, 2010, 2011, 2012 and 2013 audited by her, while Mariyana Petrova Mihaylova, Diploma No. 0203 shall be held jointly liable for any damages caused as a result of the financial statements for the years 2014, 2015, 2016, 2017 and 2018, which were audited by her and the registered auditor Kameliya Terziyska from Audit Company Brain Storm Consult OD Ltd. shall be held jointly liable for any damages caused as a result of the financial statement for the years 2019, 2020, 2021 and 2022.

**The abovementioned persons declare that after conducting due diligence, and to the best of their knowledge, the information presented in the Prospectus is not untruthful, misleading or incomplete.**

## **2. INVESTMENT INFORMATION**

**2.1.** *(Amended through a decision of the BD dated 5 May 2021, 19 January 2023 and 16 March 2023)* **Description of the investment objectives of the Fund, including its financial objectives, investment policy and investment restrictions.**

The main objectives of the mutual fund consist in an increase in the value of the investments of the holders of shares through realisation of the maximum possible income while assuming a moderate risk and ensuring the liquidity of the investments of the holders of shares.

The mutual fund 'EF Rapid' is a balanced type one. It invests predominantly in securities which are admitted to trading or traded on a regulated market in Bulgaria, including shares, debt securities and fixed income instruments.

The investment strategy of the mutual fund provides for the realisation of capital profits from securities, income from dividends/share securities, as well as for current income from debt securities and other financial instruments. For achieving the investment objectives, a strategy of active management of the portfolio of securities, financial assets and pecuniary resources is implemented.

In order to achieve its main investment objectives, the Fund applies appropriate strategies for protection against market risk, currency risk and other risks ('hedging'): transactions involving options, futures contracts, swaps and other derivatives.

It is provided that, under normal circumstances, about 60-70% of the portfolio of the Fund will consist of shares and tradable rights aimed at acquiring shares of new emissions upon capital increase of the respective public companies. The portion of debt securities, including covered bonds, other corporate bonds and municipal bonds, and government securities, as well as money market instruments shall be up to 30-40% of the portfolio. The specific structure of the assets will depend on the current market conditions and will be dynamic, remaining within the above restrictions.

The Fund invests primarily in:

- shares in companies, tradable rights and other securities equivalent to companies' shares, which are admitted to trading or traded on a regulated market under Art. 152, para.1 and 2 of the Law on Financial Instruments Markets (LFIM) or traded on another regulated market in Bulgaria or another Member State, as well as instruments admitted to trading on an official market of a stock exchange or traded on another regulated market in a third country, which is included in a list approved by the Commission on a proposal from the Vice-chairman – up to 70% of the assets of the Fund;

- securities and money market instruments issued by the Republic of Bulgaria or another Member State or a third country, or money market instruments **other than those traded on a regulated market**, providing that supervision is exercised over either the issue or the issuer of these instruments for the purpose of protecting the investors or the deposits guaranteed by the Republic of Bulgaria or another Member State; or issued or guaranteed by the Bulgarian National Bank, or by the central bank of another Member State, or by the European Central Bank, or by the European Union, or by the European Investment Bank, or by a third country, or – in the cases of a federal state – by one of the members of the federal state, or by a public international organisation that at least one Member State is a member of – up to 90% of the assets of the Fund;

- covered bonds and other debt securities issued by Bulgarian or foreign banks, which are admitted to trading or traded on a regulated market under Art. 152, para. 1 and 2 of the LFIM or traded on another regulated market within the Republic of Bulgaria or within another Member State, or admitted to trading on an official market of a stock exchange, or traded on another regulated market within a third country, which is included in a list approved by the Commission on a proposal from the Vice-chairman – up to 50% of the assets of the Fund;

- corporate bonds and other debt securities and money market instruments which are admitted to trading or traded on a regulated market under Art. 152, para. 1 and 2 of the LFIM, or traded on another regulated market in **Bulgaria** – up to 90% of the assets of the Fund;

- securities and money market instruments which are issued or guaranteed by **regional or local authorities** in the Republic of Bulgaria, or a Member State, or a third country, admitted

to trading or traded on a regulated market under Art. 152, para. 1 and 2 of the LFIM or traded on another regulated market in Bulgaria or another Member State, or admitted to trading on an official market of a stock exchange or traded on another regulated market in a third country, which is included in a list approved by the Commission on a proposal from the Vice-chairman – up to 50% of the assets of the Fund;

- debt securities and money market instruments that are admitted to trading or traded on a regulated market under Art. 152, para. 1 and 2 of the LFIM or traded on another regulated market in another **Member State**, or admitted to trading on an official market of a stock exchange, or traded on another regulated market in a **third country**, which is included in a list approved by the Commission on a proposal from the Vice-chairman – up to 70% of the assets of the Fund;

- shares in other collective investment schemes and/or other undertakings for collective investment which comply with the conditions laid down in Art. 4, para. 1 of the LACISOUCI and fulfil the requirements set forth in Art. 38 para. 1, subpara. 5, item ‘a’ of the LACISOUCI, **provided that**, according to the Statutes and rules of these collective investment schemes, the latter are allowed to invest no more than 10 per cent of their assets in other collective investment schemes – up to 10% of the assets of the Fund;

- deposits in credit institutions, which are payable on demand or can be withdrawn at any time, and have a maturity date not more than 12 months ahead; the credit institutions in a third country must abide by the rules and be subject to supervision, which the Commission on a proposal from the Vice-chairman as equivalent to those under the European Union law – up to 50% of the assets of the Fund;

- recently issued securities, provided that the terms and conditions of the issue comprise the assumption of an obligation to demand admittance – not later than one year following the issue thereof – for their being traded on an official market of a stock exchange, or another regulated market, which is included in a list approved by the Commission on a proposal from the Vice-chairman – up to 10% of the assets;

- other securities and money market instruments that are admissible in accordance with Art. 38, para. 1 of the LACISOUCI – up to 10% of the assets of the Fund;

- other securities and money market instruments that are admissible by law, other than the ones specified above, including those which are not admitted to trading and/or are not traded on a regulated market – up to 10 per cent of the assets of the Fund.

The Fund is entitled to make use of techniques for effective management of a portfolio, these techniques being contracts of purchase or sale of financial instruments under the proviso for repurchase of financial instruments (repo transactions), providing that the transactions are appropriate from the economic point of view; and the risks associated therewith are adequately identified in the process of managing the risk, and on condition that they serve for achieving at least one objective from among the following ones:

1. reducing the risk;
2. decreasing the expenses;
3. generating additional revenues for the Fund, the risk level of the said revenue corresponding to the risk profile of the Fund and the rules on diversification of the risk;
4. The use of repo transactions should not bring about a change in the investment objectives and restrictions or higher risks for the Fund, the said objectives, restrictions and risks being those specified in the Rules of the Fund.

The collective investment scheme may only include repo transactions in the event that the counterparties thereto are credit institutions or financial ones which are subject to prudential supervision on the part of a competent authority of a Member State or another state which is a party to the Convention on the Organisation for Economic Cooperation and Development.

In its financial statements, the Fund provides specific information about all those financial instruments which are bought and, respectively, sold under repo transactions, disclosing the total amount of the contracts effective as at the date of drawing up the respective statement, and giving information about the contracts terminated during the reporting period.

When contracting the transactions, the risk exposure of the Fund to each separate counterparty may not exceed 10 per cent of the assets of the counterparty if the latter is a bank under Art. 38, para. 1, subpara. 6 of the LACISOUCI and may not exceed 5 per cent of the assets of the counterparty in all other cases.

The Fund is entitled to contract repo transactions for the purchase of financial instruments under the proviso for their repurchase by the seller at the price and within the term laid down in the contract between the two parties or reverse repo transactions, in compliance with the following restrictions:

a) the contract expressly provides for the possibility of its early termination by the Fund, in which case the Fund will buy back the loaned financial instruments, the subject of the contract, or re-ceive back the full amount of money;

b) the Fund must ensure that the value of purchases under the repo transactions is at a level making it possible for the Fund to perform its obligations – at any time – to repurchase its own shares and units upon the request of their holders.

c) those financial instruments which can be the subject of a repo transaction are the following ones:

1. instruments on the money market within the meaning of Art. 38, para. 1, subpara. 9 of the LACISOUCI;

2. bonds issued or guaranteed by a Member State or another state which is a party to the Convention on the Organisation for Economic Cooperation and Development, or the central banks of such states, or their local self governance bodies, or the European Central Bank, the European Investment Bank or a public international organisation that at least one Member State is a member of, as well as qualified debt securities which are issued or guaranteed by third countries having a credit rating not lower than the investment one awarded by a credit rating agency which is registered or certified in accordance with Regulation (EU) No. 1060/2009;

3. shares issued by a collective investment scheme which calculates the net value of the assets at least twice a week, and its registered seat or the registered seat of the company managing it is located either in a Member State or in another country which is a party to the Convention on the Organisation for Economic Cooperation;

4. bonds traded on a regulated market in a Member State or in another country which is a party to the Convention on the Organisation for Economic Cooperation, and the trading in the said bonds is sufficiently liquid;

5. shares traded on a regulated market in a Member State or in another country which is a party to the Convention on the Organisation for Economic Cooperation, on condition that these shares are included in the official index of the said market.

The Fund is entitled to contract repo transactions for the sale of financial instruments under the proviso for their repurchase on the part of the Fund at the price and within the term

specified in the contract signed by the parties; and on the maturity date the Fund must have sufficient resources available for paying the amount agreed for redemption of the financial instruments.

(New text, adopted through a decision of the BD dated 19 January 2023) Term repo transactions and reverse repo transactions, the duration of which does not exceed seven days, are considered transactions, the terms of which allow the Fund to buy back its units at any time at the request of their holders.

The management company does not have the right to invest more than 5 per cent of the assets of MF 'EF Rapid' in transferable securities or instruments on the money market that are issued by the same person.

The mutual fund is not allowed to invest more than 20 per cent of its assets in deposits with the same person under Art. 38, para. 1, subpara. 6 of the LACISOUCI.

The management company is entitled to invest up to 10 per cent of the assets of the mutual fund into transferable securities or instruments on the money market that are issued by the same person, provided that the total value of these investments with persons in each one of which the Fund has invested more than 5 per cent of its assets does not exceed 40 per cent of its assets. The restriction under the first sentence shall not apply to the deposits in those credit institutions upon which prudential supervision is exercised, as well as to transactions with over-the-counter derivative financial instruments with these institutions.

Apart from the restrictions described above, the total value of the investments of the Fund in transferable securities or money market instruments that are issued by the same person, together with the deposits with the said person, and the exposition to the said person arising as a result of transaction which involve derivative financial instruments traded off-exchange when, as a result of this combination the total value of these investments will exceed 20 per cent of its assets..

The management company has the right to invest up to 35 per cent of the assets of the mutual fund in transferable securities and instruments on the money market that are issued by the same person, if the securities and instruments on the money market are issued or guaranteed by the Republic of Bulgaria, or by another Member State, or by the regional or local authorities of a Member State, or by a third country or by a public international organisation that at least one Member State is a member of.

The management company has the right to invest up to 25 per cent of the assets of the mutual fund in covered bonds. The total amount of the investments under the first sentence in excess of the limit under Paragraph 1 for exposures to an individual issuer may not exceed 80 per cent of the assets of the collective investment scheme.

Those companies which are included in the same group for the purposes of drawing up a consolidated financial statement in accordance with the established accounting standards are regarded as one person, subject to the above limitations.

The total value of the investments in transferable securities or instruments on the money market that are issued by the companies within the same group may not exceed 20 per cent of the value of the assets of the Fund.

The management company acting on account of all collective investment schemes or other collective investment undertakings managed by it may not acquire voting shares which would enable it to exercise significant influence over the management of an issuing body. Significant influence within the meaning of sentence one shall exist in the cases of holding 20 per cent or more of the votes in the general meeting of an issuer, which shall be set in accordance with Articles 145 and 146 of the Public Offering of Securities Act.

In addition, the mutual fund does not have the right to acquire more than:

1. ten per cent of non-voting shares that are issued by the same person;
2. ten per cent of the bonds or other debt securities that are issued by the same person;
3. twenty-five per cent of the shares in the same collective investment scheme or another undertaking for collective investments which fulfils the requirements set forth in Art. 4, para. 1 of the LACISOUCI;
4. ten per cent of the instruments on the money market that are issued by the same person.

The restrictions laid down in this Section shall not apply where the exercised rights concern subscription and ensue from transferable securities and instruments on the money market which form part of the assets of the Fund.

The total value of the Fund's exposure related to derivative instruments cannot be greater than the net value of its assets.

The Fund may invest in derivative financial instruments subject to the restrictions under Art. 12, para. 7 - 9 of the Fund's Rules and provided that the exposure to the underlying assets in general does not exceed the investment restrictions under Art. 12, para. 1-9 of the Rules of the Fund.

When the Fund invests in derivative financial instruments based on indices, these instruments are not combined for the purposes of the investment restrictions under Art. 12, para. 1-15 of the Rules of the Fund.

When transferable securities or money market instruments contain an embedded derivative instrument, the Fund's exposure to this derivative instrument is taken into account when calculating the total exposure under Art. 12, para. 14 of the Rules of the Fund. When a total return swap is carried out or an investment is made in other derivative financial instruments with similar characteristics, Art. 45 – 49 of LACISOUCI.

In the event of a violation of the investment restrictions set forth in this Chapter, this violation being due to reasons beyond the control of the management company or resulting from the exercise of rights to subscription, the management company shall give priority to bringing the assets of the Fund in line with the investment restrictions, giving consideration to the interests of the holders of units, doing so through transactions for sale not later than six months following the commitment of the violation.

In the course of managing the mutual fund, the management company shall implement the investment policy described above with a view to achieving the investment objectives of the Fund.

The management company shall abide by the investment restrictions set out in the law and in the company's rules.

## **2.2. (Amended through a decision of the BD dated 12 February 2019, 14 April 2021, 5 May 2021 and 30 March 2022) Risk profile of the mutual fund**

It is important to bear in mind that an investment in shares of the mutual fund is not a bank deposit and, therefore, it is not guaranteed in accordance with the Law on Bank Deposits Guarantee. Regardless of the fact that the leading investment goal of MF 'EF Rapid' consists in the increase in the value of the investments in shares, there is no certainty that, investing in shares of the Fund, the investors shall not lose money.

The main risks the investors will face when making investments in shares of MF 'EF Rapid' are the following ones:

**Market risk.** The market prices of the investments of the Fund may vary due to changes occurring in the economic and market environment, the fiscal policy of the central banks, the



business activity of the issuers, the sector in which the issuer operates and the demand and supply on the market of securities. At certain points in time, the prices of shares on the market (the stock exchange) may vary considerably. This market risk affects the net value of the assets of the Fund, which will also vary as a result of the fluctuations in the market prices of shares and other securities in which the Fund has made investments. Fortunately, not all the shares traded on a given market (exchange) and not all the markets change their prices into the same direction at a certain time, and there are various factors that influence the market value of certain shares (for instance, financial statements disclosing a decrease in the profit of the company that has issued the shares, loss of a basic customer, a legal claim of high amount brought against a company, a change in the regulations of a certain industry). It is impossible to foresee all these factors.

The management company may reduce – yet it cannot totally eliminate – the effect of the fluctuations in the prices of the investments by way of diversification of the Fund’s portfolio, as a result of which the net value of the assets per share may decrease in certain periods. As far as diversification of the investments in shares is concerned, the management company provides for having the shares in the Fund’s portfolio being issued by companies operating in different sectors of the economy, and for limiting the maximum investment amount in shares of the same company.

**Interest risk.** This is the risk of the changes in market interest rates having an unfavourable effect on the income or the value of the assets of the mutual fund, the said assets consisting of debt securities and instruments on the money market. In general, the increase in interest rates brings about a decrease in the market price of debt instruments. As for the investments in debt instruments, the interest risk attributed to short-term debt securities (instruments on the money market) is lower, and the one attributed to long-term debt securities is higher. The management company shall diversify the portfolio of ‘EF Rapid’, including through investing in shares and instruments of floating income, and may as well carry out transactions of hedging the interest risk.

**Credit risk.** This is the risk of the issuer (the issuing company) of debt securities and instruments on the money market, and, respectively, the person that has furnished the security being unable to perform his obligations, and particularly, being unable to pay on time the Rapid and/or the interest due. If the contractor of ‘EF Rapid’ under a repurchase contract fails to perform his obligation to repurchase the securities, the Fund may suffer a loss, inasmuch as the revenues from the sale of the security are smaller than the repurchase price where it is a fixed one. In the event that those securities and instruments on the money market in which the Fund has invested have a credit rating, the credit risk includes the possibility of the credit rating being lower.

The assessments of the rating agencies Standard and Poor’s, Moody’s and Fitch are an internationally recognized barometer of the credit risk of securities. However, these ratings are not perfect ones: they are determined on the basis of past events and do not reflect the possible future circumstances with the same degree of accuracy.

We expect that the major part of the investments of ‘EF Rapid’ will be made in securities and instruments on the money market that have no credit rating. The management company shall strive for reducing the credit risk when investing in instruments with no credit rating, doing so by way of carrying out credit analyses, diversification of the investments and holding under surveillance the events and tendencies in the economic and political conditions. It is not certain whether or not these actions of the management company will prevent losses.

**Liquidity risk.** Here the risk is that, in certain conditions, it might turn out to be difficult or even impossible for the management company to sell at an advantageous price

the securities owned by the Fund. In particular, this risk is higher with regard to those securities and instruments on the money market which have not been admitted for trading on a regulated market. The management company provides for making investments in the shares of companies traded on regulated markets both in Bulgaria and abroad.

**Currency risk.** The investments in instruments denominated in foreign currency can be unfavourably affected by a decrease in the rate of exchange between the Bulgarian lev and the said currency. Such fluctuations in the rate of exchange would affect the net value of the assets of 'EF Rapid' as well as its income. In connection thereto, the management company is entitled to carry out certain transactions aimed at hedging the currency risk (for instance, currency options, purchase or sale of currency through spot transactions and forward transactions), which pose certain risks on their own.

**Management risk.** It occurs due to the active management of the investment portfolio of 'EF Rapid'. The management company shall apply investment techniques and analyses of the risks in the course of taking investment decisions, however, there is no certainty that the desired result will be achieved.

**Inflation risk.** It is possible for the inflation rate to compensate for a considerable part of the income of the holders of shares in the Fund, or even for the whole of it, due to which the investors in 'EF Rapid' may either not receive a real income (increased purchasing power) or receive an inconsiderable income. As a counteraction against this risk, the management company will strive for maintaining an appropriate balance – which is consistent with the investment objectives and the strategy of the Fund – between its fixed-yield assets and variable-yield ones.

**Risks associated with the use of derivatives.** Apart from the aforesaid market, credit and liquidity risks, derivatives are associated with additional risks that are specific thereto. Derivatives are highly specialized instruments the use of which requires understanding of both the underlying asset and the mechanism of operation of the derivative itself. The complexity of derivatives requires adequate means of monitoring the transactions involving them, analysis of the specific risks and capability of forecasting the prices.

**Leverage risk.** Any unfavourable change in the price of the underlying asset, the rate of exchange or an index may bring about the loss of an amount greater than the one invested in the derivative. Some derivatives have a potential for unlimited loss. There also exists a risk of improper measurement of the derivative. A large part of the derivatives are complex instruments and the measurement thereof is often a subjective one. Consequently, 'EF Rapid' may suffer losses in the case of purchasing overrated derivatives. In conclusion, the use of derivatives might not be successful all the time.

**Political risk. Legislative changes.** Political risks are related to the possibility of occurrence of domestic political upheavals and an unfavourable change in business legislation. This risk is connected with the possibility of having the government of a state abruptly change its policy, this bringing about an unfavourable change in the environment in which the companies operate and probable losses for the investors. The governments of certain countries may implement measures, including an increase in taxes, restrictions on repatriation of profit, etc., which may unfavourably affect the Fund.

Currently, the profit of 'EF Rapid' is not subject to corporate tax. An amendment to tax laws and other applicable laws and regulations may have an unfavourable impact on the financial results of 'EF Rapid'.

**Other systematic risks.** Other risks ensuing from the world's current political and economic situation are the probable instability or military actions in the region. Calamities and ac-

cidents are factors which make any risk management system a more complicated one. The consequences are difficult to forecast, however, the access to information and the application of a system for forecasts and actions in extreme situations are possible ways of minimization of the negative effect.

*(New text adopted by the BD decision dated 12 February 2019)* For the calculation of the total risk exposure, the Fund uses the Commitment method recommended in the CCSR Risk Measurement Guidelines and the calculation of the total risk exposure and counterparty risk at collective investment schemes (CESR / 10-788.).

*(New text adopted by the BD decision dated 14 April 2021 and amended through a decision of the BD dated 30 March 2022)* Risks related to sustainable development

The investments underlying this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Management company EF Asset Management AD does not take into account the adverse impacts of the investment decisions on the sustainability factors in managing the Fund:

The reasons for not taking into account the adverse impacts of investment decisions on the sustainability factors at present are the following:

- the specifics of the mandatory provisions of the sectoral legislation - when providing services the Company is guided by acting in the best interest of the client, taking into account the risk profile and investment policy for each of them. In connection with the above, if these principles and specifics are not followed, claims for lost profits as a result of incorrectly taken or not taken investment decisions or respectively provided advice could be directed to the Company;

- The legal framework governing the reporting of adverse impacts of investment decisions on sustainability factors is not yet fully completed:

- o the lack of adopted and entered into force under the relevant legislative regulatory technical standards for the content, methodologies and presentation of information under Regulation (EU) 2019/2088, which would regulate the reporting of possible adverse impacts of investment decisions and advice on sustainability factors;

- o currently there are different European regulations adopted at different times, which are not fully harmonized;

- the current lack of regulated and publicly available means of disclosure by public companies about the presence or absence of ESG data, which could possibly allow the formation of objective information about sustainable factors or their absence. The lack of a regulatory requirement in this direction carries risks of publishing false or misleading information that would harm the interests of the clients of the MC.

- The potential effect of potential lost profits as a result of decisions taken or advice provided on investments in products related to sustainable development should be quantified as far as possible by statistical analysis in order to comply with the investment policy and risk profile of the respective Mutual Fund. , respectively a portfolio of financial instruments, and achieving its goals for optimal return / risk ratio;

Although at present the Company does not take into account the adverse impacts of sustainability factors in managing the Fund, it will conduct an ongoing review of legal requirements and customer preferences and eliminate the reasons for non-reporting and change the investment policy of customers will analyze and assess whether reporting adverse impacts

on sustainability factors would contribute to the provision of investment services in compliance with the principle of action in the best interests of the Fund.

*(New text adopted by the BD decision dated 5 May 2021)* Risks related to sustainable risks

Sustainability risks are defined as events and conditions of ecological, social or governance nature, which can have a significant negative impact on the value of the assets under management:

- Ecological risk- environmental factors that might cause a negative impact on the return on investments. These include but are not limited to climate change, environmental degradation and others.
- Social risk – risks pertaining to social change that might cause a negative impact on the return on investments
- Governance risk – set of risks where the return on investments might be negatively impacted by governance and management factors such as corruption, misuse of authority etc.
- Sustainable development risk – in case that the Management company uses strict criteria for sustainability when making investment decisions for the Fund, then a risk might arise for sustainable development. Conversely a sustainable investment strategy might limit the potential portfolio of the Fund and thus have a negative impact on the return on investment and be outperformed by other funds that do not abide by such criteria. ;

When making investment decisions, the Management Company, among other factors, considers the existence of sustainability risks and how the latter are potentially likely to lead to a significant negative impact on the value of the investments that the company makes in managing the portfolios of the Fund.

At the present moment, the impact of the sustainability risks is taken into account when making investment decisions, however it does not hold any weight in the decision making process, nor is it accounted for or documented. The management company does not apply strictly specific and predetermined criteria for assessing sustainability risks. The reasons for this are the lack of currently adopted regulatory technical standards in Regulation 2019/2088, the lack of disclosure on non-financial information by public companies that could serve for the adoption of quantitative and qualitative criteria by the MC for sustainability risk assessment. Currently Regulation 2019/2088 has not yet made it mandatory for companies to disclose such information. Once such standards and criteria have been adopted by EU legislation the Management company will dully start incorporating sustainability risks within its investment strategy and decision making process.

In the overall assessment of the investment, the Management Company does not document in a special way the reporting of the risks to sustainability in the investment decision-making processes. The consideration of the impact of sustainability risks on the value of investments and the integration of these risks in the decision-making processes of specific investment decisions is made by the investment adviser / portfolio manager within his professional subjective assessment of the investment, and in the manner described in the Policy for integration of the risks for sustainability.

Although the Management Company's investment adviser is encouraged to consider the risks for sustainability when making an investment decision, they do not carry weight when making an investment decision. Sustainability risks are part of the overall investment decision-making process.

### 2.2.a. (A new one, decision of the BD dated 21 March 2017) Policy on collaterals

All the assets received by the Fund as a result of using techniques for effective management of the portfolio are regarded as collaterals and should conform to the criteria shown below. When calculating the thresholds under Art. 45 and Art. 46 of the LACISOUCI, consideration is given to the risk exposure of the Fund to the counterparty, the said exposure resulting from transactions involving derivative instruments traded off-exchange and techniques for effective management of the portfolio. The management company monitors the compliance with the restrictions regarding the portfolio of the Fund. In the event that the Fund receives a collateral for at least 30 per cent of its assets, the management company shall be obliged to design and implement a policy which ensures the carrying out of stress tests under normal and extraordinary conditions of liquidity, so that it is possible to assess the liquidity risk of the Fund related to the collateral. In those cases where, on behalf of and at the expense of the Fund, transactions are carried out involving off-exchange financial derivatives, and techniques for effective management of the portfolio are used, each collateral used for lowering the risk exposure to the counterparty shall conform to the following criteria at any point in time: liquidity; assessment; quality of the issuer; correlation; diversification of the collateral; risks connected with the management of the collateral; in the event of a transfer of a share, the collateral received shall be held by the depository of the collective investment scheme; the collective investment scheme shall be entitled to proceed to enforcement against the collateral, at any time, without invocation of a counterparty or approval by the latter; a non-cash collateral cannot be sold, reinvested or pledged; a cash collateral can only be:

- a) deposited with a person under Art. 38, para. 1, subpara. 6 of the LACISOUCI;
- b) invested in high-quality state securities;
- c) used for the objectives of reverse repo transactions, provided that the transactions are contracted with credit institutions which are subject to prudential supervision, and that it is at any point in time that the Fund can receive back the full pecuniary amount along with the interest due;
- d) invested in short-term funds on the money market.

A cash collateral is invested following the principles of diversification applicable to a non-cash collateral. A cash collateral shall only be invested in banks about which there is no information that during the previous 3 calendar years support was required to be given by the local governments in relation to liquidity.

The Fund is allowed to disregard the restrictions relating to diversification, if the collateral is in the form of various transferable securities and instruments on the money market issued by a person from among those specified in Art. 38, para. 1, subpara. 9, item 'a' of the LACISOUCI in compliance with the requirements set forth in Art. 47, para. 4 of the LACISOUCI.

The Fund shall be entitled to accept, as a collateral, financial assets exceeding 20 per cent of the net value of its assets, provided that the said assets are issued by an EU Member State, or by any of the regional or local authorities of a Member State which either issue securities or guarantee them. The Fund shall have the right to accept, as a collateral, financial assets exceeding 20 per cent of the net value of its assets, provided that the said assets are issued by public international organisations with an investment credit rating from at least one of the three greatest rating agencies – Standard & Poors, Fitch or Moody's. In the event that the Fund ac-

quires a cash collateral, it shall undertake acts of disposition with it in accordance with its investment strategy described in the Prospectus and the Rules.

The assessment of any possible losses from deposits in BGN is made by way of decreasing the nominal value of the collateral by any possible expenses on the disposition therewith. The assessment of any possible losses from deposits in EUR is made by converting the amount of the collateral at the buying rate of the bank in which the collateral is kept and lowering the amount by any possible expenses on the disposition therewith.

The assessment of any possible losses from deposits in foreign currency other than EUR is made by:

- a) considering the current buying rate of the bank in which the collateral is kept;
- b) considering the standard deviation of the rate of exchange between the said currency and BGN for the preceding 12 months, on a monthly basis;
- c) when assessing the possible loss from the collateral, the rate of exchange is considered, the latter being calculated according to the formula: current buying rate of the currency – standard deviation on an annual basis;
- d) the assessment of the collateral under item ‘b’ is reduced by any possible expenses on the disposition therewith.

The assessment of any possible losses from the collateral invested in high-quality state securities shall be made by taking into consideration the price at which there is a demand for the said securities. The assessment of any possible losses from a collateral invested in short-term funds on the money market shall be made on the basis of the current prices of repurchase of the said funds. The assessment is adjusted by way of lowering it by the standard deviation of the price of the Fund. The assessment of any possible losses from a non-cash collateral shall be made in accordance with the characteristics of the assets received as a collateral.

The assessment of any possible losses from debt instruments provided as a collateral is made by way of assessing the interest risk through the calculation of the duration of the said debt instrument. In the event that the instruments have their credit rating, the management company assesses the probability of occurrence of changes in the credit rating bringing about changes in the price of the collateral. The assessment of any possible losses from shares provided as a collateral is made by considering the historical volatility of their prices, the said volatility being measured by the standard deviation. In the event that the instruments have their credit rating, the management company assesses the probability of occurrence of changes in the credit rating bringing about changes in the price of the collateral.

(New, adopted by decision of the Board of Directors dated 19 January 2023) The management company performs periodic, but not less than once a year, liquidity stress tests and scenario analyzes in order to prepare for actions in the event of the occurrence of risks arising from potential changes in market conditions that may adversely affect the Fund.

(New, adopted by decision of the Board of Directors dated 19 January 2023) The management company adopts and implements a policy for carrying out stress tests.

(New, adopted by decision of the Board of Directors dated 19 January 2023) The Fund's management company is obliged to submit to the Commission by the 10th of the following month the monthly balance sheet and information on:

1. the volume and structure of investments in the portfolio by issuers and types of securities and other financial instruments;
2. the types of derivative instruments, the main risks related to the underlying assets of the derivative instruments, the quantitative limits and the selected risk assessment methods related to transactions with derivative instruments.

**2.2.b. (A new one, decision of the BD dated 21 March 2017) Information about the intention of the mutual fund to apply higher restrictions regarding diversification, as specified in Art. 46, para. 1 of the LACISOUCI, and description of the exclusive market situation conditioning such an investment.**

The mutual fund does not have an intention to apply higher restrictions regarding diversification as specified in Art. 46, para. 1 of the LACISOUCI.

**2.3. (Amended through a decision of the BD dated 19 January 2023 and 16 March 2023) Rules on the measurement of the assets.**

The measurement of the assets and liabilities of the mutual fund is carried out in accordance with the International Accounting Standards under § 1, subpara. 8 of the Supplementary Provisions of the Accountancy Law. The measurement of the assets of the Fund is carried out upon the initial acquisition (recognition) at the price of acquisition, which also includes the expenses on the acquisition. Any subsequent measurements of the assets of the Fund are carried out at fair value.

- The subsequent measurement is carried out of all the assets, including those which are initially recognized as at the date of the measurement.
- The securities and other financial instruments which are purchased and, respectively, sold, are measured on the day of contracting the transaction involving them ('the trade date'), and not on the value date.
- The methods of measuring the assets are shown in the Rules on portfolio assessment and determination of the net value of the assets of the Fund, these Rules having their latest amendment through the Decision of the Board of Directors of the management company 'EF Asset Management' AD dated 16 March 2023.

**2.4. (Amended through a decision of the BD dated 8 April 2019, 6 April 2020, 14 April 2021, 30 March 2022 and 10 April 2023) Description of the investment activity of the Fund during the three years preceding the year of updating the Prospectus**

**2.4.1. Data on the amount, structure and dynamics of the assets of the Fund, including the available securities of any type – in total and by types of assets**

	31 December 2022	31 December 2020	31 December 2020
Shares and units in mutual funds:	19 687 623	17 961 968	6 247 604
Debt securities (total):	11 308 672	6 988 397	1 326 612
- corporate securities	11 308 672	6 988 397	1 326 612
Pecuniary resources	6 593 362	5 092 210	600 050
Receivables under repo transactions	803 235	978 816	182 349
Interest receivables under deposits	421	18	11
Other receivables	22 391	1 143	4 472
<b>Total assets:</b>	<b>40 367 703</b>	<b>32 689 635</b>	<b>8 361 098</b>

**2.4.2. Net value of the assets**

	31 December	31 December	31 December
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	<b>2022</b>	<b>2021</b>	<b>2020</b>
Net value of the assets (BGN)	40 315 986	32 635 670	8 343 512

**2.4.3. Minimum, maximum and average weighted issue price and repurchase price:**

2022			
	Minimum	Maximum	Average weighted
Issue price	1.4393 BGN	1.5086 BGN	1.4799 BGN
Repurchase price	1.4393 BGN	1.5086 BGN	1.4799 BGN
2021			
	Minimum	Maximum	Average weighted
Issue price	1.4054 BGN	1.4863 BGN	1.4518 BGN
Repurchase price	1.4054 BGN	1.4863 BGN	1.4518 BGN
2020			
Minimum	Minimum	Minimum	Average weighted
Issue price	1.3227 BGN	1.4334 BGN	1.3910 BGN
Repurchase price	1.3227 BGN	1.4334 BGN	1.3910 BGN

**2.4.4. Number of outstanding shares as at the end of the year, and number of shares issued, sold and repurchased**

**Year 2022:**

- number of outstanding shares as at the end of the year: 27 300 656;
- number of shares issued and sold: 5 343 695;
- number of shares repurchased: None

**Year 2021:**

- number of outstanding shares as at the end of the year: 21 956 961;
- number of shares issued and sold: 16 033 247;
- number of shares repurchased: None

**Year 2020:**

- number of outstanding shares as at the end of the year: 5 923 714;
- number of shares issued and sold: 1 262 676;



- number of shares repurchased: None

**2.4.5. Data on loans permitted and taken, including the amount of the loan, its term and the interest thereon, the loan disbursed, the interest paid and the amount of the part of the loan which has not been repaid**

As at 31 December 2022, the mutual fund ‘EF – Rapid’ did not have a loan taken.

As at 31 December 2021, the mutual fund ‘EF – Rapid’ did not have a loan taken.

As at 31 December 2020, the mutual fund ‘EF – Rapid’ did not have a loan taken.

**Statement: The value of the shares and the income from them may be lower; the profit is not guaranteed and the investors assume the risk of not having the investments restored in their full amount; the investments in the mutual fund are not guaranteed by a guarantee fund and there is no connection between the previous results of the activity of the mutual fund and its future results.**

**2.5. Characteristics of the typical investor who is the target of the activity of the mutual fund.**

The main group of investors who are the targets of the activity of the Fund are the investors having an income exceeding the average one for the country, good investment culture and moderate risk bearing capacity.

The investment product of ‘EF Rapid’ is targeted at persons (citizens, companies, institutions) which:

- are ready to assume moderate investment risk;
- are willing to achieve quick and secured liquidity, without this affecting the investment income that has already been achieved;
- are ready to invest pecuniary resources in the long run;
- are seeking diversification of the risk of their own portfolio;
- are willing to have their money managed by financial market professionals.

The shares of ‘EF Rapid’ are appropriate for those Bulgarian and foreign individuals, companies and institutions which are willing to invest a part of their resources on the financial markets, and, particularly, in a diversified product consisting mainly of shares and bonds, at a medium level of risk.

**2.6. Categories of assets in which the mutual fund is authorised to invest.**

The mutual fund is authorised to invest in the assets described in subpara. 2.1. of this Prospectus.

**2.7. Where the mutual fund invests primarily in categories of assets other than securities and instruments on the money market or reproduces an index consisting of share or debt securities – indication of this aspect of its investment policy.**

The mutual fund does neither invest in categories of assets other than securities and instruments on the money market nor reproduce an index.

**2.8. If it is possible for the net value of the assets of the mutual fund to be subject to fluctuations (volatility) due to the composition or techniques of management of its portfolio, this fact should be indicated.**

The composition and technique of management of the mutual fund (of a balanced type) implies moderate fluctuations in the net value of the assets.

**2.9. Assignment of functions and activities to third persons**

The management company is entitled to conclude a contract through which it delegates to a third party certain functions and actions under Art. 86, para. 1 of the LACISOUCI, in compliance with the terms and conditions set forth in Art. 106, para. 1, subparas 1 through 8 of the said Law.

Where the delegation of functions and actions concerns the management of the investments, the following additional requirements must be fulfilled as well:

1. the delegation must take place in compliance with the criteria for redistribution of the investments, these criteria being set by the management company;

2. the third party to which the functions are delegated must be licensed or registered for the purposes of management of assets and must be subject to supervision as regards the fulfilment of the requirements concerning the carrying out of its activity;

3. cooperation must be ensured between the Commission and the body exercising the supervision over the third party in those cases where the delegated functions concern the management of the investments of a person from a third country.

(New text, adopted through a decision of the BD dated 19 January 2023) When the management company delegates portfolio management functions to a third party, it should ensure that the third party complies with the independence requirements under Art. 45d of Ordinance 44, with a view to preventing dependence and excessive influence from the stress tests carried out by the third party.

**3. ECONOMIC INFORMATION**

**3.1. Tax regime.**

In accordance with Art. 174 of the Law on corporate income tax, the profit of the mutual fund 'EF Rapid' shall not be subject to a corporate tax. In accordance with Art. 13, para. 1, subpara. 3 of the Law on Taxes on Natural Persons' Income and Arts 44 and 196 of the Law on Corporate Income Tax, the income of the investors (the holders of shares) from transactions contracted on the conditions and in accordance with the procedure laid down for the repurchase of shares by the mutual fund 'EF Rapid' shall not be subject to taxation.

**3.2. Fees (commission compensations) for purchase and sale of shares.**

In the event of purchase or sale of shares the investors shall not pay any fees or commission compensations.

The issue price and the repurchase price of shares shall be equal to the net value of the assets per share.

**3.3. (Amended through a decision of the BD dated 3 October 2018, 9 October 2019, 5 May 2021 and 7 January 2022) Other possible expenses or fees consisting of those due by the holders of shares and those which must be paid with financial resources of the mutual fund.**

The holders of shares shall not owe any other expenses or fees to the mutual fund or the management company.

The mutual fund shall owe the following fees and expenses:

- management fee due to the management company – the annual amount of the fee for the management of the mutual fund ‘EF Rapid’ amounts to 1.50 (one point fifty) per cent of the average annual net value of the assets of the mutual fund;
- remuneration of the depository – the amount of the remuneration of the depository shall be specified in the contract of depository services concluded with the management company and shall be at the expense of the Fund;
- other expenses payable at the account of the mutual fund are the following ones:
  - ✓ for all print services connected with dissemination of information about the mutual fund;
  - ✓ for all the publications and communications in the press;
  - ✓ commission compensations for the investment intermediaries executing the investment orders connected with the portfolio of the Fund;
  - ✓ the remuneration of the registered auditor for checking the annual financial statement of the Fund;
  - ✓ state fees;
  - ✓ fees collected by the regulated markets of securities;
  - ✓ fees collected by ‘Central Depository’ AD;
  - ✓ fees relating to the management of the Fund’s advertising and marketing activity.

**3.4. (Amended through a decision of the BD dated 8 April 2019, 6 April 2020, 14 April 2021, 30 March 2022 and 10 April 2023) Data on the expenses of the mutual fund during the three years preceding the year of updating the Prospectus, presented both as a total amount and as a percentage ratio with regard to the average net carrying value of the assets, including:**

	2022	2021	2020
<b>Annual remuneration of the management company</b>	<b>556 165 BGN</b>	<b>518 066 BGN</b>	<b>179 287 BGN</b>
Relative portion with regard to the average annual net value of the assets	1.50%	2.01%	2.35%
<b>Commission compensations paid to investment intermediaries</b>	<b>20 132 BGN</b>	<b>12 255 BGN.</b>	<b>3 419 BGN.</b>
Relative portion with regard to the average annual net value of the assets	0.05%	0.05%	0.04%
<b>Annual remuneration for depository services</b>	<b>23 377 BGN</b>	<b>20 281 BGN</b>	<b>13 048 BGN</b>
Relative portion with regard to the average annual net value of the assets	0.06%	0.08%	0.17%

<b>Annual remuneration of the auditor who has certified the annual financial statement</b>	<b>1 790 BGN</b>	<b>1 467 BGN</b>	<b>1 467 BGN</b>
Relative portion with regard to the average annual net value of the assets	<b>0.00%</b>	0.01%	0.02%
<b>Other expenses of the mutual fund</b>	<b>1 670 BGN</b>	<b>2 020 BGN</b>	<b>1 484 BGN</b>
Relative portion with regard to the average annual net value of the assets	<b>0.00%</b>	0.01%	0.02%
<b>Note:</b> These expenses do not include the expenses on operations involving investments, expenses on currency operations, expenses on taxes on the profit and extraordinary expenses, which are as follows:			
<b>Total amount of all the expenses</b>	<b>603 135 BGN</b>	<b>554 089 BGN</b>	<b>198 704 BGN</b>
Relative portion with regard to the average annual net value of the assets	<b>1.63%</b>	2.15%	2.60%

## 4. TRADE INFORMATION

### 4.1. (Amended through a decision of the BD dated 14 June 2019) Terms and procedure for the sale of shares.

According to the requirements of Art. 21, para. 1 of the LACISOUCI and the rules of the mutual fund 'EF Rapid', the latter is obliged to constantly issue and sale shares to the investors at the issue price grounded on the net value of the assets. The cases of exception are those of temporary suspension of the issue (the sale) of shares and those of repurchase of shares of the Fund, which are provided for in subpara. 4.2 of this Prospectus.

The issue (the sale) of shares of the mutual fund 'EF Rapid' is carried out by the management company 'EF Asset Management' AD.

#### **Place, time and way of placement of an order for the purchase of shares**

The purchase of shares in the capital of the mutual fund 'EF Rapid' is made through submitting a *written order for purchase* of shares and the supplements thereto, each working day between 9.30 a.m. and 5 p.m. at the following addresses:

- At the office of MF 'EF Asset Management' AD - Sofia, 43 Christopher Columbus Blvd., floor 5

As at the time of placement of the order for purchase of shares, the ordering party makes a deposit up to the amount of the shares he/she is willing to acquire. The deposit is made as follows:

- At the cash desk in the office of MF 'EF Asset Management' AD
- To the bank account of the mutual fund 'EF Rapid' – IBAN: BG11 UNCR 7630 1077 409694, BIC code: UNCRBGSF, the account being opened with BULBANK JSC – central office, the grounds for payment being: purchase of shares of the mutual fund 'EF Rapid';

The order for purchase of shares is placed by the ordering party either in person or through an authorised person of the ordering party. The ordering party or the authorised person thereof shall be obliged to prove his/her identity through an identity document.

*(Amended through a decision of the BD dated 19 January 2023)* **Content of the order for purchase of shares**

- number, date, time and place of accepting the order for purchase of shares;
- full name, personal number and number of the identity card /passport data/ of the natural person-ordering party, and, respectively, of the representative of the legal entity on behalf of which the order is placed;
- the name, the unified identification code and the registered seat of the legal entity-ordering party;
- the name, the registered seat and the headquarters address of the investment intermediary that the order is placed through, and, respectively, the full name, the personal number, the place of residence and the address of the authorised person, as well as the number and date of the Power of Attorney;
- the address of the ordering party or of his/her representative or authorised person to whom the messages relating to the purchase of shares are to be sent;
- the way and place of receiving the documents certifying the purchase of shares;
- the name, the unified identification code, the registered seat, the headquarters address, the mailing address and the contact telephone number of 'EF Asset Management' AD through which the sale of shares takes place;
- the amount of the order (the number of shares that will be acquired by the ordering party is not specified by the latter, as it is equal to the amount of the order divided by the issue price);
- the total amount deposited by the ordering party (the said amount is equal to the amount of the order);
- the amount of the expenses for the issue (the sale) of the Fund's shares;
- the way of payment of the issue price of the shares, and, respectively, the type, date and number of the payment document through which the amount for the purchase of shares is deposited;
- the term for execution of the order;
- the date of execution of the order;
- a declaration from the ordering party concerning the origin of those pecuniary resources under the Law on Measures against Money Laundering (LMML) with which he/she will pay for the shares;
- a declaration from the ordering party, and, respectively, from his/her representative or authorised person, evidencing that upon placing the order he/she received a free a key information document and was given the opportunity to familiarise himself/herself with the Prospectus of the mutual fund 'EF Rapid'; and showing whether the transaction forming the subject matter of the order is a disguised purchase of securities or not;
- signatures of the ordering party, and, respectively, of his/her representative or authorised person, and of the person authorised by the management company to accept the orders for purchase of shares.

Documents to be submitted by the ordering party upon placement of the order for the purchase of shares:

- ◇ (Amended through a decision of the BD dated 19 January 2023) If the order for purchase of shares is placed by an authorised person or representative:
1. if the order is placed by an authorised person – a notarised Power of Attorney, which shows the powers of representation in carrying out actions of management and disposition with securities. The management company keeps the original power of attorney, respectively a nota-rized copy of it. If the power of attorney has multiple effects, the management company keeps a copy of it, certified by the power of attorney and by the person accepting the order. The certification is carried out with the inscription "true to the original", date and signature of the persons.
  2. if the order is placed by a representative:
    - if the ordering party is a legal entity - an extract from the Commercial Register which certifies the right to the powers of representation;
    - if the ordering party is a natural person – a notarised copy of a document certifying the right to the powers of representation (a birth certificate, or a marriage certificate, or a document of appointing a guardian or a custodian);
  3. a copy of the identity document of the authorised person or the representative, the said document being certified by the ordering party and by the person authorised by the management company to accept the orders.
  4. a declaration from the authorised person, showing that, by occupation, the latter does not carry out transactions involving securities. The declaration under this item shall not apply in the event of placement of orders for the purchase of shares through an investment intermediary.
- ◇ If the ordering party is a legal entity:
1. an extract from the Commercial Register, and where foreign entities are concerned – the respective legalized documents certifying their current status;

After his/her identity is verified, the ordering party signs the order and the declarations in the presence of a person authorised by the management company to accept orders. The person authorised by the management company to accept orders shall state whether the requirements under the preceding sentence have been fulfilled.

#### **Calculation of the number of shares acquired under a certain order**

The management company executes the order for purchase of shares up to the amount deposited by the investor, the said amount being divided by the fixed issue price per share, thus calculating the number of shares acquired. In the event that the number of shares issued in return for the deposit cannot be a whole one, the Fund shall issue fractional shares on the basis of the net value of its assets.

#### **Deadline for the execution of orders for purchase of shares**

The orders for purchase of shares shall be executed within a term of 7 days following the date of placement of the order.

The order for purchase shall be regarded as executed at the time of registration of the transaction with 'Central Depository' AD. The management company shall send a confirmation of the transaction not later than the end of the first working day following the execution of the transaction, to the e-mail address specified by the customer, and if there is no such e-mail

address specified, the confirmation shall be sent by post, except where the respective document is received at an office of the management company. In the event that a decision is taken in favour of temporary suspension of the issue (the sale) and the repurchase of shares in accordance with the terms and procedure laid down in this Prospectus, those purchase orders which have been placed, yet not executed as at the time of taking the decision regarding temporary suspension shall not be executed at all. The management company shall reimburse the respective amounts to the investors that have placed orders for the purchase of shares or interest, to their bank accounts or at the cash desk of the company, doing so not later than the end of the working day following the day on which the decision regarding the suspension of the issue of shares was taken. After the resumption of the issue (the sale) of shares, the purchase and repurchase of shares of the company shall be carried out on the basis of placement of a new order in accordance with the procedure set forth in this Prospectus.

#### **Reimbursement of amounts under non-executed orders for the purchase of shares**

The amounts under non-executed orders for purchase of shares shall be reimbursed to the bank account of the customers not later than the end of the working day following the day on which the order was placed.

#### **4.2. (Amended through a decision of the BD dated 14 June 2019) Terms and procedure for the repurchase of shares and circumstances under which the repurchase can be temporarily suspended. Procedure for the transfer of shares.**

According to the requirements of Art. 21, para. 1 of the LACISOUCI and the rules of the mutual fund 'EF Rapid', the latter is obliged – upon the request of the holders of shares – to repurchase shares at a price grounded on the net value of the assets, in accordance with the terms and procedure laid down in the LACISOUCI, the acts related to its application, the rules of the Fund and this Prospectus, with the exception of the cases of temporary suspension of the repurchase of the company's shares.

The repurchase of shares of the Fund starts after the net value of the Fund's shares reaches the minimum amount of BGN 500 000.

The repurchase of shares of the mutual fund 'EF Rapid' is carried out by the management company 'EF Asset Management' AD.

#### **Place, time and way of placement of order for repurchase of shares**

Each holder of shares of the mutual fund shall be entitled to demand that either a part of the shares he/she holds or all the shares he/she holds should be repurchased on the terms and in accordance with the procedure set forth in this Section.

A condition precedent to the repurchase is to have the shares kept in a customer's subaccount of the holder of shares at the account of 'EF Asset Management' AD in 'Central Depository' AD. In the event that the shares are kept in a customer's subaccount of the holder of shares at the account of an investment intermediary, a repurchase is only possible after transferring the said shares from the customer's subaccount at the investment intermediary into the customer's subaccount of the shareholder at the account of 'EF Asset Management' AD in 'Central Depository' AD.

Repurchase of shares in the capital of the mutual fund 'EF Rapid' is made through submitting a written order for repurchase of shares and the supplements thereto, each working day between 9.30 a.m. and 5 p.m. at the following addresses:

- at the office of MF 'EF Asset Management' AD - Sofia, 43 Christopher Columbus Blvd., floor 5

The order for repurchase of shares is placed by the holder of shares either in person or through an authorised person of the holder of shares. The holder of shares or the representative thereof shall be obliged to prove his/her identity through an identity document.

Orders for repurchase of shares may as well be placed by each licensed investment intermediary. In these cases the repurchase terms and conditions may differ from those specified in this Prospectus, inasmuch as the terms and conditions of the investment intermediary must be taken into consideration as well.

#### **Content of the order for repurchase of shares**

- number, date, time and place of accepting the order for the repurchase of shares;
- full name, personal number and number of the identity card /passport data/ of the natural person-ordering party, and, respectively, of the representative of the legal entity on behalf of which the order is placed;
- the name, the unified identification code and the registered seat of the legal entity-ordering party;
- the name, the registered seat and the headquarters address of the investment intermediary that the order is placed through, and, respectively, the full name, the personal number, the place of residence and the address of the authorised person, as well as the number and date of the Power of Attorney;
- the address of the ordering party or of his/her representative or authorised person to whom the messages relating to the repurchase of shares are to be sent;
- the way and place of receiving the pecuniary resources for the repurchased shares. In the event that the pecuniary resources for the repurchased shares are received through the bank, then the name, the bank code and the number of the bank account should be specified as well;
- the name, the unified identification code, the registered seat, the headquarters address, the mailing address and the contact telephone number of 'EF Asset Management' AD, through which the sale of shares takes place;
- number of shares submitted for repurchase;
- amount of expenses for the repurchase;
- where the ordering party is a foreign person, a statement is made as to whether the latter shall make use of a special tax regime under the respective treaty for avoidance of double taxation with respect to the income realised from the repurchase of shares, the respective state with which the Republic of Bulgaria has contracted the said treaty, and the specific method used (full or partial exemption from taxation);
- the deadline for execution of the order;
- the date of execution of the order;
- a declaration from the ordering party, and, respectively, from his/her representative or authorised person, evidencing that upon placing the order he/she was given the opportunity to familiarise himself/herself with the Prospectus of the mutual fund 'EF Rapid'; and showing whether he/she has the quality of an internal person and whether he/she



has internal information about the shares or the mutual fund 'EF Rapid'; and showing whether the transaction forming the subject matter of the order is a disguised purchase of securities or not;

- signatures of the ordering party, and, respectively, of his/her representative or the authorised person, and of the person authorised by the management company to accept and execute the orders for repurchase of shares.

**Documents to be submitted by the ordering party upon placement of the order for the repurchase of shares:**

- ◇ The original of the depository receipt for the shares held, with the exception of those cases where the depository receipt has not been issued yet and the shares forming the subject matter of the order for repurchase are kept in the customer's subaccount of the ordering party at the account of 'EF Asset Management' AD in 'Central Depository' AD, or an excerpt from the subaccount of the investment intermediary certifying the ownership of the shares of the mutual fund 'EF Rapid'.
- ◇ (*Amended through a decision of the BD dated 19 January 2023*) Upon placement of the order for repurchase of shares by an authorised person or representative:
  1. if the order is placed by an authorised person – a notarised Power of Attorney, which shows the powers of representation in carrying out actions of management and disposition with securities. The Power of Attorney under this item shall not apply to the placement of an order for the repurchase of shares through an investment intermediary. The management company keeps the original power of attorney, respectively a notarized copy of it. If the power of attorney has multiple effects, the management company keeps a copy of it, certified by the power of attorney and by the person accepting the order. The certification is carried out with the inscription "true to the original", date and signature of the persons.
  2. if the order is placed by a representative:
    - if the ordering party is a legal entity - an extract from the Commercial Register which certifies the right to the powers of representation;
    - if the ordering party is a natural person – a notarised copy of a document certifying the right to the powers of representation (a birth certificate, or a marriage certificate, or a document of appointing a guardian or a custodian);
  3. a copy of the identity document of the authorised person or the representative, the said document being certified by the ordering party and by the Head of the Regulatory Compliance Department of the management company.
  4. a declaration from the authorised person, showing that, by occupation, the latter does not carry out transactions involving securities. The declaration under this item shall not apply in the event of placement of orders for the repurchase of shares through an investment intermediary.
- ◇ If the ordering party is a legal entity:
  1. an extract from the Commercial Register, and where foreign entities are concerned – the respective legalized documents certifying their current status;

After his/her identity is verified, the ordering party signs the order and the declarations in the presence of a person authorised by the management company to accept orders. The person

authorised by the management company to accept orders shall state whether the requirements under the preceding sentence have been fulfilled.

#### **Establishing the propriety of the orders placed for the repurchase of shares**

The orders for repurchase of shares that are subject to execution are only the ones which have been properly placed. Such are those orders which have been submitted in compliance with all the requirements of this Prospectus.

All those orders for repurchase of shares which do not comply with the terms and conditions provided for in this Prospectus shall be regarded as invalid and shall not be subject to execution.

In the event of absence, vagueness or inconsistency in the data related to the requisites of the order specified above and/or the necessary supplements thereto, as well as in case that the submitted documents show that there is a flaw in the process of taking the corporate decision, or in the powers of representation, or in some other condition precedent to the disposition with shares, the order for repurchase shall be regarded as invalid and shall not be subject to execution.

#### **Calculation of the total amount of the order**

The orders for repurchase of shares are executed in accordance with the number of those shares for repurchase which are submitted by their holder, at the repurchase price.

#### **Deadline for execution of properly placed orders for repurchase of shares and way of payment of the amounts due**

The orders for repurchase of shares are executed and paid within a period of 10 days following the date of placement of the written order for repurchase of shares.

The order for repurchase is regarded as executed at the time of registering the transaction in 'Central Depository' AD.

The payment of the price is made to the client's bank account specified in the repurchase order.

#### **Terms and procedure for temporary suspension of the repurchase**

It is upon decision of the Board of Directors of the management company that the mutual fund may temporarily suspend the repurchase of the shares, doing so in extraordinary cases only – where the circumstances require it and the suspension is justifiable in view of the interests of the investors, this including the following cases:

- where the contracting of transactions is terminated or suspended or subject to restriction on a regulated market of securities on which a considerable part of the assets of the mutual fund are listed or traded;
- where it is impossible to properly assess the assets or the liabilities of the mutual fund or the latter is unable to undertake acts of disposition with them without injuring the interests of the investors;
- if a decision has been made in favour of dissolution or transformation through merger or takeover of the mutual fund;

- where the execution of the order for repurchase would bring about a violation of the operative statutory requirements regarding the maintenance of a minimum of immediately available funds of the mutual fund;
- in the event of revocation of the depository's banking licence or imposition of other restrictions on its activity, the said revocation or restrictions either making it impossible for the depository to perform its obligations under the depository services contract or creating a possibility of the investors' interests being injured;
- in the event of denunciation of the depository services contract signed with the depository due to culpable non-performance.

In the event of revocation of the licence of the management company or in the event of its dissolution or its declaring bankrupt, the repurchase is suspended upon decision of the depository, the latter taking over the management of the mutual fund.

The management company or, respectively, the depository (in the cases under the preceding sentence) notifies the investors of the suspension of the repurchase, and, respectively, of the resumption thereof immediately after such a decision is taken, doing so through the Internet site of the management company.

The Financial Supervision Commission must be notified of the decision regarding the suspension of the repurchase not later than the end of the working day, and in the event of resumption of the repurchase – not later than the end of the working day preceding the resumption.

Where a decision in favour of suspension of the repurchase is taken, the sale of shares is also suspended for the period of temporary suspension of the repurchase.

In the event that the management company or the depository temporarily suspends the repurchase of shares in accordance with the conditions and the procedure set forth in this Prospectus, those orders for repurchase which have not been executed until the time the decision on suspension of the repurchase was made shall not be subject to execution. In these cases the repurchase of shares after the resumption shall be carried out through placement of new orders in accordance with the procedure set forth in this section of the Prospectus.

#### **Regulated market on which the shares of the Fund are admitted for trading**

The shares of the mutual fund 'EF Rapid' are not traded on a regulated market.

#### **Procedure for the transfer of shares**

Except for the purchase and repurchase of shares through MF 'EF Asset Management' AD, which takes place as described in this Prospectus, the shares are freely transferred, depending on the will of their holders, in compliance with the specific requirements of the operative legislation concerning the disposition with dematerialised securities, respectively, with shares of mutual funds.

The Shareholder Register of the Fund is maintained by 'Central Depository' AD. The transfer of shares of the mutual fund 'EF Rapid' is regarded as made at the time of entering the shares in 'Central Depository' AD, namely, in their transferee's subaccount at the account of MF 'EF Asset Management' AD or a licensed investment intermediary. The rights over these shares is certified by way of a registration document (depository receipt) which is issued by 'Central Depository' AD in the name of their owner, the said document being received upon

the request of the investor either through the management company or through the investment intermediary.

**4.3. (Amended through a decision of the BD dated 12 February 2019 and 26 April 2022)  
Terms and procedure for calculating the issue price and the repurchase price of the shares**

**Calculation of the issue price of shares**

The issue price is equal to the amount of the net value of the assets per share. The issue price in BGN is rounded to four decimal places.

The issue price of the shares is determined by the management company under the control of the depository.

In the event that a decision has been taken for suspension of the sale and the repurchase of shares of the mutual fund, no issue price shall be calculated.

**Frequency of determining the issue price**

The issue price of the shares forming the subject of sale of the mutual fund is determined each working day and is valid for the day on which it is determined.

Those orders for purchase of shares which are received until 4 p.m. are executed at the issue price determined on the working day following the date of the order.

Those orders for purchase of shares which are received later than 4 p.m. are executed at the issue price determined two working days after the date of the order.

**Calculation of the repurchase price**

The repurchase price is equal to the amount of the net value of the assets per share.

The repurchase price in BGN is rounded to four decimal places.

The repurchase price of the shares is determined by the management company under the control of the depository.

In the event that a decision has been taken for suspension of the repurchase of shares of the mutual fund, no repurchase price shall be calculated.

**Frequency of determining the repurchase price**

The repurchase price of the shares is determined each working day and is valid for the day on which it is determined.

Those orders for purchase of shares which are received until 4 p.m. are executed at the repurchase price determined on the working day following the date of the order.

Those orders for repurchase of shares which are received later than 4 p.m. are executed at the repurchase price determined two working days after the date of the order.

**Calculation of the net value of the assets of the Fund**

The net value of the assets of the mutual fund 'EF Rapid' is calculated by the management company 'EF Asset Management' AD under the control of the depository in compliance with the *Rules on the measurement of the assets and determination of the net value of the assets* of the Fund, which are adopted by the management company and approved by the FSC.

The net value of the assets of the Fund for the purposes of determining the issue price and the repurchase price is calculated by way of subtracting the value of liabilities from the value of all assets. The liabilities, denominated in foreign currency, are calculated at the official exchange rate of the Bulgarian National Bank (BNB), this rate being determined the previous day and announced on the day of measurement.

The net value of the assets per share is equal to the net value of the assets of the mutual fund divided by the number of the shares of the mutual fund.

The net value of the assets and the net value of the assets per share of the mutual fund 'EF Rapid' are determined each working day.

#### **Frequency, place and way of publishing these prices and communicating them to the FSC**

The issue price and the repurchase price of the shares are published and announced as follows:

- on the site of the Association of Management Companies in Bulgaria – each working day;
- on the site of the management company 'EF Asset Management' AD – each working day;
- in those places where orders are accepted for purchase and repurchase of shares as laid down in this Prospectus, on the day following the day of measurement – each working day.

*(New text adopted through a decision of the BD dated 12 February 2019 and amended through a decision of the BD dated 26 April 2022 and 19 January 2023)*

The Management company announce to the Commission summary information about the issue values and redemption prices of its units once a month, within three business days after the end of the month.

The Management Company publishes on its website a summary of the announced issue values and redemption prices within three working days after the end of the month

#### **4.4. Distribution of the income. Reinvestment.**

The mutual fund 'EF Rapid' does not distribute the realised income among the holders of shares. The entire income is reinvested and increases the value of the shares.

### **5. FINANCIAL INFORMATION**

The annual and the interim financial statements, the activity reports and the auditors' reports are published and available for the investors at the following addresses:

- Financial Supervision Commission, Sofia, 16 Budapest Str., [www.fsc.bg](http://www.fsc.bg)
- MF 'EF Asset Management' AD, Sofia, 43 Christopher Columbus Blvd., floor 5, [www.efam.bg](http://www.efam.bg)

Contact person at the office of MF 'EF Asset Management' AD – Ivan Ovcharov, Sofia, 43 Christopher Columbus Blvd., tel. 02/902 19 44, fax 02/981 14 96, e-mail:office@efam.bg, each working day from 9.30 a.m. until 5.00 p.m.

## **6. ADDITIONAL INFORMATION**

### **6.1. (Amended through a decision of the BD dated 14 June 2019) State supervision institution; number and date of the authorisation for the organisation and management of the mutual fund.**

The state supervision institution is the Financial Supervision Commission.

The authorisation for the organisation and management of the mutual fund 'EF Rapid' is №6-ДФ/17.10.2005, issued under Decision number 644-DF dated 13 October 2005.

### **6.2. Place where the Rules and the other organisational acts of the mutual fund are accessible to the investors.**

The mutual fund 'EF Rapid' is registered under BULSTAT number 131510422. The rules and the other organisational documents of the mutual fund are accessible to the investors at the following address: Sofia, 43 Christopher Columbus Blvd., floor 5 – the office of MF 'EF Asset Management' AD each working day from 9.30 a.m. until 5.00 p.m., as well as in the information centre of the Financial Supervision Commission, located at the following address: Sofia, 16 Budapest Str., each working day from 9.30 a.m. until 5.00 p.m. Contact telephone number of the management company: 02/902 1944, contact person of the company: Ivan Ovcharov.

### **6.3. Information regarding the shares of the mutual fund and the rights they give. Procedure for dissolution of the mutual fund.**

The mutual fund 'EF Rapid' is an issuer of shares. The shares constitute securities within the meaning of the LFIM.

The nominal value of one share is BGN 1 (one Bulgarian lev).

The net value of the assets per share is equal to the net value of the assets of the Fund divided by the number of the shares (including the fractional shares).

The number of shares of the Fund varies as a result of the sale or repurchase of shares.

The net value of the assets of the mutual fund may not be lower than BGN 500 000. This minimum amount must be reached within two years following the issue of the authorisation for the organisation and management of the mutual fund. In the event that the net value of the assets of the mutual fund does not reach BGN 500 000 within the period under sentence two of this paragraph or the average monthly net value of the assets of the mutual fund keeps being lower than BGN 500 000 for 6 consecutive months, it is within 10 working days that the management company must announce the reasons for it, the measures it will take for bringing in new investors and the period during which these measures will be implemented and the period in which it is expected that the mutual fund will restore the amount of the net value of its assets. The said period of 10 working days starts running from the expiry of the two years' term under sentence two of this paragraph, or, respectively, from the expiry of the 6 consecutive months under sentence three of this paragraph. The announcement is made on the Internet site

of the management company or in another way which is appropriate for coming into contact with the investors. The management company submits to the Commission a copy of the information announced, doing so not later than the working day following the announcement, as well as information about the results of the measures undertaken, not later than the 10<sup>th</sup> day of each month until reaching the minimum amount under sentence one of this paragraph.

#### **Rights given by the shares**

The shares of the mutual fund 'EF Rapid' give their holders the following rights :

- the right to repurchase;
- the right to the respective part of the property of the Fund in the event of liquidation of the Fund.

#### **Procedure for dissolution of the mutual fund**

The mutual fund may be dissolved either upon decision of the management company or upon revocation of the authorisation for the organisation and management of the mutual fund.

The dissolution of the mutual fund shall be carried out with the permission of the FSC, on the terms and under the procedure set out in an ordinance.

The liquidators of the mutual fund shall be appointed by the management company. The persons appointed liquidators shall be approved by the FSC.

#### **6.4. Information about the place, the time and the way in which additional information can be obtained, including the address, the telephone number, the working time and the contact person**

Anybody willing to obtain additional information about the mutual fund 'EF Rapid' may do so each working day from 09.30 a.m. until 5.00 p.m. at the office of MF 'EF Asset Management' AD at the following address: Sofia 1592, 43 Christopher Columbus Blvd., telephone: 02/902 19 44, fax: 02/981 14 96. Contact person: Ivan Ovcharov.

#### **6.5. (New, adopted through a decision dated 29 December 2016, amended through a decision of the BD dated 19 August 2020, 14 April 2021 and 20 July 2023) Remuneration policy of MF 'EF Asset Management' AD**

The remuneration policy of MF 'EF Asset Management' AD /'the Policy'/ covers all the remuneration types, such as salaries and other financial and/or material incentives, including the benefits connected with voluntary pension and/or health insurance. The remuneration under Eq. first do not include additional payments or benefits that are part of a general non-discretionary policy that applies to the whole of the management company and which does not encourage risk-taking. The policy applies to the following categories of staff, if by their professional activities they exercise a significant influence on the risk profile of the managed by the management company collective investments schemes:

1. the executive staff;
2. the employees whose activity is connected with taking risks;
3. the employees who perform control functions;
4. all other employees whose remuneration is commensurate with the remuneration of the employees under the preceding items and whose activities influence the risk profile of the company and the risk profile of the collective investment schemes it manages.

MF 'EF Asset Management' AD may not apply the requirements under Art. 108, para. 4, subparas 11 through 13 for the persons under subparas 1 through 4, if the total amount of the annual variable remuneration of the person concerned does not exceed 30 per cent of its total fixed remuneration and does not exceed BGN 30,000.

According to the Policy, the remuneration in the MF 'EF Asset Management' AD is divided into constant and variable. The general criteria when determining the remuneration are the position of the respective employee, the responsibilities assigned to him/her and the professional experience acquired. The amount of the remuneration of those members of the Board of Directors to whom management is not assigned is determined by decision of the General Meeting of the shareholders, in accordance with the provision of Art. 221, subpara. 5 of the Commercial Law. The amount of the remuneration of all the other persons under items 1 through 4 is determined by decision of the Board of Directors of the company composed of: Ivan Ovcharov – Executive Member of the BD, Teodora Shopova– member of the BD and Evelina Vasileva– member of the BD.

Fixed remuneration is any payment or other benefit that has been determined in advance and does not depend on the result achieved. The constant remuneration consists of the fixed basic salary of the respective employee and the additional remuneration due under the operative labour legislation. At any time, the constant remuneration constitutes a sufficiently large portion of the total remuneration of the respective employee, which makes it possible to apply a flexible policy with respect to the variable elements of the remuneration, this including the possibility of non-payment of variable remuneration.

The variable remuneration are any additional payments or other benefits that are determined and paid depending on the result achieved or other contractual terms.

MF 'EF Asset Management' AD does not provide for the arrangement of retirement-related benefits. The compensations connected with early termination of a contract must reflect the results achieved in the course of time by the respective person and be determined so as not to reward a lack of success. Guaranteed variable remuneration may only be arranged for the first year following the appointment of a newly appointed employee.

The decision of the Board of Directors on the variable remuneration should necessarily contain at least: the total amount of the variable remuneration by units, based on the results achieved and the overall contribution to the activity and the financial position of the company; the criteria (financial and non-financial ones) which apply to the assessment of the results of the persons' activity; the amounts of the variable remuneration of the individual employees determined on the grounds of the assessment of their activity; the portion of the variable remuneration of the individual employees which can be paid in the form of interest or shares in the respective collective investment scheme or ownership rights equal thereto, or instruments connected with shares, or non-monetary instruments of equal value and with incentives of the same efficiency as the other instruments; the dates of payment of the variable remuneration; the portion of the variable remuneration which will be deferred and, respectively, the dates of deferrals of the variable remuneration payments.

The maximum upper limit of a person's variable remuneration under items 1 through 4 is 40% of the total amount of the remuneration.

Depending on the legal and organisational form of the collective investment scheme and its Statutes, Rules and constituent documents, at least 50 per cent of the variable remuneration consists of shares and units in the respective collective investment scheme or ownership rights equal thereto, or instruments connected with shares, or non-monetary instruments of equal value and with incentives of the same efficiency as the other instruments. This threshold



may as well be lower if the management of the collective investment scheme constitutes less than 50 per cent of the whole portfolio managed by the management company. The instruments under the preceding sentence are subject to an appropriate lag policy, which is aimed at achieving compliance between the incentives and the interests of the management company, the managed collective investment schemes and the holders of shares, the lag policy being also applied with respect to the deferred part of the variable remuneration.

In the event that within a year a person under items 1 through 4 is paid variable remuneration in an amount exceeding one third of the gross annual remuneration, at least 40 % of the variable remuneration shall be deferred for a period of minimum duration of three years, depending on the period of ownership recommended to the investors in the respective collective investment scheme, and in compliance with the nature of risks associated with the respective scheme. The remuneration is paid in proportion to the time, and where the amount of the variable remuneration is extremely high, at least 60 per cent of the amount of payment is deferred. The remuneration policy provides that the persons under items 1 through 4 must refund, either in part or in full, the variable remuneration paid on the grounds of data that have subsequently turned out to be wrong or misleading. In the event that the contracts of the persons under items 1 through 4 comprise clauses related to the receipt of variable remuneration, the latter are necessarily accompanied by clauses guaranteeing the refund of the variable remuneration on the hypothesis of the preceding sentence.

The variable remuneration is provided with a deferral. The deferred portion of the remuneration might consist of shares and units in the respective collective investment scheme or ownership rights equal thereto, or instruments connected with shares or non-monetary instruments of equal value and with incentives of the same efficiency as the other instruments. In the event that the deferred portion is bound with future results, the criteria for their assessment should allow adjustment of the assessment amount depending on the current risks and the future ones.

The variable remuneration is bound with the assessment of activity results as a combination of the results of the individual employee and those of the organisational unit in which the individual employee works, or those of the respective collective investment scheme, its risk profile and the overall results of the management company. The assessment of the employee's performance is grounded on financial and non-financial indicators. The assessments form part of an assessment process of several years, the length of which depends on the period of ownership recommended to the investors in the collective investment scheme managed by the management company, this period being determined with a view to guaranteeing that the assessment is grounded on the long-term results of the collective investment scheme and its risk profile, and that the actual payment of the remuneration elements associated with the results shall be deferred within the same period of time.

The assessment of the activity results which is used in the formation of the variable remuneration and its distribution takes into consideration all the risks – both current and future ones – the price of the capital and the required liquidity of the company. The employees under items 1 through 4 shall undertake not to use personal strategies for risk limitation or insurance related to remuneration or liability, with a view to reducing those risk-related effects on their remuneration which are provided for in their contracts.

The following form part of the indicators of assessment of an employee's performance: efficiency and contribution to the activity and the financial stability of the company; the profession and the technical knowledge and experience of the respective employee in relation thereto; the obligations and responsibilities of the respective employee as well as the employee's attitude thereto; the communication with the other employees of the company; the hones-

ty, uprightness and reputation of the employee; his/her capacity to continue performing his/her obligations in a competent way without additional supervision, taking into account his/her individual experience, knowledge and skills; observance and strict implementation of the relevant regulations concerning the activity carried out by the employee and the internal rules and policies of the company.

When determining the amount of the variable remuneration, the Board of Directors should necessarily take the following into consideration: the overall market performance of the company; the collective performance of the team that the respective employee forms part of as well as his/her contribution in that respect; the individual performance of the employee with regard to the requirements thereto, the achievement of the objectives that have been set, special attention being given in those cases where the employee has coped with his/her job in a remarkable way; a change in the economic situation within the country, a change in the business climate, a change in the state of the company, a change in the basic activity of the company, as well as any other relevant market information resulting from a comparison with the competitors on the market; abidance by the employee's obligation of acting in an honest, fair and professional way and in the best interests of the customer.

The variable remuneration, including the deferred part thereof, shall only be paid if complying with the overall financial position of the management company and if it is justifiable from the viewpoint of the results of the organisational unit in which the person works and those of the respective collective investment scheme. In the event of unsatisfactory or negative financial results of either the management company or the respective collective investment scheme, the total amount of the variable remuneration shall be considerably reduced, this including a reduction in the current compensations, a decrease in the amounts accrued for the preceding period, or a refund of remuneration that has already been accrued.

No variable remuneration shall be paid in the following cases: where the payment thereof limits the capability of the company to maintain and improve its capital basis; where the remuneration is paid through instruments or methods regarding which a well-grounded conclusion can be made that they facilitate the non-compliance of the requirements laid down in the regulations on the company's capital adequacy; where the remuneration is not bound with the financial results of the company or the assessment of the activity of the respective structural unit and the individual employee; where the payment of the remuneration would bring about deterioration of the company's risk profile, and would endanger its stability; and where the said remuneration is not in line with the statutory requirements and the provisions of this policy.

'EF Asset Management' AD does not have a remuneration committee.

'EF Asset Management' AD does not take into account the factors and risks to sustainability in the Remuneration Policy.

Information about the details of the updated remuneration policy of 'EF Asset Management' AD, including a description of the methods of calculation of the remuneration, the incentives and the names and positions of the persons in charge of the remuneration distribution and the incentives is shown on the Internet site of 'EF Asset Management' AD [www.efam.bg](http://www.efam.bg). The investors are entitled to receive a free paper copy of the remuneration policy of 'EF Asset Management' AD upon demand made at the office of the management company.

**6.6. (NEW, ADOPTED THROUGH A DECISION OF THE BD DATED 19 JANUARY 2023 AND AMEND., DECISION OF THE BD DATED 16 MARCH 2023) MARKETING MESSAGES**

All marketing communications to investors must be clearly labeled as such, accurate, clear and not misleading. Any marketing message, including an invitation to purchase shares of the Fund, cannot contain false or misleading information, as well as information that contradicts the information contained in the Prospectus and in the main information document under Regulation (EU) No. 1286/2014 of the European Parliament and of the Council of 26 November 2014 on key information documents for bundled retail investment products and insurance-based investment products (the Key Information Document). Marketing communications related to the Fund's activity, including public statements, interviews and presentations of the members of the Board of Directors of the Management Company and other persons working under a contract for the Management Company, as well as marketing communications about the Fund's activity prepared and distributed by third parties persons used by the management company for marketing purposes must be pre-approved by the Head of Regulatory Compliance.

The solicitation of investors in the Fund by telephone calls is only permissible on the basis of pre-prepared information that is approved and fully complies with the Guidelines on Marketing Communications under the Regulation on the Cross-Border Distribution of Funds (ESMA34-45-1272). A record of the telephone conversation is prepared and stored for a period of at least 5 years, which is provided to the investor or the vice-chairman upon request.

For all marketing communications to investors, the management company complies with the requirements of Art. 4, paragraphs 1 - 3 of Regulation (EU) 2019/1156 of the European Parliament and of the Council of 20 June 2019 to facilitate the cross-border distribution of undertakings for collective investment and to amend regulations (EU) No. 345/2013, (EU) No. 346/2013 and (EU) No. 1286/2014 (OB, L 188/55 of 12 July 2019), ("Regulation (EU) 2019/"156"), and ESMA's guidelines on the implementation of Art. 4, paragraph 1 of Regulation (EU) 2019/1156, for which the FSC has decided to apply them pursuant to Article 13, Paragraph 1, Item 26 of the Law on the Financial Supervision Commission. Pursuant to Article 4, Paragraphs 1 – 3 of Regulation (EU) 2019/1156 The management company guarantees that:

1. All marketing communications addressed to investors are recognizable as such and describe in an equally visible manner the risks and benefits of purchasing shares from the Fund;

2. All information included in marketing communications is correct, clear and not misleading.

3. Marketing communications containing specific information about the Fund do not contradict or reduce the significance of the information contained in the prospectus referred to in Article 68 of Directive 2009/65/EO or in the main information document for investors referred to in Article 78 of the said Directive.

4. All marketing communications inform about the existence of a prospectus and the availability of the main information document for investors. These marketing communications specify where, how and in what language investors or potential investors can obtain the prospectus and key investor information document and provide hyperlinks to those documents or their website addresses.

Marketing communications shall specify where, how and in what language investors or potential investors may obtain a summary of investor rights and provide an electronic

hyperlink to such summary, which shall include, where appropriate, information on access to the collective redress mechanism at the level of EU and at national level, in case of litigation.

The marketing communications shall also contain clear information that the management company may decide to terminate the marketing arrangements of its collective investment undertakings in accordance with Article 93a of Directive 2009/65/EO.

In relation to marketing messages, additional requirements defined in Art. 81 and 82 of Ordinance No. 44.

**6.7. Date of updating the Prospectus: 20 July 2023**

**FOR 'EF ASSET MANAGEMENT' AD:**

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Ivan Ovcharov  
Executive Director

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Ivelina Ivanova  
Procurator