



NATIONAL MUTUAL FUND

EF POTENTIAL

National Mutual Fund “EF Potential” (the Fund) is an open-ended fund that invests in transferable securities or other liquid financial assets raised through public offering of funds, on the principle of risk allocation.

National Mutual Fund “EF Potential” is not an entity within the meaning of Directive 2009/65/EC, therefore it is not a collective investment scheme.

The Prospectus contains all the information on National Mutual Fund “EF Potential” required to make an investment decision, including the main risks that each investor must be informed of before becoming an investor in shares of the Fund. It is in the interest of investors to get acquainted in detail with both this Prospectus and the Fund's Rules before making the relevant investment decision.

Name:	NMF “EF Potential”
Type:	open-ended
Risk profile:	Moderate to high
Date of establishment:	20.05.2021
Duration:	None
Name and date of entry in the FSC Register:	Decision No. 313 – НИФ/20.05.2021
Address:	city of Sofia 43 Christopher Columbus Blvd.
Telephone, fax:	02/9021944
E-mail address:	office@efam.bg
Website:	www.efam.bg
Management Company:	“EF Asset Management” AD
Website of the MC:	www.efam.bg
Nominal value of one share:	1 (one) BGN
Date of establishment of the MC:	28.01.2005r.
Investment Consultant:	Ivelina Ivaylova Ivanova, certificate No. 420-ИК dated 27 January 2015.
Depository:	Unicredit Bulbank AD, with headquarters and address of management: city of Sofia 7 Sveta Nedelya Sq, phone: 02/9232121, fax: 02/9232573, email: E-mail address: custody@unicreditgroup.bg ; www.unicreditbulbank.bg .

At the time of preparation of the Prospectus, the Management Company has organized and manages the following funds: Exchange Traded Fund “EF Principal ETF” and Mutual Fund “EF Rapid”

The Financial Supervision Commission has confirmed this Prospectus by decision No. 313-НИФ of 20.05.2021, however, it does not mean that the Commission approves or disapproves the investing in the shares offered, neither does it mean that the Commission undertakes responsibility for the truthfulness and completeness of the information presented in the Prospectus.

The information in the Prospectus is current as of 20.07.2023.

Persons responsible for the information in the Prospectus - the members of the Board of Directors of MC EF Asset Management AD - Ivan Ovcharov, Teodora Shopova, Evelina Vasileva and Ivelina Ivanova - Procurator.

The rules of National Mutual Fund "EF Potential" are available to investors at the following address: city of Sofia 1592, Iskar district, 43 Christopher Columbus Blvd., fl. 5 5, tel.: 02/9021944, contact person: Ivan Ovcharov, from 9:00 to 17:00, as well as on the website of the Management Company: www.efam.bg.

The financial statements, together with the activity reports and the auditor's reports are available to the investors at the address of management of MC EF Asset Management AD - city of Sofia 43 Christopher Columbus Blvd., tel. 02/9021944 from 9:00 to 17:00 every working day, on the website www.efam.bg, and on the FSC website.

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1 INFORMATION REGARDING THE MANAGEMENT COMPANY

1.1 INFORMATION REGARDING THE MANAGEMENT COMPANY

National Mutual Fund “EF Potential” is not a legal entity and does not have management bodies. The Fund is organized and managed by the Management Company EF Asset Management AD, with a permit issued by FSC. The main issues concerning the existence, functioning and termination of the Fund, the Fund's assets and the rights of the shareholders are determined by the Fund's Rules, which are adopted and amended by the Board of Directors of the Management company.

According to the Fund's Rules, the Management company manages the National Mutual Fund by taking the necessary decisions related to its organization, functioning, termination and current management. These decisions are made by the Board of Directors of the Management company. The decisions regarding the investment of the assets of the Fund are made by the investment consultant - an employee of the Management company in accordance with the investment objectives, strategy and limits of the Fund.

(Amended by decision of the BD of 25.03.2021) When carrying out the activity under Art. 6, para. 5 of the LACISOUCI/Law on the Activity of Collective Investment Schemes and other Undertakings for Collective Investment/ concerning the public offering of the Fund's shares, as well as the redemption thereof, the Management company acts in its own name and on behalf of the Fund.

(New, adopted through a decision of the BD dated 29.06.2022) The organizational structure is built in accordance with the requirements of Art. 23 of Delegated Regulation (EU) No. 231/2013 and Art. 237, paragraph 1, item 12 of the LACISOUCI to ensure the equal treatment of the Fund's clients, by means of a ban on preferential treatment of clients, under any conditions.

1.2 NAME, LEGAL-ORGANIZATIONAL FORM, HEADQUARTERS AND CONTACTS

EF Asset Management AD, with headquarters and address of management: city of Sofia 1592, Iskar district, 43 Christopher Columbus Blvd., address for correspondence: city of Sofia 1592, Iskar district, 43 Christopher Columbus Blvd., tel. 02/9021 944; fax: 02/ 981 14 96, E-mail: office@efam.bg, web-site: www.efam.bg, is the Management company of national Mutual Fund EF Potential.

1.3 REGISTRATION DATE OF THE COMPANY

The Management Company EF Asset Management AD was 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 authorizations issued by the Financial Supervision Commission under No. 303 - УД/4 May 2005 and No. 172 –УД/8 March 2006 for management of collective investment schemes, management of investments, administration of units and marketing services. With Decision No. 861 - УД / 19.11.2020, the Financial Supervision Commission extended the license issued to the MC EF Asset Management AD with with 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.

(New, adopted by decision of the BD dated 29.06.2022, amended by decision of the BD of 19.01.2023)
Management company EF Asset Management AD holds a license to manage the activity of alternative investment funds according to Commission Decision No. 998-ЛУАИФ/20.12.2022, which includes the following services and activities: Management of the activity of alternative investment funds, including portfolio management; Risk Management; administrative functions: legal and accounting services in connection with the management of the funds, responses to requests for information from investors, portfolio evaluation and determination of the value of the shares of the managed funds, control for compliance with regulatory requirements, keeping the book of shareholders in cases of management of alternative investment funds originating from another country, distribution of dividends and other payments, issuance and redemption of shares, execution of contracts, accounting; marketing services in relation to the units of managed alternative investment funds.

The subscribed capital of the MC is BGN 400,000.

1.4 (AMENDED BY DECISION OF THE BD OF 03.03.2022) COLLECTIVE INVESTMENT SCHEMES AND OTHER NATIONAL MUTUAL FUNDS MANAGED BY THE MANAGEMENT COMPANY

At the time of preparation of the Prospectus, the Management Company has organized and manages the following funds: Exchange Traded Fund “EF Principal ETF” and Mutual Fund “EF Rapid”

1.5 (AMENDED BY DECISION OF THE BD OF 20.07.2023) MEMBERS OF MANAGEMENT AND SUPERVISORY BODIES, PERSONS MANAGING AND REPRESENTING THE COMPANY, INVESTMENT CONSULTANTS INTERNAL ORGANIZATION

Members of the Board of Directors

Members of the Board of Directors of the Management Company are: *Ivan Konstantinov Ovcharov, Teodora Georgieva Shopova and Evelina Petrova Vasileva.*

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 license as securities broker and investment consultant, which are issued by the FSC.

Activities carried out outside the management company by Ivan Ovcharov:

Director at Hanson Asset Management, UK, member of the board of directors of Quintar Capital, Hong Kong, member of the board of directors of Swiss Global Asset Management AG, Zurich.

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.

Activities carried out outside the management company:

Accountant of IP EuroFinance AD

EVELINA PETROVA 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 MC EF Asset Management.

Activities carried out outside the management company by Evelina Vasileva:

Expert "Claims settlement and recourse claims" at IC "EVROINS" AD.

IVELINA IVAYLOVA IVANOVA is Procurator of the Management Company.

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 license for investment consultant issued by the FSC.

Activities carried out outside the management company by Ivelina Ivanova:

Chairman of the Board of Directors of Inovo Status AD.

The Management Company is represented jointly by its Executive Director and the Procurator.

Investment Consultant

The decisions on investing the assets of National Mutual Fund "EF Potential" will be made by *Ivelina Ivaylova Ivanova*, Investment Consultant of the Management company.

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 license for investment consultant issued by the FSC. Ivelina Ivanova holds certificate No. 420-ИК/27.01.2015, issued by the Financial Supervision Commission.

The main duties of the investment consultant with regard to the Fund are:

- To monitor and ensure implementation of the Fund's investment strategy;
- To prepare proposals for restructuring the portfolio of financial instruments and/or money through transactions with certain assets, including by changing the ratio between the individual constituent elements of the Fund's portfolio, subject to compliance with the Fund's Rules and legal regulations;
- To be responsible for the management of investments in financial instruments to be carried out in a way that ensures good liquidity of the Fund;
- Performs all duties of the Portfolio Management Department.

Board of Directors

- Amends and supplements the Fund's Rules, the Portfolio Valuation and Net Asset Value Determination Rules, the Rules for risk assessment and management and other internal acts, as well as regarding updating of this Prospectus;
- Concluding, controlling the performance of, suspending and denouncing the contracts with the depository and those investment intermediaries which execute the investment orders relating to the management of the portfolio of the Fund;

- Appointing and discharging the registered auditors of the Fund;
- Drawing up the annual financial statements and approving them after their certification by the registered auditors;
- Drafting the annual activity report.
- Making decisions regarding temporary suspension/resumption of the redemption and extending the period of time set for temporary suspension of the redemption;
- Making decisions for concluding loan agreements;
- Making decisions relating to transformation and dissolution of the Fund;
- Controlling the risk factors for the Fund by discussing reports submitted by the executive director and other employees and making decisions within the limits of their powers;
- Conducting an annual review of the Fund's rules and policies;
- Making decisions on personnel, software and other provision of the Fund's risk management activities;
- *(New, adopted by the decision of the Board of Directors of 24.10.2022)* approves the results of liquidity stress tests carried out by the Risk Management Department, with the help of which the liquidity risk of the Fund is assessed and decides to take measures if necessary.
- Other functions and responsibilities related to the Fund.

Portfolio Management Department

- Assesses the net asset value of the Fund;
- *(Amended by decision of the BD of 19.01.2023)* Prepares a prospectus as well as the key information document for investors,
- Notifies the Board of Directors of the MC of any conditions for the temporary suspension of the sale and redemption of the shares of the fund;
- Informs the Clients about the risks accompanying investing in financial instruments;
- Makes investment decisions in the interest of the fund;
- Prepares proposals for the fund's investment policy and the strategy for its implementation;
- Gives investment orders to the contracted investment firms;
- Prepares and submits an annual report to the Board of Directors for approval regarding the implementation of the investment strategy;
- Monitors compliance with the fund's investment restrictions;
- Monitors compliance with the fund's liquidity requirements;
- Performs other functions provided for in the Internal Organization Policy.

(New, adopted by decision of the BD dated 29.06.2022, amended by decision of the BD of 19.01.2023) Back Office Department

- processes the documentation on the implementation of investment decisions (orders), including sending them for implementation and/or information to the investment firm;

- prepares and sends all documents and data to disclose information about circumstances related to the portfolio or the activity of the fund to regulatory authorities, institutions and investors;
- together with an employee from the Marketing, Advertisement and Client Relations Department, accepts the orders for issuing, selling and redemption of shares of the fund, directly from the clients, from their proxies, or through a remote means of communication, respectively ensuring and verifying the documentation required by law;
- provides an opportunity for investors to familiarize themselves with the rules of the fund, with an up-to-date version of the Prospectus the Key Information Document and other legally defined documents;
- performs all operational actions related to processing the documentation for the execution of the orders, sending the relevant orders, confirmations and notifications to Central Depository AD, to the Fund's Depository and to the relevant investor;
- carries out an assessment of the fund assets;
- Organizes cash and cashless payments for completed orders for sale/redemption of shares from the fund;
- *(Amended by decision of the BD of 24.10.2022)* In charge of fulfilling the reporting obligations according to the requirements of Art. 110 and Annex IV of Delegated Regulation EU No. 231/2013 once per year on the last working day of December. If the last working day of the reporting period is a non-working day for banks and no data is available for that day, they should use the information from the previous working day, but the reporting date continues to be the last working day of the reporting period according to the TARGET calendar.

Marketing, Advertisement and Client Relations Department

- Prepares all documents and data for disclosure of information about circumstances related to the fund, which need to be submitted to the FSC, the Central Depository, the regulated markets, as well as the relevant regulatory authorities, if this is provided for in special laws;
- Activities on for sale and redemption of shares in the fund;
- Organizes cash and cashless payments for completed orders for sale/redemption of shares from the fund;

Accounting Department

- Compiles the fund's financial statements and ensures their certification by a registered auditor with regard to the requirements of the accounting legislation;
- Controls the financial position of the fund;
- Provides accounting information and reports on the net value of the fund's assets, owned financial instruments, incurred expenses, realized profitability from the investments made;
- Monitors compliance with the requirements for the fund's financial position;
- Prepares and submits to the FSC all reports, references and information related to the fund's accounting;

Compliance Department

- Carries out internal control for the lawful and proper implementation of the activity of the MC in accordance with the applicable requirements of the LACISOUCI, the Markets in Financial Instruments Act (MFIA), the by-laws on their implementation, special legislation, the Company's Articles of Association and other internal acts, including, the rules of the fund;
- Avoids conflicts of interest between the MC and the fund, and if such are unavoidable - takes measures for fair treatment and disclosure of information;
- *(Amended by decision of the BD of 29.06.2022)* Monitors the timely consideration of complaints, requests and complaints of shareholder in the funds managed by the MC;
- Monitors the timely disclosure and prevention of insider trading;

Risk Management Department

- Develops and implements the risk management system;
- Complies with risk management rules and procedures;
- Guarantees compliance with the approved internal risk-limiting system of the fund, including the legally defined limits for the value of the total risk exposure and counterparty risk;
- Advises the Board of Directors on determining the fund's risk profile;
- Develops, with the assistance of the other departments of the MC, Risk Management Rules with statutory content;
- Reports regularly to Company Representatives, providing the current level of risk to which the fund is exposed and current or anticipated breaches of restrictions, thereby ensuring timely and appropriate action is taken;
- Monitors daily investment restrictions by groups of financial instruments, according to the fund's risk management rules;
- Monitors compliance with the established limits and notifies if they are crossed/exceeded;
- Prepares the risk management information which the MC is obliged to provide to investors according to the regulatory requirements;
- Documents and reports to the Board of Directors of the MC any crossing of internal risk limiting thresholds, according to the Fund's Risk Management Rules;
- *(New, adopted by decision of the Board of Directors of 24.10.2022)* conducts liquidity stress tests under normal and extraordinary conditions at least once a year, with the help of which it assesses the liquidity risk of the Fund and provides their results to the Board of Directors of MC. The tests should meet the requirements of Art. 48 of Delegated Regulation EU 231/2013.

1.6 NET ASSET VALUE

The net asset value of the Fund cannot be below BGN 100 000. This minimum amount must be reached within one year following the establishment/ issue of the authorization for the organization and management of the mutual fund.

2 INVESTMENT OBJECTIVES, STRATEGIES AND POLICIES

2.1 NAME

The name of the Mutual fund is “EF Potential”.

2.2 (AMENDED BY DECISION OF THE BD OF 30.03.2022) DATE OF ESTABLISHMENT OF THE FUND

The Fund is not a legal entity. The Fund is a separate property for the purpose of collective investment in transferable securities and other liquid financial assets, of cash raised through a public offering of shares.

The Fund is considered established upon the issue of the permit under and its subsequent entry into the register of the Financial Supervision Commission under Art. 30, para. 1 of the Law on the Financial Supervision Commission.

National Mutual Fund “EF Potential” was established and entered in the register of national mutual funds, maintained by the Financial Supervision Commission, according to Registration Order No. 214 of 01.06.2021. under number 05-1706. The Management company EF Asset Management AD has been authorized by the FSC to organize and manage a national mutual fund No. 313 - НИФ of 20.05.2021 by the FSC. The Management company manages the Fund under the constant supervision of the FSC.

The Fund has UIC 177489964

2.3 INDICATING THE PLACE WHERE THE FUND'S RULES CAN BE OBTAINED, IF NOT APPLIED, AS WELL AS THE PERIODIC REPORTS

The rules of National Mutual Fund “EF Potential” are available to investors at the following address:

- city of Sofia 1592, Iskar district, 43 Christopher Columbus Blvd., tel. 02/9021944, contact person: Ivan Ovcharov, from 9:00 to 17:00;
- as well as on the website of the Management Company www.efam.bg

2.4 A BRIEF DESCRIPTION OF THE CONDITIONS OF THE TAX SYSTEM APPLICABLE TO THE NATIONAL MUTUAL FUND THAT ARE RELEVANT TO THE SHAREHOLDERS. INDICATION OF THE DEDUCTIONS AT THE SOURCE OF INCOME AND THE POSITIVE CAPITAL GAINS PAID BY THE NATIONAL MUTUAL FUND TO SHAREHOLDERS

Corporate taxation of National Mutual Fund “EF Potential”

The profit of National Mutual Fund “EF Potential” as a national mutual fund, is not subject to corporate tax.

Taxation of the income of the holders of shares in the Fund

The net income from investing the assets of National Mutual Fund “EF Potential” has effect in the increase of the Net Asset Value of the Fund and hence in the value of the shares of the Fund. Since, under its Rules, the Fund does not allocate earnings among the investors, the shareholders of the Fund may absorb the increased value of their investment in the form of capital gains (a positive difference between the selling price and the cost of acquisition of the shares); by selling the shares held by them back to the Fund or to another person.

Capital gain

Income from transactions in Fund shares (realized capital gains) in cases of redemption of shares by the Fund is not taxable when the recipients of the income are local physical persons or physical persons established for tax purposes in a Member State of the European Union or another Member State of the European Economic Area.

Accordingly, this income reduces the accounting financial result in determining the tax financial result of legal entities that are subject to taxation under the Corporate Income Tax Act (“CITA”).

It should be borne in mind that in case of loss from transactions with shares, the persons subject to taxation under the CITA will have to increase their accounting financial result with the negative difference between the sale and purchase price of the shares. When shares are acquired at different prices and a part of them is subsequently sold and it is not possible to prove which ones are sold, the acquisition price of the shares is the weighted average price determined on the basis of the acquisition price of the shares held at the time of sale.

This income is not subject to withholding tax.

Exception for certain categories of persons

Income from transactions with shares of the Fund (realized capital gains), as well as with financial assets in general received from individuals from third countries other than the above, is subject to a final tax of 10% on taxable income.

Taxable income is the amount of profits realized during the year, determined for each specific transaction, less the amount of losses realized during the year, determined for each specific transaction. The realized profit / loss for each transaction is determined by reducing the selling price by the acquisition price of the shares. When shares are acquired at different prices and a part of them is subsequently sold and it is not possible to prove which ones are sold, the acquisition price of the shares is the weighted average price determined on the basis of the acquisition price of the shares held at the time of sale.

2.5 (AMENDED BY DECISION OF THE BD OF 16.03.2023) ACCOUNTING DATES AND INCOME DISTRIBUTION DATES

National Mutual Fund "EF Potential" prepares and submits to the Commission and to the public an audited annual financial statement, prepared in line with the requirements of the International Accounting Standards within 90 days of the end of the financial year and a half-yearly statement covering the first six months of the financial year within 30 days from the end of the reporting period with a content specified in 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 funds (Ordinance No 44).

According to the Fund Rules, it does not distribute earnings between investors.

2.6 (AMENDED BY DECISION OF THE BD OF 24.10.2022) THE NAMES OF THE AUDITORS RESPONSIBLE FOR THE VERIFICATION AND VALIDATION OF THE ACCOUNTING INFORMATION

The financial reports of the National Mutual Fund are audited by a registered auditor appointed by the Board of Directors

MC EF Asset Management AD, signed on behalf of the Fund a contract with the selected Audit firm for verification and certification of the Fund's Annual statement in accordance with the Accountancy Act, the Independent Financial Audit Act and the International Accounting Standards.

Brain Storm Consults Audit Firm OOD was selected as the Fund's registered auditor for 2022.

2.7 INFORMATION ON THE TYPES AND MAIN CHARACTERISTICS OF THE SHARES

- The property of the Fund is divided into shares. The nominal value of one share of the Fund is BGN 1 (one Bulgarian lev). The shares of the Fund are acquired at issue value. The number of shares of the Fund changes as a result of their sale or redemption. The Fund's shares do not entitle investors to vote. The Fund does not distribute dividends.

- The Fund is considered to be the issuer of the shares to which it is divided. Shares shall be entitled to a relevant portion of the Fund's property, including in case of liquidation of the Fund, redemption right, right to information and right of appeal.

Redemption right. This is a special right that is characteristic of the shares of open-ended the mutual funds. After the net asset value of the Fund has reached the 100 000 (one hundred thousand) each shareholder of the Fund may at any time, within working days and time, have the right to claim its shares to be redeemed by the Fund under the conditions provided in the Rules and the Prospectus, except when the redemption is suspended in the cases provided by law, in the Fund's rules and in this Prospectus. The redemption request may be for a part or for all shares possessed by the investor.

Right of information. Each investor has the right to information contained in the Prospectus and the periodic reports of the Fund, as well as other public information regarding the Fund.

Right to a liquidation share. Termination of the Fund. Every investor shall be entitled to a portion of the Fund's assets upon liquidation corresponding to its holdings. This right is conditional - it arises and can only be exerted in the case (and to the extent) when at the liquidation of the Fund, after fulfilling the claims of all creditors, a property for distribution among the shareholders has remained and it is to the amount of such property.

Right to complaint. The terms and procedure for submitting complaints by the investors are regulated in the Policy for acceptance and processing of claims of MC EF Asset Management AD, available on the website of the Management Company www.efam.bg.

- The Shareholder Register of the Fund is maintained by Central Depository AD. Upon request by the investors, a depository receipt may be issued by the Management Company, the depository institution or the investment intermediary on whose client's account are the shares, as a document certifying the right of ownership.
- The shares to which the net assets of the Fund are divided are dematerialized financial instruments registered in accounts in the Central Depository. The nominal value of one share of National Mutual Fund "EF Potential" is BGN 1 (one Bulgarian lev). The shares of the Fund are acquired at issue value. The number of shares of the Fund changes as a result of their sale or redemption.
- The Fund shall be terminated by a resolution of the Management company, including in the case of redemption of all shares, upon withdrawal of the authorization of the Management company for the organization and management of the Fund by the FSC. The Fund shall also be terminated upon withdrawal of the license of the Management company, upon withdrawal of the permission for organizing and management of the National mutual Fund under Art. 180, para. 2 of the LACISOUCI, as well as upon winding up or opening of insolvency procedure of the Management company, if there is no replacement of the Management company, as well as in other cases provided by the law. Except for the revocation of the permit for organization and management of the Fund, the dissolution of the Fund is carried out with the permission of the FSC, under conditions and in accordance with the procedure specified in the law. The persons designated as liquidators of the Fund shall be approved by the FSC.

2.8 TERMS AND CONDITIONS FOR ISSUANCE AND SALE OF SHARES

Investors may purchase shares of National Mutual Fund "EF Potential" or redeem their shares at a price based on the net asset value (NAV) of the Fund per share. Therefore, the concept of NAV is a key to understanding the process of investing in the National Mutual Fund.

Rules on the measurement of the assets.

(Amended by decision of the BD of 24.10.2022 and 19.01.2023) The rules for assessing the portfolio and determining the net asset value of National Mutual Fund "EF Potential" were adopted by decision under Protocol No. 284/19.01.2023.

Purchase the shares directly from the Fund

As a rule, investors can buy shares of National Mutual Fund “EF Potential” directly from the Fund through its Management company every working day. Investors should submit an order for the purchase of shares to the Management company, together with the necessary annexes to it, in the following offices provided by the Management company, every working day, from 09.00 to 17.00:

- city of Sofia 1592, Iskar district, 43 Christopher Columbus Blvd., tel. 02/9021944.

Forms of purchase orders and the necessary declarations are available at the designated offices provided by the Management company. They are available on the website of the Management Company;

(Amended by decision of the BD of 19.01.2023) When submitting orders to buy shares, the investors must identify themselves with a document for identification. When submitting an order on behalf of a legal entity, the MC carries out the corresponding check on the website of the Commercial Register and the Register of Non-Profit Entities of the Registry Agency and requires an identity document of the representative, and may request additional information from the client if necessary. In other cases of representation, the representative should certify their powers of representation with documents according to the law. If the investor is a natural person or a legal entity represented by a proxy, the latter should attach a notarized power of attorney (original or a notary certified copy) to the order. The power of attorney must include empowerment for acquisition (to execute transactions) with financial instruments. The management company keeps the original power of attorney, respectively a notarized copy of it. If the power of attorney is valid multiple times, 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 by affixing the inscription "true copy", date and signature of the persons. The power of attorney shall not be applied in the case of an investment intermediary's submission of the order. In summary, identification and representation documents when submitting orders to acquire shares from the Fund, including in more specific situations (representation of minors, etc.) are available in the Procedure for Legitimation and Representation to the Regulations of “Central Depository” AD.

Orders can also be submitted by electronic statement, signed by electronic signature in compliance with the requirements of the Law on Electronic Documents and Electronic Authentication Services. Acceptance of orders submitted by telephone or through another remote means of communication is permissible subject to appropriate compliance with the rules provided for investment intermediaries pursuant to Ordinance No. 38.

Additional information in this respect can be obtained in the offices where the orders are accepted, as well as from the website of the Management Company.

The investor may withdraw (cancel) the submitted order for the purchase of shares from the Fund no later than 17:00 at the day it is filed.

Issuing value (purchase price)

The issue value for the purchase of shares of the Fund is equal to the net asset value of the Fund per share. It is determined every business day and announced as the issue value of the shares. Those orders for subscription of shares which are submitted on a business day are executed at the issue price determined on the working day following the date of the order.

The amount for the acquired shares is transferred by bank transfer to the special account at the Depository opened by the Management Company in favor of the Fund. The amount can also be paid in cash at the counters provided by the Management Company. The order is executed up to the amount paid in by the investor, divided by the determined issue value of one share, with the number of whole shares purchased being rounded to the smallest whole number, and a partial share is issued against the rest of the paid amount, in the order provided in the rules of the Central Depository.

Additional costs. None

Execution of an order for purchase and acquisition of shares.

The order is executed no later than 10 days from the written submission of the request and at the issue value announced on the nearest day following the day on which the request was made, by certifying the investor's securities account in the Central Depository AD with the number of shares purchased. The Management Company shall provide confirmation for the execution of the order as soon as possible but not later than the end of the working day following the execution of the order.

In case of a temporary suspension of the redemption of shares, the share purchase order submitted after the moment of suspension of the redemption is not enforceable because, in accordance with the law, at suspension of the redemption, the issue (sale) of shares is suspended for the same period (see "Temporary Withdrawal of Redemption"). The Management Company reimburses the amounts of the investors who have submitted orders to purchase shares in their bank account or at the cash register of the company by the end of the working day when the decision was made to suspend the redemption of shares. Purchases of shares are made by submitting a new order after the redemption of shares is resumed.

Other ways to buy shares of the Fund

Secondary trade (sales and purchases) with shares of the National Mutual Fund is carried out through a licensed investment intermediary only over-the-counter. In order to buy or sell shares, investors must submit "buy" or "sell" orders to the investment firm to which they are clients. After the conclusion of a transaction, the investment intermediary performs the necessary actions for registration of the transaction in Central Depository AD and for the settlement of its transaction (the execution of the concluded transaction), whereby the shares are transferred from the seller's account to the buyer's account. The transfer of shares is considered to have taken place at the moment the transaction is registered in "Central Depository" AD.

In the event that investors acquire shares of National Mutual Fund "EF Potential" through investment intermediaries, they will owe additional commissions and fees according to the tariffs of the respective intermediaries and the contracts concluded with them.

Due to the possibility of a permanent redemption of the Fund shares, the real significance of the secondary trading (transfer) of the shares of National Mutual Fund "EF Potential" is incomparably less than for shares of closed-end investment companies or shares of ordinary public companies.

Investors in the Fund who wish to sell their shares to a third party rather than submit them for redemption by the Fund should know that shares issued by National Mutual Fund "EF potential" are freely transferable without any restrictions and conditions, complying with certain regulatory provisions listed below.

Under certain conditions, transactions with the Fund shares may also be effected directly between the parties subject to regulatory requirements and limitations.

The conclusion of transactions with the shares of the National Mutual Fund "EF Potential" is regulated strictly and in detail by the provisions of the LACISOUCI, the POSA / Public Offering of Securities Act/, the MFIA /Markets in Financial Instruments Act/ and the regulations for their implementation, and the Regulations of Central Depository AD.

2.9 TERMS AND CONDITIONS FOR REDEMPTION OF SHARES AND CIRCUMSTANCES IN WHICH REDEMPTION MAY BE SUSPENDED

As a rule, investors in National Mutual Fund "EF Potential" can sell their shares back to the Fund every working day. A necessary condition for redemption of the shares is that they are registered under a client's sub-account of the Investor in the Management company (if the shares are registered under a client's subaccount by an investment intermediary, it is necessary to order first the transfer of the shares in its sub-account to the Management company).

Shareholders are required to submit a redemption order, together with the necessary applications, in the offices where subscription orders are received each working day from 09:00 to 17:00:

- city of Sofia 1592, Iskar district, 43 Christopher Columbus Blvd., tel. 02/9021944.

Forms of redemption orders and the necessary declarations are available at the designated offices provided by the Management company.

(Amended by decision of the BD of 19.01.2023) When submitting redemption orders, shareholders must identify themselves with a document for identification. When submitting an order on behalf of a legal entity, the MC carries out the corresponding check on the website of the Commercial Register and the Register of Non-Profit Entities of the Registry Agency and requires an identity document of the representative, and may request additional information from the client if necessary. If the investor is a natural person or a legal entity represented by a proxy, the latter should attach a notarized power of attorney (original or a notary certified copy) to the order. The power of attorney must include authorization for dealing with financial instruments (share sale). The management company keeps the original power of attorney, respectively a notarized copy of it. If the power of attorney is valid multiple times, 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 by affixing the inscription "true copy", date and signature of the persons. The requirement for PoA does not apply when placing an order through an investment company. In summary, identification and representation documents when submitting redemption orders for Fund shares, including in more specific situations (representation of minors, etc.), are contained in the Procedure for Legitimation and Representation to the Regulations of "Central Depository" AD.

Orders can also be submitted by electronic statement, signed by electronic signature in compliance with the requirements of the Law on Electronic Documents and Electronic Authentication Services. Acceptance of orders submitted by telephone or through another remote means of communication is permissible subject to appropriate compliance with the rules provided for investment intermediaries pursuant to Ordinance No. 38.

Additional information can be obtained at the offices of the Management Company where the orders are accepted, as well as from the website of the Management Company.

The investor may withdraw (cancel) the submitted order for the redemption prices of shares from of Fund no later than 17:00 at the day it is filed.

Redemption Price.

The Fund redeems its shares at a redemption price equal to the net asset value of the Fund per share. The redemption price at which orders for redemption of the Fund's shares are executed is calculated every business day and is declared the redemption price. Those orders for redemption that are submitted on a business day are executed at the redemption price determined on the working day following the date of the order.

When paying the value of NMF shares, the statutory requirements/restrictions for cash payments are observed, according to the Law on Limitation of Cash Payments.

Additional costs. None

Execution of orders for redemption and transfer of redemption shares.

Redemption orders are executed and the securities account of the investor in Central Depository AD is debited with the number of redeemed shares no later than 10 days from the written submission of the request and at a price based on the redemption price for the nearest day following the day on which the request was made.

The amount due against redeemed shares is paid to the investor to a specified bank account or in cash at the counters of the Management company.

The Management Company shall provide confirmation for the execution of the order as soon as

possible but not later than the end of the working day following the execution of the order.

Temporary suspension of redemption

In exceptional cases and if the circumstances require, at the decision of the Management Company, the National Mutual Fund may temporarily suspend the redemption of shares. Redemption orders that are submitted after the moment of suspension of the redemption are not enforceable. In those cases it is done by submitting new orders after its resumption.

(Amended by decision of the BD of 25.03.2021) Examples of cases where the redemption of the Fund's shares may be temporarily suspended are:

- where the contracting of transactions is terminated or suspended or subject to restrictions on a regulated market on which the significant part the assets of the Fund are listed or traded, and the temporary suspension lasts for the time during which the contracting of transactions is suspended or restricted;
- 2. where it is impossible to properly assess the assets or the liabilities of the Fund, or the Management Company is unable to undertake acts of disposition with the assets of the Fund without injuring the interests of the investors, and the temporary suspension lasts for the time of the said impossibility;
- if a decision has been made in favor of dissolution or transformation through merger or takeover of the National Mutual Fund - until the procedure is completed;
- in the event of denunciation of the contract with the depository due to culpable conduct on the part of the latter as well as in the case of imposition of restrictions on the activity of the latter, which either bring about impossibility of performance of his obligations under the contract of depository services or may injure the interests of the shareholders of the Fund - for the minimum necessary time, but not more than 2 months.
- in other cases regulated by LACISOUCI and / or Ordinance No. 44.

In the event of a temporary suspension of redemption, the Management company shall immediately suspend the issuance of shares and shall notify the FSC, as well as the Depository and Central Depository AD of these circumstances by the end of the working day on which the decision was taken. The temporary suspension of redemption is also announced in all the offices of the Management Company, where the Fund's shares are offered. The Management Company shall notify the shareholders of the Fund about suspension of the redemption, respectively for the extension of the suspension period of the redemption immediately after the decision has been made, respectively not later than 7 days before the expiry of the initial period. Where the suspension period is shorter than seven days, including those cases in which the redemption is suspended due to technical reasons, the Management company gives its notifications under the preceding sentence not later than the end of the working day preceding the date on which the redemption was supposed to be resumed.

The redemption shall be resumed upon a decision of the Board of Directors of the Management company upon the expiration of the term specified in the decision to suspend the redemption, respectively by the decision to extend the period of suspension of the redemption. The notification for resumption is made in the order specified above until the end of the working day preceding the resumption.

Other ways to sell shares of the Fund.

Investors - natural persons and/or legal entities may sell shares of the National Mutual Fund directly to other natural persons and/or legal entities by using the services of an investment intermediary - a registration agent.

In the event that the investors sell shares of the Fund through investment intermediaries, they will owe additional commissions and fees according to the tariffs of the respective intermediaries and the contracts concluded with them.

2.10 DESCRIPTION OF THE RULES FOR DETERMINING AND USING (ALLOCATING) INCOME

The National Mutual Fund "EF Potential" does not distribute income among its investors. Fund shareholders can absorb the increased value of their investment in the form of capital gains (a positive difference between the sale price and the share acquisition price), i.e. by selling the shares held by them back to the Fund or to another person.

2.11 A DESCRIPTION OF THE INVESTMENT OBJECTIVES OF THE FUND, INCLUDING ITS FINANCIAL OBJECTIVES (EG CAPITAL GROWTH OR REALIZED INCOME), INVESTMENT POLICY (EG TERRITORIAL OR SECTORAL SPECIALIZATION), INVESTMENT POLICY CONSTRAINTS AND INDICATION OF TECHNIQUES AND INSTRUMENTS OR BORROWING POWERS MAY BE APPLIED TO THE MANAGEMENT OF THE NATIONAL MUTUAL FUND

Investment objectives

The main objective of National Mutual Fund is to ensure the long-term growth of its investments as well as to increase the value of the shareholders' investments by realizing the maximum possible income taking a moderate to high risk and providing liquidity to the shareholders' investments.

The growth is ensured by investing in high yield assets, and risk management - through diversification techniques and asset combining. Among the main objectives of the Fund is the provision of liquidity - both for its own investments and for investments in shares of the Fund. There is no certainty that the Fund will achieve its investment goals.

Investment strategy and policy Categories of assets in which the Fund may invest.

The main objectives of the fund are an increase in the value of the investments of the holders of shares through realization of the maximum possible income while assuming a moderate to a high risk and ensuring the liquidity of the investments of the holders of shares. The Fund invests predominantly in securities admitted to or traded on a regulated market in Bulgaria, incl. shares, debt securities and fixed income instruments. The investment strategy of the Fund provides for the realization of capital profits from securities, income from dividends/share securities, as well as for current income from debt securities and other financial instruments. A strategy of active management of the portfolio of securities, financial assets and monetary resources is implemented for achieving the investment goals. 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.

In order to achieve the investment goals of the Fund, the Management company will invest the raised funds of the Fund with priority in liquid shares and tradable rights admitted to trading on Bulgarian or foreign regulated markets. Investments in debt securities and fixed income instruments will mainly be made for the purpose of maintaining liquidity and in times of market turmoil.

Money market instruments in which the Fund may invest must be liquid and of a value that can be accurately determined at any time.

The securities in which the Fund invests are as follows:

1. shares in companies and other securities which are equivalent to shares in companies;
2. bonds and other debt securities;
3. other transferable securities which give the right to acquisition of transferable securities through either subscription or an exchange.
4. derivative financial instruments;

5. CIS and NMF shares.

The Fund may also invest in deposits in banks, payable on demand or with the right to be withdrawn at any time, provided that the bank has its registered office in the Republic of Bulgaria or in another Member State; and if it is domiciled in a third country provided it is subject to prudential , rules which by decision of the Commission, on a proposal from the Deputy Chair, are considered equivalent to those under European Union law.

The Fund may invest in certificates on precious metals.

Investment restrictions

The fund observes the following investment restrictions, defined as a percentage of assets:

1. financial instruments admitted to or traded on a regulated market, issued by one issuer up to 15 percent of its assets;

2. *(Amended by decision of the BD of 24.10.2022)* financial instruments that are publicly traded or for which there is an obligation to request admission, and within no more than one year of their issue they must be admitted to or traded on a regulated market or another organized market functioning regularly, recognized and publicly accessible, issued by one issuer - up to 15 percent of its assets;

3. financial instruments that are not publicly offered and for which there is no obligation to be admitted to trading on a regulated market or another organized market functioning regularly, recognized and publicly accessible, issued by one issuer - up to 15 percent of the Fund's assets, as the total value of investments in such financial instruments can be up to 25 percent of the Fund's assets;

4. shares and units of collective investment undertakings, which are not publicly offered - a total of up to 10 percent of the Fund's assets;

5. certificates on precious metals – a total of up to 10 percent of the Fund's assets.

The Fund may exceed the restrictions under item 1 by investing in one issuer up to 30 percent of its assets only if the sum of all investments in issuers above 15 percent of the Fund's assets does not exceed 50 percent of its assets.

The Fund does may not acquire more than:

1. fifteen per cent of non-voting shares that are issued by one person;

2. fifteen per cent of the bonds or other debt securities that are issued by one person;

3. thirty percent of the shares of a collective investment scheme authorized to carry out activities pursuant to Directive 2009/65/EC and/or another collective investment scheme, regardless of whether it is based in a member state or not, provided that the prospectus of this collective investment scheme stipulates that it shall not invest more than 10 percent of its assets in units of other collective investment schemes, regardless of whether they have been authorized to carry out activities under Directive 2009/65/EC or not ;

4. fifteen per cent of the instruments on the money market that are issued by one person.

(Amended by decision of the BD of 25.03.2021 and 23.04.2021) The Fund may also invest 98% of its assets in bank deposits, payable on demand or with the right to be withdrawn at any time, provided that the bank has its registered office in the Republic of Bulgaria or in another Member State; and if it is domiciled in a third country provided it is subject to prudential rules which by decision of the Commission, on a proposal from the Deputy Chair, are considered equivalent to those under European Union law. The maximum value of deposits in one credit institution cannot exceed 50% of the fund's assets. The MC will invest the maximum staked percentage of the fund's assets in deposits only in cases of extremely high

market volatility caused by extraordinary events in order to protect and guarantee client funds.

In the event of a violation of the investment restrictions, 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 shareholders, doing so through sales transactions not later than six months following the commitment of the violation. In these cases it is within 7 days following the commitment of the violation that the Management Company shall have to notify the Commission, providing information about the reasons for the violation and the measures taken for the remedy thereof.

Requirements regarding the assets in which the Fund invests

1. The securities in which the Fund invests must fulfil the following conditions:

1.1. the losses that the Fund may suffer as a result of possessing them are limited by the amount of the price paid for them;

1.2. their liquidity does not affect the Fund's capacity for redemption of its own shares upon the request of its shareholders;

1.3. they are transferable;

1.4. the acquisition thereof is in line with the investment objectives and/or the investment policy of the Fund;

1.5. the risk associated with these securities is adequately laid down in the Rules on the risk management of the Fund.

2. It is considered that the requirements set forth in para. 1.2 and 1.3 are applicable to those securities which are admitted to trading or traded on a regulated market under Art. 152, para. 1 and 2 of the MFIA, or on another regulated market, or on an official market of a stock exchange, or on another regulated market in a third country, which is a regularly operating one and is recognized and publicly available, which is included in a list approved by the Commission on a proposal from the Deputy Chair, except where the Fund has other information available, which brings about another conclusion.

3. Money market instruments in which the Fund may invest shall be considered as normally traded on the money market if they meet one of the following requirements:

3.1. have maturity for the issuance up to 397 days inclusive;

3.2. have a residual maturity up to 397 days inclusive;

3.3. are subject to regular yield adjustments under the conditions of the money market at least every 397 days;

3.4. their risk profile, including their profile with regard to their credit risk and the risk associated with the interest rate, is in line with the risk profile of those financial instruments the maturity date of which corresponds either with the maturity date laid down in items 3.1 and 3.2 or with the adjustments of the earning capacity set forth in item 3.3.

4. The money market instruments in which the Fund is allowed to invest are those liquid money market instruments the sale of which requires limited expenses and an adequately short period of time in view of the obligation of the Fund to redeem its own shares upon the request of the shareholders.

(Amended by decision of the BD of 19.01.2023 and 16.03.2023) Other investment strategies and techniques. Repo transactions.

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 (repo transactions) under the proviso for redemption of the financial instruments from the seller at a price and within a period specified in the contract between the two parties, 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;

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 fund 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 Organization for Economic Cooperation and Development.

The National Mutual Fund may only enter into repurchase agreements if:

- (a) the counterparties are subject to supervision by a financial regulator from a Member State or another country that is a party to the Organization for Economic Cooperation and Development Agreement;
- (b) they have financial instruments in which the Fund may invest in accordance with its Rules and the present Prospectus.

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 repo-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, item 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 redemption by the seller at the price and within the term laid down in the contract between the two parties, 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 receive 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 point in time – to redeem its own shares and units upon the request of their holders.
- c) the financial instruments which can be the subject of a repo transaction are the following ones:
 1. money market instruments within the meaning of Art. 38, para. 1, item 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 Organization 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 organization where 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 the NMF;
4. shares issued by a collective investment scheme which calculates the net asset value 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 Organization for Economic Cooperation;
5. bonds traded on a regulated market in a Member State or in another country which is a party to the Convention on the Organization for Economic Cooperation, and the trading in the said bonds is sufficiently liquid;
6. shares traded on a regulated market in a Member State or in another country which is a party to the Convention on the Organization 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 redemption on the part of the Fund at the price and within the term specified in the contract signed by the parties, under the following restrictions: on the maturity date the Fund must have sufficient resources available for paying the amount agreed for redemption of the financial instruments.

- 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 receive back the full amount of money;
- 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 point in time – to redeem its own shares and units upon the request of their holders;
- *(New text, adopted by decision of the BD of 16.03.2023)* Term repo transactions and reverse repo transactions, the duration of which does not exceed seven days, are considered transactions whose terms allow the Fund to buy back its shares at any time upon request to their owners.

When contracting transactions involving off-exchange derivatives, including repo transactions, the Policy on collaterals and reinvestment of cash collaterals of the Fund and the Policy on providing for losses from assets received as a collateral will be applied, in compliance with the requirements set forth in Art. 48a of Ordinance No. 44.

Liquidity requirements

(Amended by decision of the BD of 25.03.2021 and 23.04.2021) The Fund may also invest 98% of its assets in bank deposits, payable on demand or with the right to be withdrawn at any time, provided that the bank has its registered office in the Republic of Bulgaria or in another Member State; and if it is domiciled in a third country provided it is subject to prudential rules which by decision of the Commission, on a proposal from the Deputy Chair, are considered equivalent to those under European Union law. The maximum value of deposits in one credit institution cannot exceed 50% of the fund's assets. The MC will invest the maximum staked percentage of the fund's assets in deposits only in cases of extremely high market volatility caused by extraordinary events in order to protect and guarantee client funds.

Not less than 2 percent of the Fund's assets must be cash. The Fund must maintain such a structure of

assets and liabilities that enables it to meet at any time the redemption obligations of its shares.

Other restrictions

In the management of the Fund, the Management company will comply with all regulatory requirements and constraints, including those determined by FSC decisions. The Management company may not change the subject of activity of the Fund or decide otherwise to convert it, except by merger, division and separation, with only national mutual funds involved in the transformation without changing its subject of activity.

The Management Company as well as the Depository, when acting on behalf of the Fund, may not lend or secure or guarantee liabilities of third parties with the assets of the Fund.

When implementing its investment activity, National Mutual Fund "EF Potential" cannot sell securities, money market instruments and other financial instruments under Art. 38, para. 1, item 5, 7, 8 and 9 of the LACISCIPI, which the Fund does not own.

The Management company is not entitled to invest the Fund's funds in financial instruments issued by members of the management or supervisory bodies of the Management company or by persons related to them. The Management company is not entitled to use and pledge the Fund's assets to cover its liabilities not related to the management of the Fund's activities.

The National Mutual Fund may not use loans except in the cases specified by the applicable legislation and the Rules of the Fund. Borrowing shall be subject to the prior authorization of the Commission on a proposal from the Deputy Chair and subject to the following conditions:

- the loan is necessary to cover the redemption obligations of the Fund, outside the territory of the Republic of Bulgaria;
- purchase of instruments under Art. 38 of the LACISOUIC;
- the loan, respectively the total amount of loans in the same period, does not exceed 20 per cent of the Fund's assets;
- the term of the loan is no longer than 12 months;
- the conditions of the loan agreement are not less favorable than the usual conditions of the market.

The Management company may not invest the assets of the National Mutual Fund (and all contract funds managed by it) in the voting shares of one issuer so that the acquired participation in these shares allows the Management company or the members of its management or supervisory authorities, together or individually, to exercise significant influence over the issuer. Significant influence exists 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.

Changes in investment strategy, policy and constraints

The above-mentioned positions regarding the investment strategy, policy and restrictions are defined in the Rules of the Fund and comply with the legal requirements to the date of the Prospectus. If this does not contradict the applicable law, some of these situations may be changed at the discretion of the Management company, provided that this is in the best interest of the investors or follows from the law or decision of the FSC. To be effective, such a change is also required to be approved by the Commission on a proposal from the Deputy Chair.

Notwithstanding the above, if a discrepancy arises between the investment strategy, policy and constraints of the Fund as set out in the Prospectus, and subsequent amendments to the LACISOUIC and its by-laws for its application regarding the requirements and restrictions on the composition and structure of the investments and to the activity of the Fund, its Rules provide for the application of the new regulations from their entry into force. In these cases, the Management company will bring the Fund Rules and

Prospectus into compliance with the regulatory changes as soon as reasonably practicable.

(New, adopted through a decision of the BD dated 23.04.2021) Conditions for the use of leverage, its maximum permissible amount, the permitted types and sources of leverage and the associated risks, the restrictions on the use of leverage and the conditions for the reuse of collateral or assets, as well as any guarantee provided under the agreed terms of leverage

The Fund will not use leverage.

(Amended by decision of the BD of 19.01.2023) 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 LACISOUCl, in compliance with the terms and conditions set forth in Art. 106, para. 1, para.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, adopted through a decision of the BD dated 29.06.2022) The Management Company is allowed to enter into a contract, delegating to a third party the functions and actions under Art. 198, para. 1 and 2, items 1 and 2 of the LACISOUCl, fulfilling the conditions of Art. 222 from the same law and Delegated Regulation 231/2013

(New text, adopted by decision of the BD dated 19.01.2023) 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.

2.12 RULES ON THE MEASUREMENT OF THE ASSETS.

The methodology is based on the Rules of the National Mutual Fund and the regulatory acts related to its activity. As a national mutual fund, the Fund has no capital within the meaning of the Commercial Act, which is entered in the Commercial Register. The National Mutual Funds is a separate property for the purpose of collective investment in transferable securities and other liquid financial assets, of cash raised through a public offering of shares. The National Mutual Fund is considered established from its entry in the register under Art. 30, para. 1 of the Law on the Financial Supervision Commission. The net asset value of the Fund cannot be below BGN 100 000. This minimum amount must be reached within one year following the establishment/ issue of the authorization for the organization and management of the mutual fund.

The net asset value is the value of the National Mutual Fund's rights (assets) decreased with the value of its obligations (liabilities). The net asset value of the Fund is determined in accordance with the procedure set forth in the Portfolio Valuation and Net Asset Value Determination Rules. The net asset value of the Fund is increased or decreased in accordance with the change in the number of shares issued and redeemed, and in accordance with the changes in the market value of the investments of the Fund and its liabilities.

Asset valuation methods

The asset valuation methods are set out in the Portfolio Valuation Rules and Net Asset Value determination.

2.13 DETERMINATION OF THE SALE OR ISSUE PRICE AND THE REDEMPTION OR PURCHASING PRICE OF THE SHARES AND IN PARTICULAR:

2.13.1 Method and frequency of calculation;

Assessment of the Fund's liabilities

The value of the Fund's liabilities is equal to the sum of the balance amounts of short- and long-term liabilities on the balance sheet. Foreign currency denominated liabilities are calculated at the central rate of the BNB on the valuation date. The liabilities are valued in accordance with current accounting practices at the time of valuation.

Determination of net asset value

The Net Asset Value (NAV) is determined from the value of all assets calculated in accordance with this Prospectus, the Fund's Rules and the Portfolio Valuation and Net Asset Value Determination Rules, deducting the value of all liabilities in accordance with the balance sheet, calculated in accordance with this Prospectus, the Fund's Rules and the Portfolio Valuation and Net Asset Value Determination Rules.

Procedure for determining the net asset value, the net asset value per share, the issue value and the redemption price of the shares of National Mutual Fund "EF Potential".

This procedure is based on the requirements of the law and the Fund's Rules. The Depository implements the overall control for the compliance with the Law, the Fund's Rules and Prospectus when determining the net asset value, the net asset value per share, the issue value and the redemption price of the Fund's shares. The Management company implements the activity of collecting and analyzing all the documents and information that will be used for the determination of the net asset value, the net asset value per share, the issue value and the redemption price of the shares of the Fund, as well as for carrying out all necessary accounting operations in relation to that activity.

Persons defining and exerting control in the determination of the NAV, NAV per share, issue value and redemption price

The net asset value, the net asset value per share, the issue value and the redemption price of the Fund's shares are calculated by the Management company under the supervision of the Depository in compliance with the Fund's Rules and Prospectus. It is the responsibility of the Management Company to publish the issue value and the redemption price.

Technology for determining the NAV, NAV per share, issue value and redemption price

(Amended by decision of the BD of 24.10.2022) The net asset value of the National Mutual Fund and the net asset value per share are determined every working day not later than 15:00 on the respective day under the terms and conditions of the Fund's Rules and Prospectus, and under the current legislation. The Management company assesses the Fund's portfolio, defines the net asset value of the Fund, the net asset value per share, and calculates the issue value and the redemption price under the control of the Depository. Due to the fact that the net asset value of the National Mutual Fund and the net asset value of one share are determined by the Management Company every working day, no adjustments are required in connection with the size and liquidity of positions in the Fund's portfolio or with changes in market

conditions.

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

- By 10:00 on the day the valuation is carried out, the Management Company receives from “Central Depository” AD information about the transactions for sale and redemption of finalized settlement shares and the number of shares of the Fund in circulation;

Between 10:00 and 11:00 on the day of the assessment, the following is being implemented:

- the assets and the cost of the assets are determined in accordance with the Prospectus, the Rules and Rules for portfolio valuation and the determination of the net asset value of the Fund;

- Accounting for all operations of the Fund and the revaluation of the monetary funds and liabilities denominated in foreign currency;

- the net asset value, the net asset value per share, and a decision is accepted on the issue price and redemption of the Fund's shares. The net asset value per share is determined by dividing the net asset value of the Fund by the number of shares in circulation at that time. The issue value is equal to the NAV per share. The redemption price is equal to the NAV per share. The issue price and the redemption price are rounded to the fourth digit after the decimal point.

- the calculated net asset value, the net asset value per share, the issue value and the redemption price of the Fund's shares as well as all the information on their determination, including the number of sold shares and redeemed shares with completed settlement; will be sent to the Depository by 11:00;

- confirmation from the Depository is waited until 14:00 about the correctness of the calculated net asset value, net asset value per share, issue value and redemption price of the Fund's shares (in case of detected discrepancies, corrections are made for the non-conformities);

- until 15:00 on the day of determination of the net asset value and the net asset value per share, the process of determining the net asset value is completed.

The Management company keeps records of the discussions, decisions and sources of information related to the determination of the net asset value of the Fund. The information and documentation used to make the decisions shall be attached to the records. The protocols shall be kept for a minimum of five years. The complete documentation and information related to the determination of the NAV of the Fund and the net value per share are stored on a paper and / or magnetic carrier. The control over the process of storing the documents related to the calculation of the NAV of the Fund and the determination of the net asset value per share is implemented by the Executive members of the Board of Directors (The Executive Directors) of the Management company. The sources of information determining the calculation of the NAV are the official bulletin of the Bulgarian Stock Exchange AD, the primary dealers of government securities, Bloomberg, multilateral trading systems, foreign regulated markets, etc. The management company systematizes, classifies and indicates the sources of information used.

The Management Company uses a software product to calculate the net asset value, the issue value and the redemption price. The software product is associated with the Fund's accounting system, which allows for stacking of the models for accounting the various operations and the subsequent automatic generation of the accounting records accepted in the accounting system. This type of connectivity eliminates duplication of information, as well as promotes to avoid re-entry errors. The program product has different levels of access, which guarantees data protection when calculating the NAV. The program stores the data related to the calculation of the NAV, the issue value and the redemption price, and allows for their check for prior periods. All the documentation and information used to determine the net asset value, issue value and redemption price shall be kept on paper and / or magnetic bearer by the Management Company for at least 5 years. Due to the risk of loss by technical

reasons, it is also stored on a second magnetic carrier.

Organization of the portfolio valuation activity and determination of the net asset value of the Fund

The Management company is responsible for adopting, amending and supplementing the Portfolio Valuation and Net Asset Value Determination Rules and net asset value per share. The Management company controls the compliance and enforcement of the rules by all persons involved in calculating the net asset value, including the Depositary. The Head of the Compliance Department of the Management company periodically carries out an audit of the calculation of the calculated net asset value, the issue value and the redemption price of the Fund's shares, as well as the keeping of the accounting related to the determination of NAV. In case of detected inconsistencies with the law, the Rules or the Prospectus for public offering of shares, that person shall notify the Representatives of the Management Company.

The Management Company makes the decisions related to the determination of the NAV, NAV per share, the issue value and the redemption price according to the current legislation, the Rules and the Prospectus of the Fund. The Management Company determines the value of the assets and collects and analyzes the data necessary to carry out this activity. It is also responsible for obtaining market quotes, the number of shares in circulation and the exchange rate for the purpose of calculating the net asset value. The Management Company carries out all accounting operations in connection with the revaluation of assets.

The Depositary controls the calculation of the issue value and the redemption price of the Fund's shares by the Management company in accordance with the LACISOUCI, the implementing instructions, the Fund's Rules and the Prospectus. The Depositary shall review the valuation and the specified net value and notify the Management Company in written about the result of the review by 12:00 at noon on the valuation day. In the event of a finding of an infringement, the Depositary shall notify the Management Company by 12:00 on the valuation day and shall request the discrepancies to be corrected. In the event of detected violations or errors in the calculation of the issue value and the redemption price of the shares, the Depositary shall notify the Management company and shall make adjustments to the issue value and the redemption price. If a difference of more than 0.5% of the net asset value per share is established in their calculation, the Depositary shall notify the FSC and the Management company. The Depositary informs the Management company and requests the discrepancies be remedied. The Management company immediately removes the discrepancies and makes the necessary notifications.

2.13.2 Information about the costs related to the activity of the fund. Costs when purchasing shares of the Fund and their subsequent redemption.

Costs for the activity of the National Mutual Fund "EF Potential", which are covered by the entity who manages it (MC EF Asset Management AD) are the costs of establishing the Fund. The costs for the activity of the national mutual fund include the remuneration of the management company, the depositary, commissions of investment intermediaries, fees of Central Depositary AD, Financial Supervision Commission (FSC), etc.

On the primary market, the investors / shareholders of National Mutual Fund EF Potential do not pay any costs when purchasing shares of the Fund and for their subsequent redemption, i.e. the issue value is not increased by the costs for the sale, respectively the redemption price is not reduced by the redemption costs of the shares.

In case of introduction / change of the transaction costs, the Management Company is obliged to inform the shareholders and other investors immediately after the approval by the Financial Supervision Commission (FSC) of the changes in the Rules of the Fund.

2.13.3 (Amended by decision of the BD of 19.01.2023) Ways, places and frequency of publication of issue prices and redemption prices of shares.

By the end of the working day of the calculation of the issue value and the redemption price of the shares of the Fund, the Management company shall announce the following data:

- at all "counters" accepting orders for the sale and redemption of shares and for contacts

with investors and shareholders in the Fund;

- on the website of the Management Company.

The Management Company announces to the Commission and the on its website, summary information about the announced issue values and redemption prices within three business days after the end of the month.

2.14 FAIR VALUE OF CERTIFICATES ON PRECIOUS METALS ADMITTED TO OR TRADED ON REGULATED MARKETS IN THE REPUBLIC OF BULGARIA OR ABROAD OR TRADED ON AN OVER-THE-COUNTER MARKET

2.14.1 (Amended by decision of the BD of 19.01.2023) Fair value of certificates on precious metals admitted to or traded on regularly functioning, recognized and publicly accessible regulated markets in the Republic of Bulgaria or abroad

Fair value of certificates on precious metals admitted to or traded on regularly functioning, recognized and publicly accessible regulated markets is determined:

a) at the latest price of a transaction involving them which is contracted on the respective market on the last working day;

b) if it is impossible to apply the evaluation method under letter "a", the evaluation is carried out at the "buy" price at the close of the market for the last working day, announced in an electronic system for price information of the certificate.

c) in the event that it is impossible to apply the evaluation method described in letter "b", the evaluation is carried out at the latest price of a transaction involving them which is contracted within the last 30 days' period;

d) in cases where they are admitted to trading on more than one trading venue, at the closing price on the day of the valuation, from the place where the largest volume was traded on the day of the valuation and to which the management company has secured access.

2.14.2 Fair value of certificates on precious metals traded on the over-the-counter market

The fair value of certificates on precious metals traded on the over-the-counter market is determined at the "buy" price of a market maker at the close of the market on the business day preceding the valuation date. If it is impossible to apply the specified rule for the fair value of a certificate on a precious metal, the spot price of the precious metal is used. The above method for determining the fair value of certificates on precious metals may be adjusted with ratios justified on the basis of data and circumstances related to the difference between the price of the certificate and the spot price of the corresponding precious metal. The spot price of a precious metal admitted to trading on more than one regulated market is determined by prices announced publicly by the regulated market on which the largest volume is traded and the Management company has access to.

2.15 (AMENDED BY DECISION OF THE BD OF 30.03.2022 AND 10.04.2023) INFORMATION ON THE MANNER, THE AMOUNT AND THE CALCULATION OF THE REMUNERATION PAYABLE BY THE NATIONAL MUTUAL FUND OF THE MANAGEMENT COMPANY, THE DEPOSITARY OR THIRD PARTIES AND THE REIMBURSEMENT OF THE EXPENSES OF THE NATIONAL MUTUAL FUND OF THE MANAGEMENT COMPANY, THE DEPOSITARY OR THIRD PARTIES

Annual operating expenses

These expenses are deducted from the Fund's assets and thus indirectly borne by all shareholders. National Mutual Fund "EF Potential" 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 Fund amounts to 1.5 (one point five) per cent of the average annual net value of the assets of the Fund. The Management company is allowed to decline a part of this remuneration.

- Other operating expenses – “Other operating expenses” include the main foreseeable operating expenses, such as: Depository remuneration; remuneration and fees of the investment intermediaries, banks and the Central Depository, and the like, related to the investment of the assets of the Fund; the remuneration of the auditors for the certification of the Fund's annual financial report, the Fund's advertising and marketing costs, investor relations, current supervisory fees, membership fees and the like of the Commission and the Central Depository and other governmental bodies and institutions of the Fund; other costs specified in the Fund’s Rules at its own expense, as well as other extraordinary expenses related to the Fund's activities.

	2021		2022	
	BGN	% of the average annual NAV	BGN	% of the average annual NAV
Management costs				
Remuneration of the management company	6,975	0.39%	326 954	1.48%
Remuneration of the depository bank	1,439	0.08%	19 552	0.09%
Audit, CD, FSC and other	547	0.03%	17 274	0.08%
Total:	8,960	0.51%	363 780	1.64%

Historical data on the National Mutual Fund's operating expenses

The maximum management fee that the Management Company is entitled to receive is up to 1.5 % of the annual average net asset value of the Fund regardless of the type of assets in which the Fund invests.

3 DEPOSITORY

3.1 NAME OR TYPE, LEGAL FORM, SEAT AND HEAD OFFICE IF DIFFERENT FROM HEADQUARTERS

The Management Company has chosen UNICREDIT BULBANK AD as the Depository of the National Mutual Fund. The depository UNICREDIT BULBANK AD is a joint-stock company registered in the Sofia City Court and entered in the register of commercial companies under company file no. 2010/1990 under No. 503, vol. 5, page 99, registered in the Commercial Register and the Non-Profit Entities Register of the Registry Agency under UIC: 831919536. UNICREDIT BULBANK AD is a banking financial institution licensed by the Bulgarian National Bank by decision of the Board of the BNB - license No. 100-00485/17.11.99, updated by order No. RD 22-514/19.10.00 of the Board of Directors of the BNB, relicensed RD 22-0841/07.05.07

The bank’s headquarters and address of management are: Sofia, Vazrazhdane Municipality, 7 Sveta Nedelya Sq., phone: +359 2 923 2670 and web-site: [http:// www.unicreditbulbank.bg](http://www.unicreditbulbank.bg)

3.2 (AMENDED BY DECISION OF THE BD OF 19.01.2023) MAIN ACTIVITY

Unicredit Bulbank AD is a credit institution licensed by the BNB and as such performs an activity under Art. 2 of the Credit Institutions Act.

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/EC of the European Parliament and of the Council regarding the obligations of depositaries (OJ, L 78/11 of 24 March 2016).

As Depositary and in accordance with the signed agreement between the Management Company acting on behalf of the Fund and the Depositary on the other hand, the latter will provide the Fund with the following basic services:

a) it ensures that the issue, the sale, the redemption and the cancellation of the shares of the National Mutual Fund shall be carried out in compliance with the law and the rules of the Fund

b) it ensures that the value of the shares of the Fund shall be calculated in compliance with the law and the rules of the National Mutual Fund;

c) regular checks are implemented on the compliance between the accounts that are drawn up by the management company and the depositary regarding the assets of the National Mutual Fund, and in the cases under Art. 37a of the LACISOUCI- on the accounts drawn up by the third party;

d) ensure that all monetary funds in favor of the National Mutual Fund arising from transactions in its assets are transferred within the usual time limits;

e) ensure that the income of the Fund is distributed in accordance with the law and the fund rules;

f) report at least once a month to the Management company on the assets entrusted and the implemented transactions, including by providing a full inventory of the assets of the National Mutual Fund by the 5th day of the following month;

g) it holds under surveillance the cash flows of the Fund, 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:

1. (*Amended by resolution of the BD of 25.03.2021*) are open in the name of the Fund or in the name of the management company acting in its own name and at the expense of the Fund, or in the name of the Depositary acting on behalf of and at the expense of the Fund;

2. are opened in a Central bank, a bank licensed under the Law on Credit Institutions, a bank licensed in a Member State or a bank authorized in a third country, and

3. are operated in accordance with b. i) below.

i) manage the monetary funds of the Fund by:

1. keeping accounts in a way that allows at any time to immediately distinguish the assets held by the Fund from the assets held for another client as well as from the own assets of the depositary bank;

2. keeping accountancy and accounting in a way that ensures their accuracy;

3. carrying out a regular check on the correspondence between the accounts held by the Management Company and the depositary bank for the assets of the fund, and in the cases under Art. 37a of the LACISOUCI - and with the accounts kept by a third person;

4. undertaking the necessary measures to ensure that all those monetary assets of the Fund which are deposited with a third party can be clearly distinguished from the pecuniary resources of the Depositary bank as well as from the monetary resources of the said third party, this being due to the individual accounts of the holders drawn up by the third party, or via equivalent measures resulting in the same level of protection;

5. undertake the necessary measures to ensure that the monetary funds of the Fund on the accounts of a person under l. 3), item 2 above, shall be held on an individual account or on accounts separately from all accounts of holding the monetary funds of the person in whose name the assets of the Fund are kept;

6. appropriate organization 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 LACISOUCl and these rules;

k) assists the National mutual fund for obtaining information and participation in general meetings of the issuers in whose financial instruments the Fund has invested and assumes other obligations related to the entrusted assets, in accordance with the concluded contract and the provisions of the effective legislation. Conflict of Interest.

l) *(New, adopted by decision of the BD of 24.10.2022)* verifies whether the Management Company has adopted and introduced procedures for conducting stress tests for the Fund's liquidity.

The Management Company and the Depository should as well satisfy the following requirements:

(a) 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;

(b) no one may simultaneously be a member of the management body of the Management Company and an employee of the Depository;

(c) no one may simultaneously be a member of the management authority of the Depository and an employee of the Management Company;

(d) 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;

(e) in those cases 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 shall exert the care of a good trader, carry out its duties honestly, fairly, professionally, independently and solely in the interest of the Fund and the shareholders of the Fund.

The Depository may not engage in the Fund or the Management company acting on behalf of the Fund which may give rise to a conflict of interest between the Fund, its investors, the Management company and the Depository itself unless there is a functional and hierarchical separation between the functions of the Fund and its other functions as well as the conflicts of interest that may arise are respectively established, managed, monitored and disclosed to the Investors in National Mutual Fund "EF Potential".

A description of all custody functions delegated by the Depository, a list of persons to whom functions have been delegated or re-delegated, and any conflicts of interest that may arise from such delegation. As of the date of preparation of this Prospectus, the Management company has no information that the Depository of the fund, UNICREDIT BULBANK AD, has delegated custodian functions.

Declaration from the Management company - the Management company declares that upon the request of the investors, there will be submitted updated information regarding items 3.1 and 3.2.

(New, adopted by decision of the BD dated 29.06.2022, amended by decision of the BD dated 24.10.2022 and by decision of the BD dated 13.12.2022) According to Art. 193 of LACISOUCl for national investment funds managed by a person managing alternative investment funds, the requirements for

alternative investment funds are applied when they are stricter. In this regard, Art. 233, para. 14 of the LACISOUCI does not apply in relation to the Depository of the Fund and the conditions for carrying out its activity, accordingly it is impossible for the Depository to be released from responsibility according to Art. 233, para. 14 of LACISOUCI.

4 (AMENDED BY DECISION OF THE BD OF 30.03.2022 AND 10.04.2023) INFORMATION ON THE ORGANIZATION OF PAYMENTS TO SHAREHOLDERS, REDEEMED SHARES AND PROVIDING INFORMATION ABOUT THE FUND

According to the Fund Rules, it does not distribute earnings between investors.

Redemption orders are executed and the Securities Account of the investor in “Central Depository” AD is obliged to redeem the number of shares on the first working day following the day of the price determination but not later than the statutory deadline. The amount due against redeemed shares is paid to the investor to a specified bank account or in cash at the counters of the Management company.

As of the date of the Prospectus, an audited annual financial statement of the Fund for 2022 is available, as well as a management report under Art. 33, para. 1 of the Accountancy Act. Every working day the Management company announces on its website, as well as in all offices of the Management company, where shares of the National Mutual Fund “EF Potential” are offered, the net asset value of the Fund.

The annual and interim statements of the Fund, the activity reports and the audit reports shall be published in the register of the FSC under Art. 30, para. 1 of the Financial Supervision Commission Act, and are available to investors in the following places:

- city of Sofia 1592, Iskar district, 43 Christopher Columbus Blvd., tel. 02/9021944, contact person: Ivan Ovcharov, from 9:00 to 17:00;
- as well as on the website of the Management Company: www.efam.bg

(New, adopted by decision of the BD dated 24.10.2022) The management company provides investors within 10 days from the end of each quarter:

- the information under Art. 236, para. 1, item 2, letters "a" - "c" of LACISOUCI;
- in case the Fund uses leverage – and information on the general level of leverage, any changes in the maximum amount of leverage used, as well as the right to reuse collateral that can be provided in connection with investment positions with the use of leverage.

The information is provided in Bulgarian and is available on the website of the Management Company: www.efam.bg.

5 OTHER INFORMATION REGARDING THE INVESTMENTS

5.1 PROFILE OF THE TYPICAL INVESTOR

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, high investment culture and medium to high risk bearing capacity. These are investors who would like to participate in the market of risky assets, but would not accept the risk to make an independent choice in which assets to invest. The Fund offers them the opportunity to manage their investment risk, while maintaining the opportunity to implement higher income.

The investment product of the Fund is targeted at persons (citizens, companies, institutions)

which:

- are willing to take moderate to high investment risk in order to realize a higher income;
- are willing to achieve quick and secured liquidity, without this affecting the investment income that has already been achieved;
- are ready to invest monetary 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 National Mutual Fund “EF Potential” are suitable for Bulgarian and foreign individuals, companies and institutions wishing to invest part of their funds in the financial markets, in a diversified product, structured mainly by shares and bonds with medium to high level of risk and opportunity to achieve higher returns.

(New, adopted by decision of the BD dated 24.10.2022) The units give the same rights to the investors in them, which ensures equal treatment of the investors in the Fund. In relations with the MC or the Fund, there is no possibility of preferential treatment for certain categories of investors.

5.2 INDICATOR FOR RISK ASSESSMENT

The risk -reward indicator determines the risk profile of the Fund according to the share of the scheme's investments in share (risk), debt (low-risk) and money market instruments (risk-free) and reflects the market risk of falling prices for the respective asset group. It is possible that the specified risk and yield category to change and that the categorization of the Fund may be changed over time. The lowest category is not a risk-free investment.

5.3 *(AMENDED BY DECISION OF THE BD OF 25.03.2021, 01.06.2021 AND 30.03.2022)* RISK FACTORS

Investment in shares of the 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 National Mutual Fund “EF Potential” 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.

In relation to its activity, the Fund is exposed to various types of risk, having an impact on its results. The main risks the investors will face when making investments in shares of the Fund 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 offering 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 one company.

Interest risk. This is the risk of the changes in market interest rates having an unfavorable effect on the income or the value of the assets of the National 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 National Mutual Fund “EF Potential” , 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 its obligations, and particularly, being unable to pay on time the principal and/or the interest due. If the contractor of the Fund under a redemption contract fails to perform his obligation for redemption of the securities, the Fund may suffer a loss, inasmuch as the revenues from the sale of the security are smaller than the redemption 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. But even these ratings are not perfect: 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 the Fund 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 unfavorably affected by a decrease in the rate of exchange between the Bulgarian lev and said currency. Such fluctuations in the rate of exchange would affect the net value of the assets of the Fund 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 and sale of currency through spot transactions and forward transactions), which pose certain risks on their own.

Management risk. (Amended by decision of the BD dated 29.06.2022) It arises due to the active management of the investment portfolio of the National Mutual Fund “EF Potential”. 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. The MC, in its capacity as AIFM, will guarantee the possible risks related to professional liability that may arise as a result of the activities carried out by concluding professional liability insurance in accordance with the requirements of Art. 199, para. 9 of LACISOUCL and Delegated Regulation EU 231/2013.

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

National mutual Fund “EF Potential” 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. The Fund will not use leverage.

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, National mutual Fund “EF Potential” 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 National mutual Fund “EF Potential” 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 Fund.

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

Risks related to COVID-19 On 11.03.2020 the World Health Organization has officially declared that the world is in the midst of a pandemic. The unprecedented measures that this state of emergency has imposed have had a negative impact on financial markets, leading to high volatility and a drop in yields on many financial assets. To reduce the impact of these negative effects, central banks and governments adopted massive stimulus policies and packages. At the end of 2020 the first mass vaccines against COVID-19 also appeared, but the pace of their administration remains slow. Currently, with Decision No. 72 of 26.01.2021, the emergency epidemic situation in the country has been extended until 30.04.2021, and is expected to continue beyond that date.

The direct impact of the COVID-19 measures on the future financial situation of the Fund cannot be determined with accuracy due to their high dynamics and unpredictability. Expectations are that the high levels of volatility and lower levels of returns on some financial assets will remain as long as the pandemic lasts.

In connection with the COVID-19 pandemic, the MC implements organizational measures to ensure continuity of business and minimize negative effects for the Fund. These measures include: organization for remote work, providing the necessary protective equipment such as masks, disinfectants and gloves and frequent disinfection of the common parts of the office premises.

For the calculation of the total risk exposure, the Fund uses the Commitment method recommended in the CESR Risk Measurement Guidelines and the calculation of the total risk exposure and counterparty risk at collective investment schemes (CESR / 10-788.).

(New text adopted through a decision of the BD dated 01.06.2021, amend., decision of the BD dated 30.03.2022) **Risks related to sustainable development**

The investments underlying this financial product do not comply with 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:
 - the lack of adopted and entered into force under the relevant legislative procedure 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;
 - 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 01.06.2021) **Sustainability 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, which include but are not limited to climate change, environmental degradation and others
- Social risk – risks pertaining to social factors that might cause a negative impact on the return on investments (e.g. labor disputes);
- Governance risk – set of risks where the return on investments might be negatively impacted by governance and management (e.g. transparent corporate structure);
- Sustainability factors - environmental, social and employee-related issues, as well as issues related

to human rights and combating corruption and bribery;

- Sustainable investment 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. Conversely, a mutual fund may perform less well than other funds that do not seek to invest on the basis of 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 when making investment decisions of the MC.

Although the MC'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 of the MC.

6 ECONOMIC INFORMATION

6.1 (AMENDED BY DECISION OF THE BD OF 01.06.2021 AND 13.09.2022) OTHER COSTS AND CHARGES

Fees and commissions payable to the Investment Intermediaries through which the Management company trades on behalf of the Fund

The Management Company has selected IF Euro-Finance AD and IF Dealing Financial Company AD as Investment Firms of the Fund to execute the investment orders of the Management company and through which to conclude and execute securities transactions on behalf of and in the name of the Fund.

IF Euro-Finance AD, with headquarters and address of management: city of Sofia 1592, Iskar district, 43 Christopher Columbus Blvd., fl. 5. Contact telephone: (+359 2) 980 56 57, fax: (+ 359 2) 981 1496

E-mail: office@eurofinance.bg , web-site: www.eurofinance.bg.

IF Euro-Finance AD holds a license to carry out activities as an investment firm of investment services and professional activities on the territory of the European Union and the European Economic Area and in third countries, in accordance with Decision No. 81-IP/01.02.2006. of the Financial Supervision Commission /FSC/.

IF DEALING FINANCIAL COMPANY AD, with headquarters and address of management: city of Sofia, Tsar Asen 7, floor 2 and address where it operates: city of Sofia 1202, 42 G.S. Rakovski Street, floor 4. Contact telephone: +359 2 87 02 35, 37 E-mail dfco@dfcoad.com , web-site: www.dfcoad.com.

IF DEALING FINANCIAL COMPANY AD holds a license to carry out activities as an investment firm of investment services and professional activities on the territory of the European Union and the European Economic Area and in third countries, in accordance with Decision No. 108-ИП/11.06.1997 of FSC.

According to the concluded contracts, the investment intermediaries agree to mediate for the conclusion, as well as to conclude and execute securities transactions by order of the Management Company acting in its own name and at the expense of the Fund, the terms of each transaction being determined in a separate order.

For the execution of the transactions subject to the contract NMF "EF Potential" pays the Investment firms a fee, the amount of which is determined as a percentage of the value of the transactions, according to Tariff which is integral parts of the contract between the parties.

6.2 RESULTS OF THE FUND'S ACTIVITY FOR PRECEDING 5 YEARS

A description of the results of the Fund's activity for the last 5 years is not presented, as the Fund is newly established.

7 (AMENDED BY DECISION OF THE BD OF 01.06.2021) REMUNERATION POLICY OF MC EF ASSET MANAGEMENT AD

The remuneration policy of 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 sentence 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. employees occupying managing positions;
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 items 1 and 3 and whose activities influence the risk profile of the company and the risk profile of the persons it manages.

(New, adopted through a decision of the BD dated 29.06.2022) The policy also applies to the company in its capacity as an alternative investment fund manager).

(Amended by decision of the BD of 25.03.2021 and revoked by decision of the BD of 24.10.2022)

According to the Policy, the remuneration in the Management Company 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, item 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. 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 labor 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.

The Management Company 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 is 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 organizational 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/person managed by the MC 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/person managed by the MC 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.

(New, adopted through a decision of the BD dated 29.06.2022) The lag policy does not apply to the company's activities as an AIFM.

In the event that within a year a person under items 1 - 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 shall be 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 shall be deferred. The remuneration policy provides that the persons under items 1 - 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.

(New, adopted through a decision of the BD dated 29.06.2022) The Company in its capacity as a AIFM, defers not less than 40 percent of the variable remuneration for a period with a minimum duration of three to five years, depending on the economic cycle and the policy for redemption of shares of the managed alternative investment fund and in accordance with the nature of the risks of that fund. Where the amount of the variable remuneration is extremely high, at least 60 per cent of the amount of payment shall be deferred.

The provision of variable remuneration in instalment is provided proportionally. The deferred portion of the remuneration might consist of shares and units in the respective collective investment scheme and/or persons managed by the company 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 organizational unit in which the individual employee works, or those of the respective collective investment scheme and/or other persons managed by the management company, their 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 or another person 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 person 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 - 4 are obliged 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 forms 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 honesty, 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 variable remuneration, the Board of Directors must consider at least: 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 organizational 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.

(New, adopted by decision of the BD dated 29.06.2022, amended by decision of the BD of 24.10.2022) Remuneration paid directly by managed alternative investment funds, including deferred remuneration, and transfers of units or shares from managed alternative investment funds are not intended to be paid. Regardless of the circumstances under sentence one, the Board of Directors of the company may decide on the payment of remuneration from the managed alternative investment funds. In this case, the provisions of the EF Asset Management AD Remuneration Policy will apply to the remuneration of the managed alternative investment funds.

(New, adopted through a decision of the BD dated 29.06.2022) In connection with Art. 232, para. 3 of LACISOU CI, the variable remuneration of employees who evaluate the assets of the alternative investment funds are not directly related to the financial result of the fund in order to limit conflicts of interest and prevent undue influence on the employees performing these functions.

The Management Company does not have a remuneration committee.

The Management Company 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. 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.

8 (NEW, ADOPTED BY DECISION OF THE BOARD OF DIRECTORS DATED 24.10.2021) DESCRIPTION OF THE MANNER IN WHICH THE BOARD OF DIRECTORS ENSURES COMPLIANCE WITH THE REQUIREMENTS OF ART. 199, PARA. 9 FROM LACISOU CI

The MC ensures compliance with the requirements of Art. 199, para. 9 of LACISOU CI by concluding Professional Liability Insurance - Insurance policy No. 0640000111 dated 29.06.2022.

9 (NEW, ADOPTED BY DECISION OF THE BD OF 24.10.2021) APPLICABLE LAW IN RELATION TO CONTRACTS WITH INVESTORS IN THE FUND AND COMPETENT COURT

Bulgarian law is applicable to the contracts with investors in the Fund, and all disputes related to them are resolved by the competent Bulgarian court at the seat of the Fund.

10 (NEW, ADOPTED BY DECISION OF THE BD OF 19.01.2023 AND AMENDED BY DECISION OF THE BD OF 16.03.2023) MARKETING COMMUNICATIONS

All marketing communications to investors must be clearly labeled as such, accurate, clear and not misleading. Any marketing communications, 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 packaged retail and insurance-based investment products (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 on facilitating cross-border distribution of collective investment undertakings and amending Regulations (EU) No 345/2013, (EU) No 346/2013 and (EU) No 1286/2014 (OJ, L 188/55 of July 12, 2019), ("Regulation (EU) 2019/1156"), and ESMA's guidelines for the implementation of Art. 4, paragraph 1 of Regulation (EU) 2019/1156, for which the FSC has decided to implement them according to Art. 13, para. 1, item 26 of the Financial Supervision Commission Act. According to Art. 4, paragraphs 1 – 3 of Regulation (EU) 2019/1156 the management company ensures that:

1. All marketing communications addressed to investors are identifiable as such and describe the risks and rewards of purchasing or shares of the Fund;
2. All information included in marketing communications is fair, clear and not misleading.
3. Marketing communications that contain specific information about the Fund do not contradict or diminish the significance of the information contained in the prospectus referred to in the prospectus referred to in Article 68 of Directive 2009/65/EC or the key investor information referred to in Article 78 of that Directive.
4. All marketing communications indicate that a prospectus exists and that the key investor information is available. Such marketing communications shall specify where, how and in which language investors or potential investors can obtain the prospectus and the key investor information and shall provide hyperlinks to or website addresses for those documents.

Marketing communications shall specify where, how and in which language investors or potential investors can obtain a summary of investor rights and shall provide a hyperlink to such a summary, which shall include, as appropriate, information on access to collective redress mechanisms at Union and national level in the event of litigation.

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

The marketing messages must explicitly state that the national investment fund is not a collective investment scheme within the meaning of the LACISOUCI.

(AMENDED BY DECISION OF THE BD DATED 25.03.2021) REQUIREMENTS UNDER APPENDIX NO. 2 TO ART. 169, PARA. 2 OF ORDINANCE 44, WHICH ARE INAPPLICABLE TO THE FUND:

Item of Ordinance 44	Requirement
A3	Information about the national investment company
A5	Information about the alternative investment fund manager
B2	Information about the alternative investment fund manager
B5	Information about the national investment company
B9	Information about the market maker, including basic rights and obligations of the parties under the contract with the market maker

Prospectus drafted by:

Ivan Ovcharov,
Executive Director

Ivelina Ivanova,
Procurator

The undersigned persons, in their capacity as representative of the Management Company, with their signature declare that the Prospectus complies with the requirements of the law.

***For the management company EF Asset Management AD
acting on account of National mutual Fund "EF Potential":***

Ivan Ovcharov , *Executive Director*

Ivelina Ivanova, *Procurator*

The prospectus of the National Mutual Fund “EF Potential” was adopted by decision under Protocol No. 205/15.01.2021 of the Board of Directors of MC EF Asset Management AD and amended by the decision of the Board of Directors dated 25.03.2021, dated 23.04. 2021, 01.06.2021, of 30.03.2022 , of 29.06.2022, 24.10.2022, 13.12.2022, 19.01.2023, of 16.03.2023, 10.04.2023 and 20.07.2023.

DEFINITIONS AND ABBREVIATIONS

The following definitions and abbreviations are used in the Prospectus with the following meanings:

LACISOUCI is the Law on the Activity of Collective Investment Schemes and Other Undertakings for Collective Investment

POSA is a Public Offering of Securities Act.

MFIA is the Markets in Financial Instruments Act

FSC is the Financial Supervision Commission of the Republic of Bulgaria.

Deputy Chair of the FSC is the Deputy Chair in charge of the Investment Activity Supervision division of the Financial Supervision Commission.

BSE AD is Bulgarian Stock Exchange AD.

Diversification is an investment strategy to reduce risk by investing in different categories of investments: shares, bonds, etc., including in securities of one category but issued by different issuers and by different countries.

Financial (investment) assets / instruments are securities, money market instruments and other instruments, such as shares of collective investment schemes, derivatives, contracts for differences.

Securities are transferable rights registered in accounts with the Central Depository, and for government securities - registered in accounts with the Bulgarian National Bank or in a subdepository of government securities, or in foreign institutions performing similar activities (dematerialized securities) or documents materializing transferable rights (available securities) that may be traded on the capital market except for payment instruments such as: (a) shares in companies and other securities equivalent to shares in capital companies, personal companies and other legal entities, as well as depository receipts for shares; (b) bonds and other debt securities, including depository receipts for such securities; (c) other securities which give right for acquisition or sale of such securities or which result in a cash payment determined by means of securities, exchange rates, interest rates or yields, commodities or other indices or indicators.

Money market instruments are instruments that are commonly traded on the money market as short-term government securities (treasury bills), deposit certificates and commercial securities, except for payment instruments.

Shares are equity securities giving voting rights in the general meeting of shareholders, the right to a dividend and a liquidation stake.

Tradable rights are rights within the meaning of § 1, item 3 of the Supplementary Provisions of the Public Offering of Securities Act, i.e. securities giving the right to subscribe a certain number of new shares in connection with a decision to increase the capital of a public company, similar securities issued by foreign public companies.

Debt securities are bonds and other similar securities (financial instruments) that arise as a result of a loan granted by the holder of the securities to their issuer.

Fixed-income securities (instruments) are debt securities and preference shares that are subject to a predetermined fixed and / or floating income.

Derivatives, also called derivative securities, are instruments the value of which depends on the value and dynamics of another security, index or investment (underlying), e.g. options, futures, and so on. Due to so-

called leverage, derivatives can multiply both the profits and losses of the investor.

Issuer is the issuer of the securities and / or the liable person on them to the holders of the securities.

Liquidity means the possibility of quick sale of an asset at any time without incurring price losses on sale at market levels.

A Member State is a country that is a member of the European Union or another country that belongs to the European Economic Area, respectively a third country is a non-member country of the European Union or another country belonging to the European Economic Area.

Regulated market within the meaning of Art. 152, para. 1 and 2 of the MFIA is a multilateral system organized and/or managed by a market operator which meets or contributes to the meeting of numerous third parties' interests in the purchase and sale of financial instruments through the system and in accordance with the non-discretionary rules of the system, the result of which is the conclusion of a contract involving the financial instruments that are admitted to trading according to the system's rules and/or subsystems, the system being licensed and regularly operating in accordance with the requirements of the said Law and the acts concerning its application. A regulated market also denotes any multilateral system which is licensed and operative in accordance with the requirements of Directive 2014/65/EU of the European Parliament and of the Council.

Another regulated market is a regulated market other than the one under Art. 152, para. 1 and 2 of the MFIA, functioning regularly, recognized and publicly available.

Hedging is a strategy for eliminating (neutralizing) the investment risk. It is often based on derivative transactions.

Working day is the day that working for the offices ("counters"), where the shares of the Mutual Fund are sold and redeemed.