

**GENERAL TERMS AND CONDITIONS
OF MC “COMPASS INVEST” JSC
FOR MANAGEMENT OF THE ACTIVITY OF
INVESTMENT COMPANIES AND FOR PROVISION
OF PORTFOLIO MANAGEMENT SERVICES TO INVESTORS**

SECTION I

GENERAL POSITIONS

Art. 1. These General Terms and Conditions (hereinafter referred to as the “General Terms and Conditions”) have been adopted by a decision of the Board of Directors of a management company with:

company: Compass Invest JSC;

(Amended by a decision of the Board of Directors dated 27.06.2013) Headquarters and address of management: Sofia, Vazrazhdane district, 19 George Washington Str., floor 2;

phones: (+ 359 2) 421 95 17, (+ 359 2) 421 95 18 **e-mail:** office@compass-invest.eu;

website: www.compass-invest.eu

holding a license № 56-MC from 28.06.2017 for carrying out activity as a management company under Decision №1128 - MC from 22.11.2006 of the Financial Supervision Commission of the Republic of Bulgaria;

registered in the Commercial Register with UIC 175194972 hereinafter referred to as the “**Management Company**”.

Art. 2. (1) (amended, 15.01.2019) The management company shall perform the following types of activities:

1. management of the activity and investments of collective investment schemes, including:

a) investing in securities and other liquid financial assets under Art. 38 of the Collective Investment Schemes and Other Undertakings for Collective Investments Act on the principle of risk allocation of funds raised through public offering of shares or stakes;

b) sale and redemption of shares of an open-ended investment company on behalf of the investment company, and of units of a mutual fund on behalf of and for the account of the fund;

c) safekeeping and administration of units or shares issued by mutual funds or investment companies, including legal and accounting services related to asset management, requests for investor’s information, valuation of assets and calculation of the price of units or shares, control of the compliance of legal requirements, risk management, keeping the book of unit holders or shareholders, distribution of dividends and other payments, performance of contracts, record keeping;

d) marketing services.

2. management of portfolios, including financial instruments, of investors, including institutional investors - pension funds, insurance companies and other institutional investors, at their own discretion, without special orders of the client.

3. provision of investment consultations regarding financial instruments;

4. management of the activity of national investment funds.

(2) The management company can not carry out other commercial transactions, except for when this is necessary for carrying out its activity according to art. 1.

Art. 3. (1) (amended, 15.01.2019) The management company accepts these General Terms and Conditions for concluding and executing contracts concerning management of the activity of investment companies, as well as management of portfolios of financial instruments of investors, including institutional, and providing investment advice.

(2) The activity of mutual funds is managed by the Management Company in accordance with the procedure and under the conditions provided in the Rules of the respective mutual fund.

Art. 4. (1) (amend., 15.01.2019) The management of the activity of investment companies (CIS or national mutual funds) shall be carried out on the basis of a written contract, concluded in compliance with the requirements of Ordinance № 44. The management of individual portfolios and the provision of investment consultations with clients are carried out on the basis of a written contract concluded in compliance with the requirements of Art. 82 of the Markets in Financial Instruments Act, its implementing regulations and the Delegated Regulation. The full text of these General Terms and Conditions becomes part of a specific agreement with the respective investment company or other investor (hereinafter referred to as the “Client”), who has explicitly and in writing stated that he accepts them.

(2) These General Terms and Conditions bind the parties to contracts with the subject under Art. 3 (1) while the specific concluded contracts operate between them.

SECTION II

REQUIREMENTS AND RESTRICTIONS OF THE ACTIVITY OF THE MANAGEMENT COMPANY

Art. 5. (amended, 15.01.2019) The management company undertakes:

1. to treat equally and fairly the collective investment schemes, the holders of units of them and the persons whose activity or portfolio it manages;

2. in managing the activity or the portfolio of a Client to act honestly, fairly, as a

professional, in order to protect the investors and ensure the stability of the market of financial instruments; to take care of the good trader for the interests of his Clients and to choose their interest rather than his own, by applying a policy for treatment of conflicts of interest and informing the Clients about this policy;

3. to treat its Clients equally and to ensure investment of the assets from the portfolio of each client separately and autonomously from that of the other clients;

4. to provide in an adequate way to the investment company, wishing to conclude a contract for management of the activity, information on the organization of its activity, including its last financial report submitted to the Commission, as well as information on the costs by types to be borne by the investor or respectively by the management company; respectively to provide the Client or a potential Client in connection with the provided additional services for individual portfolio management and investment consulting, information on the provided services, whether it operates/concludes transactions with financial instruments for its own account, for the financial instruments - the services and the offered investment strategies and the risks related to them, the applied policy for execution and the venues for execution of the transactions, the criteria for and the made categorization of the Client, the types of expenses and fees for the Client and their amount, the information under Art. 29 below, and when providing investment advice - based on a broad or limited analysis of the different types of financial instruments and whether the board is independent, whether it is based on a broad or limited analysis of different types of financial instruments and whether the MC will provide the Client with periodic evaluation of the extent to which the financial instruments recommended to him continue to meet the needs of the Client;

5. to implement the investment policy, aiming to achieve the investment goals of the managed investment company;

6. to comply with the investment restrictions according to the law, the Articles of Association (other constituent document), the prospectus (if any) and the management contract with the person whose activity or portfolio it manages, as well as the rules approved by the Financial Supervision Commission (FSC) for portfolio evaluation and net worth of the assets and the risk management rules of the collective investment schemes and the closed-end investment companies, whose activity it manages;

7. upon request by the management or control body of the Client, to justify in writing a given investment decision (order) addressed to an investment intermediary, as well as to provide in writing all the information available to him in

connection with the given investment order;

8. to inform the Client immediately and in writing, when he finds a violation of the investment restrictions;

9. to provide the investors and the shareholders of its Clients with the information they need in a timely manner, accurately and in a way accessible to them, in accordance with the law;

10. in fulfilling its obligations under a contract for management of the activity of a Client - investment company, shall be guided only by the interests of its shareholders;

11. to provide the Client with all available documentation and information and to transfer the results connected to the implementation of the management contract in a manner specified by the Client not later than five working days after the termination of the contract;

12. to inform the Clients about the possibilities for filing complaints;

13. to notify its Clients under portfolio management contracts about the existing system for compensation of investors in financial instruments, including its extent and the guaranteed amount of the client's assets and upon request to provide data on the terms and conditions for compensation.

Art. 6. The management company can not:

1. (amended, 15.01.2019) to carry out activities outside the investment objectives and strategy of the Client as recorded in the Articles of Association (respectively other constituent documents) and the internal acts of the Client (if applicable), the Client's prospectus (if there is such), the current legislation (in case of foreign legislation applicable to the Client's activity - insofar as much as the Client has provided the Management Company with information on the requirements and restrictions applicable to its activity) and in the management contract, as well as to make investments that do not comply with the financial capabilities, experience and knowledge of the Client (under a portfolio management contract), the objectives of the portfolio management and the risk profile of the Client;

2. (amended, 15.01.2019) to make investment decisions and to give orders, even if they are within the investment goals and strategy of its Client, if it has not informed them on a permanent medium about a potential conflict of interests in compliance

with the applied policy for dealing with conflicts of interest. In this case, the Management Company does not provide the Service (if the conflict affects the provision of the Service in its entirety), respectively does not take specific actions within the Service affected by the conflict before the Client declares that he is aware of the conflict, understands the situation and risks arising from it, and agrees with the Management Company to provide the Service, respectively to perform the relevant actions within the Service, which is obliged to request from the Client, the Client gives prior approval for the investment decision;

3. (amended, 15.01.2019) to accept remuneration, commission or other monetary or non-monetary benefit from a third party in connection with the operations regarding the provided Service, if this creates a conflict of interest or violates the obligation of the Management Company to equal and fair treatment of its Clients and for taking due care to protect their interests; this restriction does not apply to the costs owed by the Client for the purchase and redemption of units of mutual funds managed by the Management Company, in case that according to the concluded contract the investment in such is allowed;

4. (amended, 15.01.2019) to make expenses at the expense of its Client, which are not provided for, according to the management contract;

5. (amended, 15.01.2019) to provide false, unclear or misleading information, including for the composition, value and structure of the assets of the Client's portfolio, as well as on the state of the market of financial instruments;

6. to use the Client's assets for purposes that contradict the law, the acts for its implementation or the management contract concluded with the person;

7. to carry out activity on investing the Client's funds in financial instruments in violation of a normatively established prohibition or investment restrictions;

8. to carry out other commercial transactions, except for when this is necessary for carrying out the activity under art. 2;

9. to invest all or part of the portfolio of the Client, to which the Management Company provides portfolio management services, in units of collective investment schemes, which it manages, without having received a prior approval from them;

Art. 7. (1) In carrying out its activity the Management Company is obliged to keep the trade secrets of its Clients and their commercial prestige.

(2) The members of the management and control bodies of the Management Company, its employees and all other persons working for the Management Company may not disclose, unless they are authorized to do so, and use it for the benefit of themselves or other persons, facts and circumstances concerning the balances and operations on the accounts of Clients of the Management Company, as well as all other facts and circumstances, representing a trade secret, which they have learned during the performance of their official and professional duties.

(3) The prohibition under para 2 shall also refer to the cases when the indicated persons are not on duty or their activity is suspended.

(4) (amended, 15.01.2019) The management company may provide the information under para. 2 only in the following cases:

1. to the FSC, of the Deputy Chairman of the FSC, head of the Investment Supervision Department and to authorized officials of the FSC administration, for the purposes of their control activity and within the framework of the inspection order;
2. with the written consent of the Client;
3. by the order of Part Two, Chapter Sixteen, Section IIIa of the Social Insurance Code;
4. by decision of the court, issued under the conditions and by the order of art. 91, para 2 and 3 of the Markets in Financial Instruments Act, as well as at the request of the authorized persons and in the cases provided in Art. 91, para 4-6 MFIA.

Art. 8. (1) The advertising materials related to the activity of the Management Company, as well as the public statements of the members of the management and control body and of the other persons, working under a contract for the Management Company, must meet the following requirements:

1. (amended, 15.01.2019) to be understandable, true, clear and not to be misleading and to meet the requirements under Art. 44 of the Delegated Regulation. Advertising materials must be clearly marked as such.
2. not to include and not to refer to statements of the Client;
3. not to be formed graphically in way which could create the impression of giving unequal importance to separate elements of their content.

(2) (New with a decision of the Board of Directors on 01.04.2013, amended by decision of BD on 19.01.2023) All marketing communications to investors must be clearly marked as such, be accurate, clear and not misleading. Any marketing communication involving an invitation to purchase units of a collective investment scheme may not contain false or misleading information, as well as information that contradicts the information contained in the prospectus and in the key information document.

(3) (amended by decision of BD on 19.01.2023) For all marketing communications to investors in collective investment schemes, 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 the 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 12 July 2019), hereinafter referred to as "Regulation (EU) 2019/1156" and the guidelines of the ESMA on the application of Art. 4, paragraph 1 of this Regulation, for which the Commission has decided to implement them according to art. 13, para. 1, item 26 of the Law on the Financial Supervision Commission. Any marketing communication, including an invitation to purchase units of the collective investment scheme, should not contain false or misleading information, as well as information that contradicts the information contained in the Prospectus and the Key information document.

All marketing communications in connection with the offering of units of a collective investment scheme shall contain:

1. information on the place, time, manner and language in which the prospectus and the key information document may be obtained or where they are publicly available;
2. information regarding the value of the units and the income from them may decrease, that profits are not guaranteed and that there is a risk for the investors not to recover the full amount of the invested funds.

(4) (New with a decision of the Board of Directors on 01.04.2013, amended by decision of the Board of Directors on 19.01.2023) The marketing communications related to the activity of collective investment schemes, including public statements, interviews and presentations by the members of the Board of Directors of an investment company and of other persons working under a contract for the investment company, respectively of the members of the management and control body of the management company and to other persons working under a contract for the management company, as well as marketing communications about the activity of collective investment schemes prepared and distributed by third parties, used by the investment or management company for marketing purposes, must be approved in advance by the head of the Department for regulatory compliance

Art. 9. The members of the management and control body of the Management Company and the persons related to them, as well as the other persons working under a contract for the Management Company, may not be a party to a transaction with an investment company, Client of the Management Company, except in their capacity of its shareholders in compliance with the restrictions in the Rules for personal transactions with financial instruments of the members of the Board of Directors, of the investment consultant, of the other persons working under a

contract with Management Company “Compass Invest” JSC and the persons related to them.

Art. 10. (1) The Management Company shall keep daily separate records for each Client. Accounting is conducted in a way that excludes deletion or replacement of data.

(2) (amended, 15.01.2019) For its activity under Art. 2 The Management Company shall keep registers with content and form in accordance with the provisions of Ordinance №44 and the other applicable regulations, including the Delegated Regulation regarding the portfolio management activity.

Art. 11. (amend., 15.01.2019) The management company is obliged to keep for at least five years all the documentation and information, carried out with its activity, and when requested by the FSC - for a period of up to seven years.

Art. 12. The management company must have an appropriate internal organization, incl. management and accounting organization and technical equipment meeting the regulatory requirements to ensure accurate performance of its obligations to its Clients and autonomous management of the portfolios of the collective investment schemes that it intends to manage.

Art. 13. The management company is obliged to notify the Commission of the circumstances provided for in Ordinance № 44 regarding its status, organization and activity.

Art. 14. The management company is obliged to maintain capital adequacy and liquidity in accordance with the requirements of Ordinance № 44.

SECTION III

RIGHTS AND OBLIGATIONS OF THE MANAGEMENT COMPANY

Art. 15. In carrying out its activity, the Management Company is obliged to take the due care and loyalty to its Clients according to art. 5, item 1 and other provisions of these General Terms and Conditions.

Art. 16. (amended, 15.01.2019) In case of conflict of interests between individual Clients, the Management Company must ensure their fair treatment by applying the principles of equal treatment of Clients under equal conditions in compliance with its policy for dealing with conflicts of interest.

Art. 17. The Management Company forms the investment portfolio of the Client, evaluates its efficiency and revises it, observing the investment goals, strategy and restrictions of the Client, such as:

1. take investment decisions and give orders for their execution by concluding transactions with securities and other permitted financial instruments;
2. (amended, 15.01.2019) gives its orders to the investment intermediary (intermediaries) with which the client - investment company has a contract or performs only transactions, in cases where this is possible, and in respect of clients

under contracts for portfolio management - to an investment intermediary, determined by the order of art. 28, para. 2, item 1

3. under the conditions of item 2 the Management Company may issue investment orders for transactions with foreign financial instruments at the expense of the Client and to a foreign investment intermediary (intermediaries), which has received permission to perform activity as an investment intermediary according to the legislation on registration and member (s) on a foreign regulated market.

Art. 18. (1) When managing the activity of an open-end investment company, the Management Company shall:

1. perform on behalf of the investment company all legal and factual actions for the issuance and redemption of its shares, in accordance with the current legislation, the articles of association and the prospectus of the investment company and the contract with it;
2. opens sub-accounts of the shareholders of an open-ended investment company to its account with Central Depository AD;
3. (amended 15.01.2019, amended by decision of the Board of Directors on 18.01.2023) accepts orders for purchase or redemption of shares of an open-ended investment company only in writing on the basis of a contract concluded with the investor. Orders can also be submitted through an electronic statement signed with an electronic signature.
4. if assigned by the management contract, calculate the net asset value, the issue value and the redemption price of the shares of the investment company under the control of the depository bank, in compliance with the requirements provided in the current legislation, the Articles of Association, the prospectus and the rules for valuation of the investment company's assets;
5. perform the necessary actions related to announcing the issue value and the redemption price of the shares of the investment company, announcing them in the Commission and publishing them on its website, indicated in the prospectus;
6. propose to the management body of the investment company the taking of decisions for temporary suspension of the issue and repurchase of its shares or for resumption of the repurchase and issue no later than the end of the business day in which grounds for suspension or resumption have arisen;
7. perform on behalf of the investment company all other legal and factual actions necessary for the execution of the investment transactions through the authorized investment intermediaries or by the Management Company itself;
8. provide legal and accounting services in connection with asset management, respond to requests for information from investors, control the compliance of legal requirements, keep the book of shareholders, organize distribution of dividends and other payments, performance of contracts, record keeping, and fulfills all other

obligations arising for the investment company in connection with these activities assigned to it by the management contract or by law;

9. if assigned, by the management contract, manage the advertising and marketing activity, and maintain the website of the investment company on the Internet.

(2) (Amended by decision of the Board of Directors on 19.01.2023) The funds received by the Management Company, provided by the investors for acquisition of shares of an open-end investment company shall be kept in the depository bank to the account of the investment company, managed by the Management company.

Art. 19. In the specific management contract conditions and terms may be laid out for carrying out the activities under art. 17 and 18, as well as additional rights and obligations for the Management Company. The contract should contain a clause stating that the client has received the information that the Management Company is obliged to provide in the Collective Investment Schemes and Other Undertakings for Collective Investments Act and its implementing acts, and that it is aware of the risks associated with investing in financial instruments.

Art. 20. (1) The management company shall be obliged to manage the activity/portfolio of its Client personally. It cannot be replaced by another person except for the cases under para 2 and 3.

(2) (amended, 15.01.2019) The management company may delegate functions and actions for sale and redemption of shares to open-end investment companies by concluding contracts with banks and/or financial institutions. The conclusion of such agreements is admissible in compliance with the requirements for ensuring effective management of the investment company by the Management Company, for exercising control over the actions of the persons to whom these functions are delegated, for avoiding conflicts of interest, in compliance with the applicable requirements of Collective Investment Schemes and Other Undertakings for Collective Investments Act and Ordinance № 44.

(3) (amended, 15.01.2019) With regard to portfolio management contracts, the Management Company may assign certain operational functions to a third party in compliance with the requirements of Chapter Two, Section 2 of the Delegated Regulation.

(4) The management company may use subcontractors in performing particular functions under the management contract. The management company is responsible for the work performed by the subcontractors as for its own performance.

Art. 21. (1) In the relations with third parties, regarding the management of the

activity/portfolio of its Client, the Management Company acts on behalf and for the account of the Client within the representative power, determined by the concrete contract.

(2) (Amended by decision of the Board of Directors on 18.01.2023) The Management Company may conclude on behalf and at the expense of the Client contracts with investment intermediaries for execution of the investment orders for the portfolio management.

Art. 22. (1) Under individual portfolio management contracts the Management Company shall be obliged to provide on a durable medium to each client a periodic report on the activities performed at the expense of the Client, related to the portfolio management, unless such is provided to the client by a third party. . The retail report contains the following information (as much as applicable):

1. name of the Management Company;
2. name or other indication of the client's account;
3. (amended, 15.01.2019) data on the content and valuation of the portfolio, including detailed information on each financial instrument included in it, market price for each financial instrument or fair price, if the market price cannot be determined, the cash balance at the beginning and at the end of the reporting period, as well as the results of the portfolio management during this period;
4. (amended, 15.01.2019) total amount of fees and liabilities accrued during the reporting period, indicating at least the total value of the management fee and the total costs related to the implementation; where applicable, indicate that a more detailed cost statement will be provided upon request;
5. (amended, 15.01.2019) comparison of the results of portfolio management during the reporting period with a standard (benchmark), if the is such, specified by agreement between the Client and the Management Company;
6. total amount of dividends, interest and other payments received during the reporting period in connection with the management of the client portfolio;
7. information on other corporate actions, giving certain rights in connection with the financial instruments from the portfolio;
8. (amended, 15.01.2019) for each transaction concluded during the reporting period, to provide the information under Art. 59, paragraph 4" b.-"c"-1" of the Delegated Regulation, where applicable; the requirement does not apply when the client has chosen to receive notifications after each concluded transaction according to para. 2, second sent.

(2) (amended, 15.01.2019) The report under para. 1 shall be submitted every 3 months. The Client has the right to request to receive confirmation for each concluded transaction with the content under Art. 59 (4) of the Delegated Regulation, in which case a report shall be sent once every 12 months (except in the case of transactions in financial instruments under Article 4, items 4-11 and

paragraph 1, item 1, letter " c " of the Markets in Financial Instruments Act). Where leverage in the management of the portfolio is allowed in the contract, the report shall be submitted at least once a month.

Art. 23. The Management Company may send its non-voting representative to the meetings of the Management Board of its Client, when he has informed him that issues concerning the management contract will be discussed.

Art. 24. (1) The management company shall be obliged to apply measures for prevention of money laundering according to the Measures Against Money Laundering Act, including:

1. identifies Clients and verifies their identification;
2. identifies the actual owner of the Client - legal entity and undertakes appropriate actions for its identification in a way that gives sufficient grounds to the Management Company to accept as established the actual owner;
3. collects information from the Client regarding the purpose and nature of the relationship, which has been established or is to be established with him;
4. carry out current monitoring of the established commercial or professional relations and check the transactions and operations carried out within these relations, insofar as they correspond to the available information about the Client, about his commercial activity and risk profile, incl. to clarify the origin of the funds in the cases specified in the Measures Against Money Laundering Act;
5. discloses information about suspicious operations, transactions and clients.

(2) The management company shall be obliged to apply the measures under the Measures Against Financing of Terrorism Act, according to which blocking of cash, financial assets and other property is envisaged, and the provision of financial services, cash, financial assets or other property to persons under Art. 4b of the Measures Against Financing of Terrorism Act.

(3) For the additional rights and obligations of the Management Company, apart from the explicitly indicated here, the Collective Investment Schemes and Other Undertakings for Collective Investments Act and the acts for its implementation, the MAMLA, the MAFTA and the other applicable legislation, as well as the other provisions of these General Terms and the specific management contract shall apply.

SECTION IV

RIGHTS AND OBLIGATIONS OF THE CLIENT

Art. 25. (1) The Client has the right to demand exact fulfillment of the contractual obligations by the Management company.

(2) The Client has the right to inspect the fulfillment of the contractual obligations

by the Management Company, without violating its operational independence.

Art. 26. (1) The client is obliged to perform his duties in good faith and to give the necessary assistance to the Management Company, including to provide all necessary documents and information, as well as to ensure the taking of the necessary decisions by its competent bodies (as far as applicable) and to perform all other necessary legal and factual actions in order for the Management Company to be able to fulfill its obligations under these General Terms and Conditions and the specific contract concluded between the Client and the Management Company.

(2) (amended, 15.01.2019) The client is obliged to provide the Management Company with a certified copy of its Articles of Association and prospectus (if any), as well as all other documents stating the objectives of its investment activity and policy, strategy and internal restrictions, respectively at the Client, whose activity is subject to foreign legislation - and information about the requirements and restrictions provided in it.

(3) The Client shall provide the Management Company with data on its assets and on the depository institution in which they are stored, necessary for the Management Company to exercise its rights and obligations under the contract, as well as for the investment intermediaries through which the Management Company shall perform its investment decisions.

(4) The client shall be obliged to immediately inform the Management Company about a change in the acts under para. 2 or for replacement of the persons under para. 3 and for any changes in the contracts with them, as well as for any other decision that may affect the taking or implementation of investment decisions for the management of the Client's portfolio.

Art. 27. In case there are objections to the reports of the Management Company, the Client must state them in writing to the Management Company within three working days from the receipt of the report. If no objections are submitted to the submitted report within the specified period, it is considered that the Client has approved it.

SECTION V.

ADDITIONAL TERMS AND CONDITIONS REGARDING INDIVIDUAL PORTFOLIO MANAGEMENT AND INVESTMENT CONSULTING

Art. 28. (1) When managing an individual portfolio, the Management Company complies with the obligation to act in accordance with the best interest of the Client, when submitting orders to an investment intermediary for execution of the adopted decisions for trading in financial instruments at the Client's expense.

(2) For fulfillment of the obligations under para. 1, the Management Company:

1. (amended, 15.01.2019) accepts and applies a policy, which determines in regards of each class of financial instruments the persons to whom the Management Company submits the orders, which persons must have the necessary agreements and mechanisms for execution, which ensure that the Management Company fulfills its obligations under this paragraph, respectively for determining the places of performance;
 2. provides the Clients with appropriate information about the policy applied by it under item 1;
 3. constantly monitors the effectiveness of the policy under item 1, including the quality of implementation by the persons under item 1, and, when necessary, take measures for removal of established irregularities;
 4. performs a review of the policy under item 1 once a year, as well as in case of any significant change, which may affect the ability of the Management Company to provide the best results for its clients.
- (3) (revoked, 15.01.2019)

Art. 29. (1) (amended, 15.01.2019) By signing these General Terms and Conditions, the Client, with whom a portfolio management contract is concluded, declares that he does not object to his funds submitted to the Management Company in connection with portfolio management, to be kept by the latter in a qualified money market fund under Article 93, paragraph 1, item 4 of Markets in Financial Instruments Act.

(2) In the cases when the client's portfolio includes financial instruments traded on a market other than the Bulgarian one, it is possible for his financial instruments to be kept in a general account (together with the other financial instruments held in the name of the servicing investment intermediary/the Management Company or a third party) with a third party, when the local legislation allows what the signing of these General Terms and Conditions, the Client declares that he has been notified and agrees.

(3) By signing these General Terms and Conditions, the Client declares that he is informed that the financial instruments owned by him, traded on the Bulgarian market will be stored with the designated servicing investment intermediary or the Management Company and that he does not object if necessary, the financial instruments owned by him to be kept with third parties other than those mentioned above or to use the services of third parties other than the above for the performance of investment services at his expense. When such a need arises, the Management Company shall immediately notify the Client of the selection of a new third party in the manner of communication preferred by the latter.

Art. 30 (1) (Amended by decision of the Board of Directors on 19.01.2023) The Management Company shall request from the Client, respectively from the

potential Client, information for:

1. their financial capabilities, including information on the sources and the amount of their fixed income, their assets, including liquid assets, investments and real estate, as well as their regular financial obligations;
2. investment objectives, including, as far as applicable, information for the period of time in which the client wishes to hold the investment, his preferences regarding the assumed risk and sustainability, his risk profile and the objectives of the investment;
3. knowledge, experience in the field of investment activity, including:
 - the type of services, transactions and financial instruments with which the client is familiar;
 - the nature, volume and frequency of transactions with financial instruments at the expense of a client, as well as the period in which they will be concluded;
 - the level of education, profession or relevant previous profession of the client or potential client;
 - willingness to take risks.

(2) The management company shall be guided by information under para. 1, provided by its Clients or potential Clients, unless it knows or should have known that the information is inaccurate, incomplete or out of date.

Art. 31. (1) The specific parameters of the portfolio and the types of financial instruments included in it and their quantitative proportions shall be determined in the contract concluded between the Management Company and the Client.

(2) When managing a portfolio of financial instruments and/or money at its own discretion, the Management Company shall be liable only for the conscientious and competent performance of the contractual obligations, but not for the final financial result achieved by the Client. The management company does not promise interest and other fixed positive income from portfolio management.

(3) The portfolio management is performed entirely at the expense of the Client and at their risk.

(4) (Amended by decision of the Board of Directors on 19.01.2023) Portfolio management and provision of investment consultations shall be performed on the basis of a written contract with the Client, which shall be concluded upon respective application of the requirements of Section I of Chapter Four of Ordinance № 38. Conclusion of the contract through a proxy of the Client (as permitted by applicable law) is permissible only if a notarized power of attorney is presented, which contains representative authority to perform management or administrative actions with financial instruments and a declaration by the proxy that he does not perform transactions with financial instruments, as well as that he has not performed such transactions within one year before concluding the contract.

Art. 32. By concluding the management contract under art. 31 it is considered that the Client gives in advance his confirmation for each specific operation or transaction, for which an order has been submitted by the Management Company.

Art. 33. (Amended by a decision of the Board of Directors dated 01.04.2013) The Management Company will evaluate the financial assets in the portfolio of an individual client, according to methods specified in each specific contract.

Art. 34. (amend., 15.01.2019) When managing a portfolio or providing investment advisory, the Management Company shall not be entitled to pay, respectively to provide and receive, remuneration, commission or non-monetary benefit, except for those paid or provided by or to The Client or his representative; paid or provided by or to a third party or its representative, in compliance with the established in the Policy for treatment of conflicts of interest, applied by the Management Company.

Art. 35. The management company shall be obliged to present to the clients under a portfolio management contract a periodic report with content and within terms of art. 22, para. 1 and 2 above.

Art. 36. The other sections of the General Terms and Conditions shall also apply to the individual portfolio management contracts, insofar as they do not contradict this section.

SECTION VI

REMUNERATION AND EXPENSES

Art. 37. The Client is obliged to pay to the Management Company remuneration for the management of the activity and/or the portfolio of financial instruments and/or money, in the amount, under the conditions and terms, determined in the contract concluded between them.

Art. 38. (1) Apart from the remuneration of the Management Company agreed in the management contract, the Client shall pay the costs for concluding transactions with assets from its investment portfolio (bank commissions, stock exchange commissions, fees of depository institutions and similar) in amounts according to the tariffs of the respective institutions, as well as other (extraordinary) expenses, which have become necessary for the fulfillment of the obligations of the Management Company under the management contract.

(2) The amounts and the rules for distribution of the expenses for advertising, marketing, accounting and other activities, performed by the Management Company, shall be determined in the concrete management contract.

Art. 39. The obligation to pay the due remuneration shall be considered fulfilled at the moment of crediting the bank account of the Management Company.

SECTION VII

PENALTY

Art. 40. The Client is obliged to pay to the Management Company the incurred expenses, together with the interest and the damages, which the latter has suffered due to culpable non-fulfillment of the obligations by the Client. The Client has the same right in relation to the Management Company, which has culpably failed to fulfill its obligation.

Art. 41. (1) In case of culpable non-fulfillment of its obligation the faulty party shall owe a penalty, if such is agreed in the concrete contract. This does not deprive the proper party of the right to claim compensation for all damages and lost profits above the amount of the penalty provided.

(2) In case of delayed performance, legal interest for delay or penalty shall be due, if such is provided in the specific contract.

SECTION VIII

AMENDMENT AND TERMINATION OF THE MANAGEMENT CONTRACTS

Art. 42. The individual contracts concluded between the Management Company and the Clients are subject to amendment, cancellation and termination in accordance with the provisions of the applicable legislation.

Art. 43. (1) In case of termination of the concrete management contract each of the parties shall be obliged to report to the other party within five working days after the date of the termination of the contract.

(2) In case of cancellation of the contract due to non-fulfillment of the obligations by the Management Company, the Client - investment company shall order in writing to the Management Company to immediately terminate the management of its activity. In this case, the Management Company is obliged to submit to the investment company all available information and documentation in connection with the management contract within five days.

SECTION IX

AMENDMENT OF THE GENERAL TERMS AND CONDITIONS

Art. 44. (1) The amendment and supplementation of the General Terms and Conditions shall be done by a decision of the Board of Directors of the Management

Company.

(2) The Management Company shall notify the Deputy Chairman of any change in the General Terms and Conditions.

(3) The amendment or supplementation of the General Terms and Conditions is valid for the Client under a concluded contract only if it has been notified, and within 15 days the Client has not stated in writing that he does not accept the change ("tacit consent of the Client").

SECTION X

OTHER PROVISIONS

Art. 45. (1) All notifications between the parties shall be made in writing to the addresses of the Client and the Management Company, specified in the specific contract.

(2) (amended, 15.01.2019) In the cases in which according to the present General Terms and Conditions or the applicable normative acts the presentation of information on a "durable medium" is required, Art. 3 of the Delegated Regulation shall be applied.

Art. 46. The parties shall resolve the disputes that have arisen between them by mutual consent and through negotiations. In case no agreement is reached, the dispute is referred to the competent court in Sofia.

Art. 47. The provisions of the current Bulgarian legislation shall apply to the issues not settled in the General Terms and Conditions.

Art. 48 (1) (amended, 15.01.2019) An integral part of the General Terms and Conditions are the following annexes (hereinafter the "Annexes"):

a) Annex № 1 - *Brief description of the Policy of Management Company "Compass Invest" JSC for the best performance in portfolio management at its own discretion, without special orders of the client*

b) Annex № 2 - *Brief description of the Policy of MC "Compass Invest" AD for best execution, assignment to other persons of the execution of transactions at the expense of the collective investment schemes managed by the management company, for selection of strategies for exercising the right to vote and for merging and dividing the executed orders.*

c) Annex № 3 - *General description of the financial instruments and the risks associated with them*

d) Annex № 4 – *Additional information regarding MC "Compass Invest" JSC*

e) Annex № 5 - *Brief description of the Policy for categorization of the clients of MC "Compass Invest" AD as non-professional and professional*

2) By signing the contract, the Client declares that he is familiar with the Annexes, understands their content and accepts them.

Art.49. (amended, January 15, 2019 and 19.01.2023) For the purposes of these General Terms and Conditions, the abbreviations used have the following meaning:

MFIA - Markets in Financial Instruments Act

Ordinance № 44 - Ordinance № 44 of 20.10.2011 on the requirements for the activity of collective investment schemes, management companies, national investment funds, alternative investment funds and persons managing alternative investment funds.

Delegated Regulation - Commission Delegated Regulation (EU) 2017/565 of 25 April 2016 supplementing Directive 2014/65 / EU of the European Parliament and of the Council in regards to the organizational and operating conditions of investment firms and the granting of the definitions for the purposes of that Directive

The Commission - Financial Supervision Commission

Deputy Chairman - Deputy Chairman of the Financial Supervision Commission, Head of the Investment Supervision Department

MAMLA – Measures Against Money Laundering Act

MAFTA – Measures Against Financing of Terrorism Act.

These General Terms and Conditions have been adopted by the Board of Directors of MC "Compass Invest" JSC with a decision on 06.06.2012 and have been amended by a decision of the Board of Directors on 01.04.2013, 27.06.2013, 15.05.2014, 15.01.2019 and 19.01.2023.

for MC Compass Invest JSC:

Milena Ivanova Aleksandrova,
Chairman of the Board of Directors

Ivaylo Krasimirov Angarski,
Executive Director

ANNEX № 1

TO GENERAL TERMS AND CONDITIONS OF MC "COMPASS INVEST" JSC FOR MANAGEMENT OF THE ACTIVITIES OF INVESTMENT COMPANIES AND FOR PROVISION OF PORTFOLIO MANAGEMENT SERVICES TO INVESTORS ("GENERAL TERMS") (amended, 15.01.2019)

SHORT DESCRIPTION

OF THE POLICY OF MC "COMPAS INVEST" JSC FOR THE BEST PERFORMANCE IN PORTFOLIO MANAGEMENT AT ITS OWN DISCRETION, WITHOUT SPECIAL ORDERS OF THE CLIENT

I. GENERAL PROVISIONS

MC "Compass Invest" JSC (hereinafter referred to as the "Company" or "MC") is obliged by virtue of the applicable legislation to take measures in order to ensure the achievement of the best performance in the provision of portfolio management services at its own discretion, without special orders from the client (hereinafter "the Service").

In this regard, the Company has developed a Policy for best performance in portfolio management at its own discretion, without special orders from the client (hereinafter "the Policy"), according to art. 86, para. 3 of the Collective Investment Schemes and Other Undertakings for Collective Investments Act ("CISOU CIA"), in connection with art. 4, para. 3 of the Additional Provisions of the Markets in Financial Instruments Act ("MFIA"), in connection with art. 86 of MFIA and Commission Delegated Regulation (EU) 2017/565 of 25 April 2016 supplementing Directive 2014/65 / EU of the European Parliament and of the Council regarding the organizational requirements and conditions for the performance of activities by investment intermediaries and for the definition for the purposes of that Directive (the "Delegated Regulation") the MC should provide its clients with certain relevant information about it, which is contained in the following points.

The Company has developed in this Policy methodology and criteria for combining an order for a transaction with financial instruments at the expense of a respective client of the MC with another order for a transaction with financial instruments of another client or with an order for a transaction with financial instruments for the Company's own account.

II. WAYS TO PROVIDE THE SERVICE

When giving orders for transactions on behalf of clients for individual portfolio management or when assigning to other persons the execution of these transactions, the MC acts in the best interest of the client or the person whose activity it manages, taking all reasonable actions to obtain the best possible result for the client, taking into account the price, costs, term, probability of execution and settlement, volume and type of the order or any other circumstance related to the execution of the order, as discussed in Section II, item 1 below. The criteria set out in Section II, item 2, shall apply to determine the relative importance of these factors.

To the extent permitted by applicable law, the MC executes the investment decisions directly taken by it, regarding the provision of the Service (e.g. in case of subscription of securities at initial public offering, including subscription of units of collective investment schemes, or direct conclusion of transactions with financial instruments between parties outside a regulated market, including the direct conclusion of transactions in government securities or similar instruments that are not admitted to trading on a regulated market), and when this is not possible due to regulatory constraints or other obstacles with organizational or technical nature (including lack of the relevant license under applicable law, lack of membership of a regulated market, multilateral trading facility or other venue of execution of orders for transactions in the relevant type of financial instruments, lack of membership or access to organizations providing clearing and settlement concluded transactions with financial instruments, lack of specific technological equipment, software, etc.), as well as in other cases at the discretion of the respective competent body of the Company - by submitting orders to an investment intermediary selected by the respective client, with which the client has a contract, or to an investment intermediary specified by the client, provided that this investment intermediary meets the regulatory requirements and has the necessary agreements and mechanisms for the execution of orders, or selected by the MC, and with which the Company has a contract for the provision of services at the expense of its customers. A list of investment intermediaries with which the Company has concluded contracts for the provision of services at the expense of the clients of the MC in respect of transactions with each class of financial instruments is contained in Annex №2 to the Policy below, which will be updated accordingly after changes.

When an investment intermediary executes an order submitted to it, the MC shall monitor the quality of its execution, taking into account the factors specified in Section II, item 1 below. Investment orders shall be executed at the locations determined based on the factors and criteria set out in Section II, item 1 below and 2.

The obligation of the MC to achieve the best result does not apply if the client has given special instructions in connection with the assignment of the

implementation of the investment decisions taken or their implementation. It should be borne in mind that any special instructions from a client may prevent the investment intermediaries who execute the orders from taking the necessary steps to achieve the best result in their execution for that part of the order to which the special instructions relate. It is assumed that the obligations to the client are fulfilled if the MC has assigned execution (by submitting an order) of an investment decision, respectively the investment intermediary has executed the order or a specific aspect of the order, following the special instructions of the client.

III. FACTORS FOR ACHIEVING THE BEST RESULT

1. (Amended by decision of the Board of Directors on 19.01.2023) Factors that the Company will monitor in order to ensure the best performance

When providing the Service, the MC will monitor the following factors to ensure that in case of direct execution of the investment orders taken by it (insofar as the MC would execute investment decisions taken without assigning execution to an investment intermediary) or in their execution by the authorized investment intermediary (as far as relevant and appropriate), the best result will be achieved for the client:

- ✓ the price of which will be concluded or may be concluded transaction, for the execution of the investment decision taken for the management of the client's portfolio and the liquidity available at the respective price at which it is possible to conclude the transaction;
- ✓ the costs for carrying out the transaction (remuneration and fees for execution of the respective investment intermediary and a venue for execution, including those for clearing and settlement, as well as other remuneration and fees paid to third parties involved in the execution of the order);
- ✓ the term for execution of the transaction;
- ✓ the probability of execution of the transaction (liquidity on the respective market) and its settlement;
- ✓ the volume, nature and type of the order;
- ✓ conditions for clearing and settlement;
- ✓ any other circumstance related to the execution of the order at the expense of the respective client.

Taking into account the above factors (especially in the cases of a non-professional client), the Company gives the greatest importance to the price at which a portfolio management transaction can be concluded for the respective

client and the costs related to the transaction, but in certain cases (including in the cases in which according to the set investment strategy of the respective professional client for management of his portfolio it is necessary to liquidate in a short term a certain investment made at the expense of this client), the Company considers as the most important factor - alone or in combination with the price that can be achieved and the cost of the transaction, and the term for which the transaction can be executed, as well as the relative probability of the transaction to be executed within this period.

The Company believes that the best price when executing a “purchase” order is achieved when there is the lowest possible price and transaction costs when they are not included in the price. In the case of a “sell” order, the MC considers that the best price has been achieved when the highest possible price is available after deducting the costs for the respective client.

In case there is only one venue where an order can be submitted for execution and/or can be executed, it is considered that the best result has been achieved in its execution with the transfer, respectively its execution at this venue.

It should be borne in mind that the Company will strive to achieve the best performance in providing the Service, applying what is stated in the Policy, but this does not always guarantee that the best result will be achieved in all circumstances - in each case there are factors that can lead to different results in individual transactions.

In some cases, the MC will not apply the Policy adopted by it, such as in case of major market shocks and/or internal or external system breakdowns, when the ability to execute the order on time (or at all) may be a primary factor. In case of failures in the system, it is possible that the MC and/or the investment intermediaries selected by the clients, respectively by the Company, do not have access to any venue of performance.

In addition, the above will not apply to special orders received from the customer concerned (please see Section V below).

2. Criteria

The MC applies the following criteria to ensure that the factors, set out in the Policy are taken into account to achieve the best execution:

- ✓ the characteristics of the client, including whether he is a professional client or a non-professional client;
- ✓ the investment strategy of the respective client, as defined by him in the contract concluded between him and the MC for the provision of the Service;

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- ✓ the characteristics of the order, such as whether there is an indication of loss limitation, market or quantity restrictions, the volume of the order and the likely effect of its execution;

 - ✓ the characteristics of the financial instruments to which the investment decision relates and is therefore the subject of the order, e.g. equity/non-equity securities, derivative financial instruments, convertible instruments, etc.; liquid or not; structured (standardized), etc.;
 - ✓ the characteristics of the execution venues where the order can be executed;
 - ✓ any other circumstances that may be relevant at the time.

3. Factors determining the choice of the venue of performance

In order to achieve the best result in providing the Service, the Company takes into account and monitors whether the selected investment intermediary takes into account (as far as relevant and appropriate) the following factors when choosing the venue for execution of the specific order:

- ✓ the price that can be achieved at the designated execution venue and the liquidity of the specific financial instrument at that execution venue;
- ✓ the costs associated with the transaction (i.e. the fees and remunerations for the execution of the order at a venue, including those for clearing and settlement, as well as other fees and remunerations paid to third parties involved in the execution of the order), which will be at the expense of the respective client;
- ✓ the probability that the order will be fulfilled and the settlement will be completed;
- ✓ the speed of execution of the order at a given venue of execution;
- ✓ conditions for clearing and settlement;
- ✓ the ability of the execution site to offer execution of multiple types of orders;
- ✓ any other considerations that are relevant to the execution of a transaction order at the expense of a specific customer.

In case there is only one venue where the order can be executed, it is considered that the best result has been achieved in its execution at that venue. In this case, the execution time will be important. For this reason, it will not be possible to compare prices at different venues as a factor in determining the best outcome. For example, this may occur in transactions with shares that are admitted to trading or traded on only one regulated market.

The venues for execution, on which the Company will mostly rely and on which orders will usually be executed at the expense of the clients of the MC, to which the Service is provided, are:

A) For shares, bonds, other transferable securities and money market instruments, as well as derivative financial instruments:

- ✓ which are traded on a regulated market or other trading venue:
 - on a regulated market
 - on a Multilateral Trading System (MTS)
 - on an Organized Trading System (OTS) or
 - with a broker acting as a systematic participant;
- ✓ which are not traded on a regulated market or other trading venue - with a suitable seller/buyer.

B) For shares/units of collective investment undertakings: in accordance with the procedure provided for in the prospectus, which is subscription/repurchase through the management company at the announced price (which is based on the net asset value) or purchase/sale on the regulated market, which the shares/units are accepted for trading, and for shares/units of closed-end collective investment undertakings: according to the general procedure provided for shares, respectively according to the procedure provided for transactions with units.

By receiving these General Terms and Conditions and signing the Portfolio Management agreement, the Client declares that he is aware of the fact that orders for his account can be executed outside a regulated market, MST or OTS, where they are accepted for trading, and gives explicit consent to this.

A list of the main venues of implementation is given in Annex № 1 below. These execution venues do not constitute an exhaustive list, and depending on the specifics of the respective investment decision to be executed, it may be executed at other execution venues, which are considered to be suitable in accordance with the requirements of this Policy and, when necessary, the MC will update the list of venues.

IV. (Amended by decision of the Board of Directors on 19.01.2023) BEST EXECUTION FOR SUBMISSION OF ORDERS

The Company strives to achieve the best possible result for its clients in providing the Service by submitting orders in execution of investment decisions taken for a client by selected investment intermediaries or such with whom the management company has a contract concluded on behalf of clients, which may meet the requirements for best execution specified in MFIA. and the Delegated Regulation, subject to the following:

- ✓ The MC selects companies that are most likely to achieve the best possible result for its clients;

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- ✓ The Company checks whether the policy for execution of orders of the selected companies complies with the criteria and principles set out in the Policy, as well as whether the selected companies have the necessary agreements and implementation mechanisms to ensure the best possible result for the clients of the MC;
 - ✓ The MC assesses the quality of the execution of the submitted orders by the selected companies and in case of shortcomings will take the necessary actions to correct them, including by negotiating and signing additional agreements/annexes to the concluded contracts with the companies and, as a last resort - by terminating the concluded contracts and selection of new companies with which to conclude a contract.

The Company considers the price factor of the service provided by the respective company as decisive under equal other conditions, but nevertheless the MC may choose a company that enjoys a better reputation, technical and human resources to ensure the accurate execution of orders for transactions in financial instruments at the expense of its clients and their settlement to a company that offers only lower prices for the performance of the assigned activities.

A list of the main investment intermediaries to which the MC submits execution orders is given in Annex № 2. These investment intermediaries do not constitute an exhaustive list, and depending on the specifics of the respective enforceable investment decision it can be executed through other investment intermediaries deemed appropriate in accordance with the requirements of this Policy and, if necessary, the MC will update the list.

It should be borne in mind that the above does not apply when the client of the MC has independently selected an investment intermediary, entered into a contract with it and ordered the Company to implement through this intermediary investment decisions to manage his portfolio. In this case, the Company will only seek to notify its client when it finds deficiencies in the execution of orders from the investment intermediary chosen by the client, which does not provide the best possible result for the client.

V. SPECIAL INSTRUCTIONS OF THE CLIENT

The clients of the MC should keep in mind that if they submit to the Company special instructions regarding a certain venue of performance, a certain person with whom to implement the investment decision, time limits, a certain price, etc., the MC will be obliged only to hand them over to the investment intermediary, through which the respective order will be executed, monitoring their observance.

In addition, clients should keep in mind that in the case of special instructions on their part, the MC and the investment intermediary through which the order will be executed will not be obliged to apply the best execution rules set out in

the Policy, respectively in the execution of orders of the respective investment intermediary, and it will be considered that the best execution has been achieved by complying the execution of the order with these special instructions of the client.

VI. COMBINING ORDERS AND SEPARATION OF RESULTS FROM EXECUTED ORDERS

In case the Company decides when providing the Service to combine orders on behalf of one of its clients with orders on behalf of another of its clients or respectively managed collective investment undertaking or with an order for a transaction with financial instruments for own account of the MC (as far as transactions for own account of the MC are eligible), such combination will be carried out in strict compliance with the following general restrictions, namely:

- ✓ the merging of orders will not be of harm to any of the customers whose orders are merged;
- ✓ The Company has explained to each client, the order on whose behalf the is being merged, that the mergeing may be unprofitable for him in connection with a specific order;
- ✓ the policy of combining orders from different clients and of splitting a partial execution result, contained below, is effectively followed.

As a relative sign of the possibility to combine orders and submit them as an aggregate order, the ability to execute is mainly considered (for example, within the usual trading hours of the "Bulgarian Stock Exchange – Sofia" AD or another regulated market of financial instruments and within the same day on which the aggregate order is submitted; when combining orders for OTS transactions, the standard market volumes, below which it is impractical to execute such transactions, are taken into account).

In this regard, at the discretion of the MC, whether two or more orders in execution of investment decisions taken at the expense of its clients, respectively merging one or more orders in individual portfolio management with orders at the expense of managed collective investment undertakings and/or with transactions for own account of the MC, to be combined and ordered in aggregate for execution, priority is also given to the asking price (in order to be able to combine orders it is absolutely necessary that they be at the same price - for example, the same limit price or, accordingly, all orders must be at a "market" price). Apart from that, the high probability of fulfillment of the aggregate order, based on the subjective assessment of the employees of the MC for the movement of the respective market at the respective moment, minimizes the risk of possible adverse consequences for any of the Company's clients.

In case of partial execution of combined orders, the results of the execution are distributed by giving priority to the time for making the investment decisions, as a result of which the orders are submitted: the earlier taken investment decisions receive full or maximum possible execution, and the later ones partially satisfied or unsatisfied. In case the decisions are made in the same hour, the result of the

execution shall be distributed in proportion to the volume of each of the combined orders as a result of these decisions.

In case the MC has combined an order for the account of a respective client of the Company with an order for a transaction with financial instruments for own account of the MC, then in case of partial execution of the combined order the Company distributes the result of the execution primarily for the account of the respective client and only after that the rest is distributed for the account of the Company. In addition, the MC shall take all necessary technical and organizational measures to avoid redistribution of own-account transactions executed in conjunction with orders on behalf of its client where this is to the detriment of the client concerned.

What is stated in the first sentence of the previous paragraph does not apply if the MC is able to reasonably prove that without consolidating the orders, the Company would not be able to execute them under such favorable conditions or to execute them at all. In this case, the partial execution of the combined orders shall be distributed in proportion to the volume of each of them, respectively, applying the rule specified in the first paragraph of this item.

VII. ADDITIONAL INFORMATION

The Company will provide its clients with appropriate information on any significant changes in the Policy, including by publishing the current version of the Policy on the website of the MC: <http://www.compass-invest.eu>, in the office of the MC in Sofia, 19 George Washington Street, floor 2, and in the other offices (if any), where contacts are made with clients of the Company

Annex № 1 (Amended by decision of the Board of Directors on 19.01.2023)

List of the main execution venues¹ used by "Compass Invest" JSC

- ✓ "Bulgarian Stock Exchange" JSC
- ✓ "London Stock Exchange"
- ✓ "Nasdaq"
- ✓ "New York Stock Exchange"
- ✓ "Deutsche Boerse AG"
- ✓ AMEX-Amsterdam Stock Exchange
- ✓ Xetra
- ✓ Frankfurt Stock Exchange
- ✓ Euronext Paris
- ✓ Irish Stock Exchange
- ✓ Borsa de Madrid
- ✓ Swiss Stock Exchange

¹The list is not exhaustive

Annex № 2 (Amended by decision of the Board of Directors on 19.01.2023)

List of the main investment intermediaries to which “Compass Invest” JSC will submit orders

Name of Investment Intermediary (II)	Country of registration	Types of financial instruments with which transactions will be concluded through this II
BenchMark Finance AD	Bulgaria	Shares, bonds
UniCredit Bulbank AD	Bulgaria	Shares, bonds, government securities
MK Brokers PLC	Bulgaria	Shares, bonds, government securities
“Cohen International Limited”	USA	Shares, bonds, government securities, derivative financial instruments
Central cooperative bank” AD	Bulgaria	Shares, bonds, government securities
Baader Bank	Germany	Shares, bonds
DSK Bank	Bulgaria	Derivative financial instruments
Delta Stock AD	Bulgaria	Bonds, government securities
ING Bank	Bulgaria	Shares, bonds, government securities
Bridport	Switzerland	Bonds
Intercapital Markets JSC	Bulgaria	Shares, bonds
Dealing Financial Company JSC	Bulgaria	Shares, bonds, government securities
Paretto Securities	Finland	Bonds
Stonex	UK	Shares, Bonds

¹The list is not exhaustive

ANNEX № 2 (new, 15.01.2019)

**BRIEF DESCRIPTION
OF THE POLICY OF MC “COMPASS INVEST” JSC FOR BEST
EXECUTION, ASSIGNMENT TO OTHER PERSONS OF THE
EXECUTION OF TRANSACTIONS AT THE EXPENSE OF THE
COLLECTIVE INVESTMENT SCHEMES MANAGED BY THE
MANAGEMENT COMPANY, FOR SELECTION OF STRATEGIES FOR
EXERCISING THE RIGHT TO VOTE AND FOR MERGING AND
DIVIDING THE EXECUTED ORDERS.**

I. (Amended by decision of the Board of Directors on 19.01.2023) GENERAL PROVISIONS

The applicable legislation, namely Ordinance № 44 of the FSC on the requirements for the activity of collective investment schemes, management companies, national investment funds, alternative investment funds and persons managing alternative investment funds (Ordinance 44) requires Management Company “Compass Invest” JSC (hereinafter “the Company” or “MC”) to take necessary measures to ensure the best performance in the implementation of investment decisions for portfolio management of the organized and managed by it collective investment schemes, a list of which is contained in Annex №1 below (hereinafter referred to as “the Funds” and each separately “the Fund”), as well as in case the MC assigns a third party to execute one or more orders for transactions in financial instruments at the expense of the Funds - to take the necessary actions in order to achieve the best result for the respective Fund by the selected third party, incl. taking measures to assess the performance of such orders by a third party. In addition, according to the provisions of Ordinance 44, the Company should develop strategies to be applied by the MC in the exercise of rights to vote, arising from the financial instruments held by each of the Funds, incl. taking the necessary action to monitor information on forthcoming corporate events so as to ensure the proper exercise of voting rights at the expense of each of the Funds in accordance with its investment objectives and strategy.

In the logic of the above, the Company has developed a Policy for best execution, assignment to other persons of the execution of transactions at the expense of the collective investment schemes managed by the management company, for selection of strategies for exercising the right to vote and for merging and dividing the executed orders (hereinafter referred to as the “Policy”), the MC should provide the unit-holders of the Funds with certain

appropriate information about it, which is contained in the following points, and the Funds organized as investment companies should explicitly agree with the Policy so that it can be applied to them.

II. INFORMATION UNDER ART. 133, PARA. 5, ITEM 1 OF ORDINANCE 44

1. Factors for ensuring the best performance (amended, 15.01.2019)

In order to ensure compliance with its obligation to act in the best interests of each Fund managed by it when executing decisions on transactions at the expense of this Fund directly (insofar as the MC would execute investment decisions without assigning execution to an investment intermediary) or when submitting them for execution by the authorized investment intermediary, the Company takes into account the following factors:

- ✓ the price at which will be concluded or may be concluded the transaction with assets from the portfolio of the respective Fund and the liquidity available at the respective price at which it is possible to conclude the transaction;
- ✓ the costs for carrying out the transaction at the expense of each of the Funds (remunerations and fees for execution of the respective investment intermediary and a given execution venue, including those for clearing and settlement);
- ✓ the term for execution of the transaction;
- ✓ the probability of execution of the transaction (liquidity on the respective market) and its settlement;
- ✓ the volume, nature and type of the order;
- ✓ any other circumstance related to the execution of the order at the expense of the respective Fund.

Taking into account the above factors, the Company attaches the greatest importance to the price at which a transaction can be concluded with assets from the portfolio of the Fund and the costs associated with the transaction, but in certain cases (when additional circumstances require it), not only, but also in cases where it is necessary to liquidate in a short time an investment made at the expense of one of the Funds), the Company considers as the most important factor - alone or in combination with the price that may be achieved, and the costs of the transaction, and the period for which the transaction can be executed, as well as the relative probability that the transaction will be executed within this period.

The Company believes that the best price when executing a "buy" order is achieved when the lowest possible price and transaction costs are available, when they are not included in the price. In the case of a "sell" order, the MC

considers that the best price has been achieved when the highest possible price is available after deducting the expenses for the respective Fund.

It should be borne in mind that the Company strives to achieve the best performance in the management of the Funds' portfolios, applying the criteria set out in the Policy, but this does not always guarantee that the best result will be achieved in all circumstances - in each case there are factors that can lead to different results in individual transactions.

In case there is only one venue where an order can be handed over for execution and/or can be executed, it is considered that the best result has been achieved in its execution with the transfer, respectively its execution at this place.

In some cases, the MC will not apply the Policy adopted by it, such as in case of major market shocks and/or internal or external system breakdowns, when the ability to execute the order on time (or at all) may be a primary factor. In case of system failures, the MC and/or the authorized investment intermediaries may not have access to any execution venue.

2. Criteria

The MC applies the following criteria to ensure that the best performance factors set out in the Policy are taken into account:

- ✓ the objectives, the investment policy and the specific risks for the respective Fund, according to its rules and prospectus;
- ✓ the characteristics of the order;
- ✓ the characteristics of the financial instruments, subject of the order;
- ✓ the characteristics of the execution venues where the order can be executed.

3. Factors determining the choice of financial instruments

When making investment decisions regarding the portfolio management of each of the Funds, the Company selects categories of financial instruments that best meet the objectives, investment strategy and policy of the Fund, as well as its risk profile, as they are set out in its Rules and Prospectus. In addition, when choosing the categories of financial instruments in which to invest the assets of the Funds, the Company takes into account the possibilities and terms for execution of the transaction and its settlement, the price and costs for execution and any other circumstances that may be relevant for the execution of the specific order and its effect for the portfolio of the respective Fund.

The Company selects the types of financial instruments in which to invest assets of each of the Funds, in strict compliance with the requirements of art. 38 of the Collective Investment Schemes and Other Undertakings for Collective Investments Act (“CISOUCIA”), as well as the provisions of Ordinance 44 and other acts on the application of the law.

4. Factors determining the choice of the execution venue (amended, 15.01.2019)

In order to achieve the best result in the management of the Funds' portfolios, the MC will take into account and monitor whether the authorized investment intermediaries take into account (as far as relevant and appropriate) the following factors when choosing the execution venue of the specific order:

- ✓ the price that can be achieved at the designated execution venue and the liquidity of the specific financial instrument at that execution venue;
- ✓ the costs related to the transaction (i.e. the fees and remuneration for the execution of the order at a given venue, including those for clearing and settlement), which will be at the expense of the respective Fund;
- ✓ the probability that the order will be fulfilled and the settlement will be completed;
- ✓ the speed of execution of the order at a given execution venue;
- ✓ conditions for clearing and settlement;
- ✓ the ability of the execution venue to offer execution of multiple types of orders;
- ✓ any other considerations that are relevant to the execution of a transaction order at the expense of a specific Fund.

In case there is only one venue where the order can be executed, it is considered that the best result has been achieved in its execution at that venue. In this case, the execution time will be important. For this reason, it will not be possible to compare prices at different execution venues as a factor in determining the best outcome. For example, this may occur with transactions with shares that are admitted to trading or traded in only one regulated market.

The execution venues, on which the Company will mostly rely and on which orders will usually be executed at the expense of each of the Funds, are:

A) For shares, bonds, other transferable securities and money market instruments:

- ✓ which are traded on a regulated market or other trading venue:

- on a regulated market under Art. 152, para. 1 and 2 of the Markets in Financial Instruments Act (MFIA) in the Republic of Bulgaria or in another Member State;
- on a regulated market, different from the one under Art. 152, para. 1 and 2 of MFIA, in the Republic of Bulgaria or in another Member State, functioning regularly, recognized and publicly available;
- on an official market on a stock exchange or on another regulated market in a third country, operating regularly, recognized and publicly available, which is included in a list approved by the FSC or provided for in the Rules of the respective Fund;
- on MTS
- on OTS or
- with a broker acting as a systematic participant;
- ✓ which are not traded on a regulated market or other trading venue - with a suitable seller/buyer.

B) For shares/units of collective investment undertakings: in accordance with the procedure provided for in the prospectus, which is subscription/repurchase through the management company at the announced price (which is based on the net asset value) or purchase/sale on the regulated market, on which the shares/units are accepted for trading, and for shares/units of closed-end collective investment undertakings: according to the general procedure provided for shares, respectively according to the procedure provided for transactions with units.

Annex № 2 below presents a non-exhaustive list of the main venues used by the MC for execution of orders at the expense of the Funds. Depending on the specifics of the respective enforceable investment decision, it may be implemented at other execution venues that are considered appropriate in accordance with the requirements of this Policy, and if necessary, the MC will update the list of execution venues.

III. INFORMATION UNDER ART. 134, PARA. 4 OF ORDINANCE 44

1. Factors determining the choice of a third party to be assigned the execution of orders at the expense of the Funds (amended, 15.01.2019)

When the Company chooses an investment intermediary ("II") to which can be submitted orders for transactions in financial instruments at the expense of the Funds, the MC considers the following factors:

- ✓ the existence of a license or permit to operate as an investment intermediary in accordance with applicable law;

- ✓ the existence of membership of the selected II in the respective regulated market or provided access to the respective other trading venue and a license/permit for transactions with the respective financial instruments;
- ✓ the existence of membership of the selected II or provided access to systems and organizations providing clearing and settlement of the concluded transactions with the respective financial instruments on the selected regulated market or other trading venue;
- ✓ the existence of a good reputation of the selected II;
- ✓ the availability of sufficient experience, technical, managerial and human resources of the selected II to perform the assigned activities and in particular, execution of the specific type of orders according to their characteristics and complexity, transactions with the specific type of financial instruments or the specific market or other trading venue;
- ✓ compliance of the principles set in the policy for execution of orders of the selected II with the principles specified in the Policy.
- ✓ the amount of the remuneration, fees, commissions and other expenses that will be paid to the selected II at the expense of the Funds in view of the provision by him of services for execution of the submitted orders for transactions with financial instruments.

In addition to the above factors, the Company takes into account the investment objectives, policies and specific risks set out in the rules and prospectus of the Fund and selects the II that has the necessary mechanisms, including agreements, so as to ensure the execution of orders for transactions with financial instruments of the type, volume and venues of execution, which to the greatest extent meet the requirements and investment restrictions set out in the rules and prospectus of the specific Fund, in the presence of the lowest costs for the respective Fund and in achieving the best price for this Fund, taking into account the probability that the order will be fulfilled in the shortest possible time.

In general, the MC considers the price factor of the assigned activity as decisive with other things being equal, but the Company may choose an investment intermediary that enjoys a better reputation, technical and human resources to ensure the accurate execution of orders for transactions in financial instruments for the account of the Funds and their settlement to an investment intermediary, which offers only lower prices for the implementation of the assigned activities.

In connection with the above, the MC selects investment intermediaries that:

- ✓ are most likely to achieve the best possible result for the Fund concerned, ensuring the correct execution of the submitted orders under the best conditions for the Fund, including in terms of costs at

the expense of this Fund. The company will rely on investment intermediaries, which are obliged to comply with the requirements of MFIA and Commission Delegated Regulation (EU) 2017/565 of 25 April 2016 supplementing Directive 2014/65 / EU of the European Parliament and of the Council with regard to organizational requirements and conditions for carrying out activities by investment intermediaries and for giving definitions for the purposes of that Directive (or similar legislation applicable to them) in order to achieve the best possible result, and the MC will assess whether a policy for the execution of orders of the selected investment intermediaries is in accordance with the Policy.

The company assesses the quality of implementation and will eliminate the shortcomings, including through negotiations and changes in existing contracts with investment intermediaries, and if these measures prove ineffective - by replacing investment intermediaries, as the contracts will contain clauses that ensure fast and trouble-free termination of the contract at the initiative of the MC.

2. Third parties entrusted with the execution of orders on behalf of the Funds

The third parties to which the Company may assign the execution of orders for transactions with financial instruments on behalf of the Funds are persons holding a license or permit to operate as an investment intermediary, according to the applicable law in the respective country, giving them the right to execute orders for transactions with financial instruments at the expense of the Funds of the specific type of financial instruments in which the respective Fund may invest according to its rules and prospectus and having access to the respective regulated market or other trading venue where the transactions will be carried out at the expense of this Fund.

A list of the selected investment intermediaries to which the Company may place orders regarding transactions with all classes of financial instruments, in which the Funds are eligible to invest in accordance with their rules and prospectuses, is contained in Annex № 3 below. If the MC decides that one of the Funds will invest in an instrument and/or market to which the listed investment intermediaries do not have access, the Company will select another II in compliance with the criteria and factors mentioned above and will update the list contained in Annex № 3 below.

IV. INFORMATION UNDER ART. 130, PARA. 3 OF ORDINANCE 44

1. Basic principles of the strategies applied by the Company for exercising the voting rights under the financial instruments held by the Funds

The MC develops mechanisms to enable it to monitor the timely receiving of information on forthcoming general meetings of holders of financial instruments from issues in which assets of one of the Funds have been invested, as well as uses pre-prepared strategies for determining the time and the manner in which the right to vote will be exercised at the expense of any of the Funds on financial instruments owned by it. In this regard:

- ✓ The Company monitors for publicly announced information about the forthcoming general meeting of holders of financial instruments from an issue, in which assets of one of the Funds have been invested;
- ✓ Ensures that the exercise of voting rights is in accordance with the objectives and investment policy of the respective Fund, in accordance with its rules and prospectus;
- ✓ Take measures to prevent or manage conflicts of interest arising from the exercise of voting rights.

In addition, the MC exercises the right to vote in the exclusive interest of the Fund concerned and while ensuring independence from the interests of third parties, e.g. the holders of units from another Fund, the own interests of the Company, its shareholders or related persons, their management or control bodies, etc.

2. Criteria for determining the time and manner of exercising the right to vote

The MC decides on the time and manner in which the right to vote will be exercised on financial instruments held by the respective Fund, taking into account the following, non-exhaustively listed, criteria:

- ✓ Amount of the investment of the respective Fund in the issuer of the financial instruments;
- ✓ Agenda of the forthcoming general meeting and especially issues related to the strategy and financial results of the company - issuer, the usual corporate governance as a board, elections, succession and remuneration, election of an auditor;
- ✓ Proposals of the management body of the issuer for decisions on the items on the agenda;
- ✓ Expenses related to the exercise of the right to vote.

Before deciding whether to exercise the right to vote at the expense of the Fund and how to exercise this right at a forthcoming general meeting of holders of financial instruments of the issue, the Company carefully considers and analyzes the proposals of the management body of the company-issuer and other proposals for decisions on the items on the agenda, if any. If necessary and if possible in accordance with the amount of financial instruments held by the respective Fund from the issue and in view of the provisions of the applicable legislation, the MC may decide to propose the inclusion of additional items on the agenda to be decided by the relevant General Meeting, as well as to take joint actions with other holders of financial instruments of this issue, if this is necessary in order to protect the interests of holders of units of the respective Fund. Especially in the cases of foreign financial instruments owned by the respective Fund, the Company may assign to the depository bank of the Fund, personally or through a depository institution, to represent the Fund in general meetings of holders of financial instruments. In this case, the authorization should be performed in accordance with the provisions of applicable law and in compliance with the principles of the Policy.

V. ADDITIONAL INFORMATION

(Amended by a decision of the Board of Directors on 01.04.2013) The Company will provide the holders of units of the Funds with appropriate information on any significant changes in the Policy, including by publishing the current version of the Policy on the website of the MC: : www.compass-invest.eu, in the office at the address for correspondence of the MC in Sofia, 19 George Washington Str., 2nd floor, and in the other offices (if any), where units of the managed Funds are offered and contacts with investors are made. In addition, at the request of the unit-holders of the Funds, the MC will provide free of charge information on the details of the actions taken in connection with the implementation of the above voting strategies at the expense of the Fund concerned.

Annex № 1 (Amended by decision of the Board of Directors on 19.01.2023)

List of collective investment schemes managed by MC “Compass Invest” JSC

- ✓ MF “Progress”, UIC: 175271276, entered in the register of the Financial Supervision Commission under Art. 30, para 1, item 3 of the Financial Supervision Commission Act under decision №538-MF
- ✓ MF “Strategy”, UIC: 175271212, entered in the register of the Financial Supervision Commission under Art. 30, para 1, item 3 of the Financial Supervision Commission Act under decision №537-MF
- ✓ MF “Eurostability”, UIC: 175271251, entered in the register of the Financial Supervision Commission under Art. 30, para 1, item 3 of the Financial Supervision Commission Act under decision №539-MF
- ✓ MF “Compass Global Trends”, UIC: 176654904, entered in the register of the Financial Supervision Commission under Art. 30, para 1, item 3 of the Financial Supervision Commission Act under decision №236-MF
- ✓ MF “Plus”, UIC: 177143745 entered in the register of the Financial Supervision Commission under Art. 30, para 1, item 3 of the Financial Supervision Commission Act under decision №79-MF/13.07.2017.
- ✓ MF “Compass Euroselect”, UIC: 177280046, entered in the register of the Financial Supervision Commission under Art. 30, para 1, item 3 of the Financial Supervision Commission Act under decision №607-MF/14.06.2018.
- ✓ MF “Compass Funds Select – 21”, UIC: 177280174, entered in the register of the Financial Supervision Commission under Art. 30, para 1, item 3 of the Financial Supervision Commission Act under decision №607-MF/14.06.2018.

Annex № 2 (Amended by decision of the Board of Directors on 19.01.2023)

List of main execution venues used by MC “Compass Invest” JSC

- ✓ “Bulgarian Stock Exchange - Sofia” JSC
- ✓ “Bulgarian Stock Exchange” JSC
- ✓ “London Stock Exchange”
- ✓ “Nasdaq”
- ✓ “New York Stock Exchange”
- ✓ “Deutsche Boerse AG”
- ✓ AMEX-Amsterdam Stock Exchange
- ✓ Xetra
- ✓ Frankfurt Stock Exchange
- ✓ Euronext Paris
- ✓ Irish Stock Exchange
- ✓ Borsa de Madrid
- ✓ Aquis exchange
- ✓ Swiss Stock Exchange

Annex № 3 (Amended by decision of the Board of Directors on 19.01.2023)

List of the main investment intermediaries to which MC “Compass Invest” JSC submits orders for transactions at the expense of the Funds in respect of each class of financial instruments:

Name of Investment Intermediary (II)	Country of registration	Types of financial instruments with which transactions will be concluded through this II
BenchMark Finance AD	Bulgaria	Shares, bonds
UniCredit Bulbank AD	Bulgaria	Shares, bonds, government securities
MK Brokers PLC	Bulgaria	Shares, bonds, government securities
“Cohen International Limited”	USA	Shares, bonds, government securities, derivative financial instruments
Baader Bank	Germany	Shares, bonds, derivative financial instruments
Intercapital Markets AD	Bulgaria	Shares, bonds
ING Bank	Bulgaria	Shares, bonds, government securities
Bridport	Switzerland	Bonds
DSK Bank AD	Bulgaria	Derivative financial instruments, bonds
Eurofinance AD	Bulgaria	Shares, bonds
ABV Investments	Bulgaria	Shares, Bonds, government securities
Capman AD	Bulgaria	Shares, Bonds, government securities

ANNEX № 3

TO THE GENERAL TERMS AND CONDITIONS OF MC "COMPASS INVEST" JSC FOR MANAGEMENT OF THE ACTIVITY OF INVESTMENT COMPANIES AND FOR PROVISION OF PORTFOLIO MANAGEMENT SERVICES TO INVESTORS ("GENERAL TERMS") (amended on 15.01.2019 and 19.01.2023)

**GENERAL DESCRIPTION
OF THE FINANCIAL INSTRUMENTS
AND THE RISKS ASSOCIATED WITH THEM**

The purpose of the developed general description of the financial instruments and the risks related to them is for "Compass Invest" JSC ("MC") to provide the client with summarized information on the specifics of the financial instruments that are subject to services provided by the MC, as well as the most important risks associated with them, as a result of which the client will be able to make an informed investment decision.

This description does not apply to units and shares of collective investment schemes in cases where the MC provides the information contained in the key information document.

This description is not intended to be a comprehensive analysis of all the risks inherent in investing in financial instruments. It is aimed rather at presenting basic information and acquainting the clients of the MC with the existence of the risks inherent in most investments in financial instruments, which, however, depend not only on the type of the specific financial instrument, but also on other specific features, as the venue where the respective financial instrument is traded, incl. the relevant market practice and regulatory framework, the type of the specific transaction with financial instruments to be concluded, etc. The client should not request the provision of any services related to investments in financial instruments until he is sure that he is aware of all the inherent risks.

I. FINANCIAL INSTRUMENTS, SUBJECT OF SERVICES, OFFERED BY MC "COMPASS INVEST" JSC

MC provides services related mainly to the following financial instruments:

1. Shares, including those accepted for trading on the “Bulgarian Stock Exchange – Sofia” JSC (BSE) or on foreign regulated markets of financial instruments;
2. Corporate, municipal and mortgage bonds, including those accepted for trading on the BSE and/or on foreign markets of financial instruments;
3. Government securities and money market instruments;
4. Rights issued as a result of a decision for an issuer to increase its capital;
5. Compensatory instruments;
6. Shares of collective investment undertakings;
7. other financial instruments according to Art. 4 of the Markets in Financial Instruments Act.

Additional clarifications regarding the financial instruments subject to services by the MC:

1. Share - a security expressing the right of ownership of its holder over the relevant part of the capital of a company (joint stock company). The capital is divided into a certain number of shares with a specific nominal value. The nominal value of the shares held relative to the company's capital determines the proportional share of the shareholder in the company's capital, respectively of its assets, and serves to determine the shareholder's right to vote, profit distribution, liquidation quota and proportional participation in increasing capital.

The shares accepted for trading on the BSE are dematerialized, i.e. exist as electronic records in the registers of the Central Depository. Their dematerialized form achieves many different goals, such as avoiding the uncertainty associated with shares that exist as physical securities (for example, it reduces the risk of the stock as a document being lost, counterfeited, etc.).

Shares admitted to trading on foreign regulated markets are in most cases also dematerialized and similarly held in a depository institution. The shares

accepted for trading on foreign markets that are physical are also physically stored in a depository institution and thus the technology of trading and settlement with them is identical to that with the dematerialized shares.

The Fundamental Rights that each ordinary share gives to its holder are related to the exercise of the right to vote at the General Meeting of Shareholders, the right to dividend and liquidation share, proportional to the nominal value of the share. There are also the so-called "Preferential shares", which usually give the right to a guaranteed dividend, but often they do not give the right to vote at the General Meeting of Shareholders. All holders of shares of the same class have the same rights, proportional to the number of shares held.

In the case of public companies as issuers whose shares are traded on a regulated market (including on the BSE), the rights under the shares are exercised in compliance with certain additional features of the applicable legislation and practice of the respective market of financial instruments (including the rules of the regulated market and the respective depository institutions) - with regard to the shares traded on the BSE, according to the Public Offering of Securities Act and the acts on its implementation, some of the additional features are related to the fact that: a) the right to vote at the General Meeting of Shareholders is exercised by the persons entered in the registers of the Central Depository as shareholders 14 days before the date of the General Meeting (the buyer of shares, entered in the register of the Central Depository on the 13th day before the General Meeting, will not be able to vote; the right to vote on these shares may be exercised by their previous holder); b) entitled to receive a dividend are the persons entered in the registers of the Central Depository as shareholders on the 14th day after the date of the General Meeting on which the annual, respectively the six-month (when distribution of interim dividend is allowed) financial statement has been adopted and a decision for distribution of the profit has been adopted; c) according to the Commercial Law the right to liquidation share arises after conducting a procedure for liquidation of the company, satisfaction (or securing) of the company's creditors and expiration of the 6-month term from the announcement of the invitation in the Commercial Register to the Registry Agency sent by the liquidators to creditors to file their claims. **The main risks associated with investing in stocks are as follows:**

- ✓ market risk (for a more detailed description of market risk, please see Part II below) - for shares, market risk is associated with the possibility of large changes in market value, which may lead to losses for the investor, as well as the lack of of guaranteed profitability.

- ✓ risk of the issuer (for a more detailed description of the risk of the issuer, please see Part II below) - in case of deterioration of the financial condition of the company that issued the shares, as well as in case of negative news about its prospects, the probability of a decline in the market price of the shares is very high, and declaring it bankrupt can lead to a complete loss of the investment.
- ✓ counterparty risk and settlement risk - a description of these risks is provided in Part II below.
- ✓ liquidity risk - a description of this risk is provided in Part II below.
- ✓ currency risk - a description of this risk is contained in Part II below.
- ✓ leverage risk - - a description of this risk is contained in Part II below.

When the shares are the subject of a public offering made on the basis of a published prospectus in compliance with the requirements of Directive 2003/71/EC of the European Parliament and of the Council on the prospectus to be published when securities are offered to the public or when securities are admitted to trading, and on an amendment to Directive 2001/34/EC, the MC will inform the retail client and the potential retail client where the prospectus is available to the public.

2. Bonds (Corporate, municipal and mortgage bonds) - these are debt securities. They express the obligation of their issuer to their holder to be paid their nominal value plus a certain interest on a specific future date or for a specific period. There are the so-called "Convertible bonds" that can be converted into shares. The maturity and date and manner of exchange (conversion) are indicated in the relevant document for their issuance (prospectus or proposal).

The bonds traded on the BSE are also in dematerialized form, and in this connection the above related to shares applies, and when traded on foreign regulated markets they may be materialized (certified) or dematerialized.

The regulation of bonds traded on the BSE is contained in the Public Offering of Securities Act and its implementing acts, as well as in the Commercial Law. In the case of bonds traded on foreign regulated markets in financial instruments, the issuance of the bonds is usually subject to English law, regardless of the location of the regulated market.

Bond yields can have two sources - interest and exchange rate differences. Cash flows are also of two types - interest and principal. The interest can be paid at once at maturity, at a certain period or be calculated in the issue price

(discounted bonds). The principal can also be paid at once at maturity or at a certain period.

Bonds are considered a lower risk investment than shares due to several major differences between them:

- ✓ In most cases, the bonds are secured by assets that are cashed in the event of an inability to service the loan. Unlike shares, bonds (when the issuer is a company) are not a form of acquired ownership of part of the company's capital and therefore their holders do not have the right to vote at the general meeting of shareholders of the company, nor the right to dividend. On the other hand, in case the company is declared in liquidation, the bondholders are among the creditors who are satisfied with an advantage over the shareholders. For comparison, the shareholders are among the last to be entitled to compensation for the investments made, respectively the shares held.

The bonds have a maturity (period of existence) and fixed payments within that maturity. The shares have no term and the dividends are not guaranteed. Due to the differences in the financial stability of the individual issuers, the risk of non-repayment of the loan is different. Due to the presumption that the bankruptcies of countries are rather exceptions, their debts are considered the lowest risk. Next in line are the debts of the municipalities. Although not guaranteed by the respective country, such bonds are considered safer than corporate bonds. The risk of loan default is highest for corporate bonds, which is reflected in the higher yield that investors can receive.

The main risks associated with investing in bonds are as follows:

- ✓ market risk (for a more detailed description of market risk, please see Part II below) - a specific demonstration of market risk in bonds is the risk associated with changes in interest rates, i.e. related to the possibility of a change in market interest rates after the moment of issuance of certain fixed yield bonds and the reflection of this change on the yield of these bonds. As there is generally a correlation between bond yields and the level of market interest rates, if the interest rate level on debt markets increases, the market price of fixed yield bonds generally decreases. Conversely, if the amount of interest rates on debt markets falls, then there is an increase in the market price of fixed yield bonds. In addition, fluctuations in market interest rates generally affect fixed-income bonds differently depending on their maturity - as short-term fixed-yield bonds are associated with lower interest rate risk than long-term ones, they have a lower yield compared to long-term fixed yield bonds.

- ✓ risk of the issuer (for a more detailed description of the risk of the issuer, please see Part II below) - despite the fact that the bonds materialize a certain right to claim principal and interest, the company, bank or municipality may fall into financial difficulty or even failure to recover the resulting long-term risk related to the counterparty to the transaction and settlement risk - a description of these risks is provided in Part II below.
- ✓ liquidity risk - a description of this risk is contained in Part II below.
- ✓ currency risk - a description of this risk is provided in Part II below.
- ✓ leverage risk - a description of this risk is provided in Part II below.

3. Government securities and money market instruments

Government securities (“GS”) have similar characteristics to those of corporate and municipal bonds described in the previous point, with the difference that the issuer of such securities is the Republic of Bulgaria or another country. The main markets on which government securities are traded are the primary and secondary markets of GS (for GS issued by the Republic of Bulgaria, the main markets are organized under the Government Debt Act and Ordinance № 5 of the BNB and the Ministry of Finance on the terms and conditions for acquisition, registration, redemption and trading in government securities (Ordinance 5)).

Money market instruments are debt securities with a maturity of less than one year. They can be certificates of deposit, commercial securities and others.

These instruments are traded on local money markets (organized by the Central Bank) or on international markets.

The main principal risks associated with investing in government securities and money market instruments are similar to those relating to other types of bonds, noting that the government securities market is usually highly liquid and that the risk associated with the issuer is generally considered to be lower than the risks associated with issuers of corporate, municipal or mortgage bonds.

4. Rights issued as a result of a decision for an issuer to increase its capital

The rights are securities entitling the holder to subscribe a certain number of new shares in connection with a decision taken by the competent authority of the issuer to increase the capital of a public company. One of the main functions of the rights is to guarantee the equality of the shareholders of a given issuer in case of increase of the capital of the respective public company. The rights are term securities, the yield of which depends on the expected return on the class of shares, which can be subscribed against the

exercise of the rights. The regulation of the rights traded on the BSE is contained in the Public Offering of Securities Act. They are dematerialized securities, and in respect of issues of shares traded on the BSE, the trading of rights is also carried out on the BSE. On the foreign markets of financial instruments there are similar arrangements for the participation of the shareholders in the capital increase of the issuing company.

The main risks of investing in rights are determined by the risks associated with the shares that can be subscribed against the rights held. In this sense, the above applies to the risks associated with investing in shares, and in addition the additional risk of investing in rights should be taken into account, namely the complete loss of invested value within the short life of the existence of the rights - if the exercise of the rights proves to be inappropriate due to a downward trend in the share price below the subscription price specified in the decision to increase the capital of the public company.

5. Compensatory instruments

These are instruments issued under several laws for restitution purposes, which can be used as a special means of payment in certain circumstances - for example, in the privatization or purchase of state property and real rights over such property, as well as for other purposes.

They are issued in dematerialized form, registered with the Central Depository and traded on the BSE. Investing in these instruments is associated with a number of risks, the main of which is related to the possibility and extent to which they can be used in principle or for a specific transaction as a means of payment accepted by the state. Their economic value usually depends directly on such specific opportunities and therefore compensatory instruments are usually subject to targeted investment in the context of such opportunities and projects. Their specifics and functions require a careful assessment of the various risks associated with their acquisition in each case.

6. Shares of collective investment undertakings, incl. collective investment schemes (open-ended investment companies and mutual funds)

Units of collective investment schemes (CIS) are financial instruments issued by a collective investment undertaking that express the rights of their holders over the assets of the collective investment undertaking. A collective investment scheme is a collective investment undertaking whose sole purpose is to collectively invest in securities and other liquid financial instruments of

funds raised through a public offering of units, which operates on the principle of risk allocation and at the request of the holders of such units, directly or indirectly repurchases its shares at a price based on the net asset value. The collective investment scheme is established as a mutual fund or investment company.

The risks associated with investing in units of collective investment schemes are the following:

- ✓ Market risk (for a more detailed description of market risk, please see Part II below) - market risk in CIS is related to the assets in which the respective CIS has invested. In view of the focus of investment - mainly in shares (or other similar securities), mainly in bonds (or other debt securities), or balanced - the risks of investing in units of CIS are identical to the risks of investing in shares or bonds (respectively, if the investment policy of the respective CIS allows the acquisition of both shares and bonds - the risks are proportional to the portfolio structure of this CIS).
- ✓ risk of the issuer (for a more detailed description of the risk of the issuer, please see Part II below) - as far as the only activity of CIS is to raise funds and invest them, this risk is mainly related to the quality of management of the activity of CIS and the professional management of its investments;
- ✓ counterparty risk and settlement risk (for a more detailed description of these risks, please see Part II below) - this risk exists mainly in trading with CIS units on a regulated market, while in "counter" transactions it is minimal;
- ✓ liquidity risk (for a more detailed description of the liquidity risk, please see Part II below) - with regard to the repurchase of units of CIS, liquidity risk practically does not exist, as far as CIS is obliged to repurchase the issued units. This risk exists in relation to the investment portfolio of the CIS, and a possible decrease in the liquidity of a certain position in the portfolio may lead to a decrease in its price, respectively to a decrease in the price of the units of the respective CIS. As above for market risk, this risk is identical to the risk of the assets in which the respective CIS has invested;
- ✓ currency risk - a description of this risk is contained in Part II below;
- ✓ leverage risk - a description of this risk is provided in Part II below;
- ✓ interest rate risk (for a more detailed description of interest rate risk, please see Part II below) - This is the probability that the return on investment will be better or worse than expected due to changes in the interest rate.

Another type of closed-end collective investment undertakings are investment companies / mutual funds (“CECIU”). They can be managed by their own governing bodies or by a management company.

Closed-end investment companies have a fixed capital, which can be increased in the order of increasing the capital of public companies. Their income is usually distributed among investors in the form of dividends or free shares.

The main risks when investing in CECIU are the following:

- ✓ market risk (for a more detailed description of market risk, please see Part II below) - with CECIU market risk exists both in relation to the shares / units issued by them and in relation to their investment portfolios. The risks of investing in shares of CECIU are similar to those of investing in the assets contained in their portfolios.
- ✓ risk of the issuer (for a more detailed description of the risk of the issuer, please see Part II below) - as far as the only activity of CECIU is to raise funds and invest them, this risk is mainly related to the quality of management of the activity of the company and the professional management of its investments;
- ✓ counterparty risk and settlement risk - a description of these risks is provided in Part II below;
- ✓ liquidity risk (for a more detailed description of liquidity risk, please see Part II below) - unlike CIS, such a risk also exists in relation to the financial instruments issued by the CECIU, as well as in relation to its investment portfolio. A possible decrease in the liquidity of a certain position in the portfolio may lead to a decrease in its price, respectively to a decrease in the price of the shares / units of the respective CEIC. This risk is similar to investing in the assets contained in the CECIU portfolio;
- ✓ currency risk - a description of this risk is contained in Part II below;
- ✓ leverage risk - a description of this risk is provided in Part II below;

II. DESCRIPTION OF THE COMMON RISKS

Apart from the specific risks for each financial instrument, there are general risks that affect each financial instrument and each investment. These risks are as follows:

Market risk

Market risk is the risk that the value of the investment will decrease due to movements of market factors - prices of financial instruments, interest rates,

exchange rates and others. Market prices of investments may vary due to changes in the economic and market environment, the monetary policy of the central banks, the business activity of issuers, the demand and supply on the market of the respective instrument.

Interest rate risk

This is the risk that changes in market interest rates will adversely affect the income or value of the instrument. Changes in interest rates may endanger the holders of financial instruments from the risk of capital loss. The significance of the risk differs for the respective financial instruments.

Currency risk

Currency risk exists only when the financial instruments purchased by an investor are denominated in a currency other than the currency in which he receives his basic income and/or in which his main expenses are. For Bulgarian investors there is no currency risk for financial instruments denominated in BGN, and the risk for financial instruments denominated in EUR is minimal given the existing currency board in Bulgaria and the fixed exchange rate.

Risk of Assimilation

This is the risk in which the issuer of a bond may repay its obligation before the maturity date, this is the risk that investors in this bond will not be able to find the same investment conditions on the market if the existing investment is terminated.

Operational Risk

It is defined as the risk of direct or indirect losses as a result of inadequate internal control, human act, organization or external event. This risk covers human errors, malicious acts by employees, breakdowns in information systems, problems related to human resource management, company affairs, as well as external events such as accidents, fires, floods and others.

Liquidity risk

Liquidity risk arises in situations where a party interested in selling an asset cannot do so because no one in the market is willing to trade that asset. There is demand and there is no supply or vice versa. The more developed a market, respectively with large trading volumes and large market capitalization, the lower the liquidity risk and vice versa. The liquidity risk on the BSE, for example, is relatively high, while that in the markets of New York, Frankfurt and London is relatively the lowest.

Risk of Volatility

This is the risk associated with the price movements of a financial instrument. Volatility is high if a financial instrument is subject to large movements over a period of time. Volatility risk is calculated as the difference between the

lowest and highest prices of the financial instrument for a given period of time.

Issuer's risk (credit risk)

It can be defined as the probability that the issuer of the financial instrument will not knowingly execute or be unable to fulfill its commitment under the financial instruments, incl. in the cases in which the issuer has not realized profit or has realized loss from its activity, as well as has fallen into financial difficulties, insolvency or bankruptcy.. Investors must assess the quality of issuers of financial instruments, as well as their ability to pay their debts.

Risk of Location of the Order

Emerging market: Investments in emerging markets, such as the Bulgarian, carry risks not always known in developed markets. These risks also exist when a large part of the issuer's business is carried out in these markets.

Investments in emerging markets are often speculative. Investments in emerging markets need to be carefully considered and the various risks in the market to be assessed.

Risk related to the counterparty to the transaction and settlement risk

These risks consist in the risk that the settlement of the transaction may be delayed or not executed due to the fault of the counterparty to the transaction, due to an error of one of the investment intermediaries involved in the transaction or due to technical reasons.

Although the principle of operation of BSE and "Central Depository" AD, as well as of foreign regulated markets and depository institutions is very well tested and market practices provide mechanisms to ensure the completion of transactions, there is still some risk of delays of settlement or inability to perform it.

The main guarantee for the settlement is that the transactions are carried out on the principle of "delivery versus payment" (DVP), i.e. in principle, there is no way for a buyer to receive financial instruments without having paid for them and vice versa, but this does not mean that this risk is excluded.

This risk is equal to the difference between the price of an asset and the theoretical execution date and the price of the asset on the execution date. This is the difference between the settlement price approved for the financial instrument and the current market price at the time of settlement, when the difference may lead to a loss.

In some situations, settlement procedures may be affected by the number of transactions and thus impede their execution. The inability to settle due to such problems can prevent investors from profitable investment opportunities and lead to a loss.

Custody risk

Investments in financial instruments carry the risk of the custodial services offered or the place where the securities and cash are stored.

Legal

The risk of uncertainty as a result of legal action or uncertainty regarding the applicability of contracts, laws and regulations, such as legality of the contract, legal capacity of the party to conclude a contract.

Political

Political risk arises if the government imposes new taxes, regulatory or legal obligations, or restrictions on financial instruments that an investor already owns.

Leverage risk: consequences of the leverage and the risk of losing the entire investment

This risk consists in the danger that the investor will suffer the greater losses, the more borrowed resources he uses for his investment. When using large leverage (high loan/equity ratio) it is possible for the investor to lose the full amount of the investment.

In general, leverage means a system of methods and ways to seek to increase the potential return on investment through borrowed capital. The use of leverage leads to the so-called. "Leverage effect", i.e. for the same monetary resource, the use of leverage increases the return in a ratio equal to the ratio between borrowed capital and equity.

For example, you invest in X number of shares, which - for example after 1 year - bring a return of 15%. Of course, it is conceivable to borrow money at an interest rate of 10% to invest in more X shares; then - but only with the favorable development of the investment, the return for the investor would be another 10% on the additional X number of shares (15% after deducting the interest expense).

The main risk when using leverage is that the "leverage effect" increases both the potential profit and the potential loss, ie. in case of negative return on investment, an investor who uses 50% leverage will lose at least 2 times more than an investor who uses only own funds. In this way, leverage further increases the volatility of the investment.

Moreover, an investor using only his own monetary resources could theoretically lose all that capital, but not more. However, when using leverage:

1. the risk of losing the whole investment is much higher;
2. it is possible for the investor to lose his entire investment;
3. In some cases it is even possible for the investor to lose more than the value of his own capital.

The MC recommends to its non-professional and professional clients to avoid investing in leverage. This is a way of investing, suitable only for the most experienced institutions specializing in analyzing and investing in certain types of financial instruments.

Risks of Repo transactions

Essence: A straight repo transaction is a sale of a security with an agreement for repurchase at maturity at a predetermined price. A reverse repo is a purchase of a security and its sale at an agreed price on a certain date.

Return: The agreed interest rate on the repo transaction is a cost to the buyer of the straight repo and income for the buyer of the reverse repo.

Risks related to Repo transactions:

Credit risk from the counterparty – the risk of non-fulfillment of the counterparty's obligations under the transaction. In the event of insolvency of the repo buyer, the creditor may sell the security provided as collateral for the transaction on the maturity date to satisfy its claim.

Operational risk – There is no risk of realizing losses due to the impossibility of effective control over the securities serving as collateral for the transaction. This risk is minimized because the securities serving as collateral for the repo transaction are kept with the creditor.

Market risk – the risk of devaluation of cash received under the straight repo transaction in case they are used to finance more sensitive positions or devaluation of the security received under the reverse repo transaction. If, from the time the cash is paid out, the value of the security used as collateral for the transaction decreases, the reverse repo lender/buyer is exposed to the risk of loss. To reduce this risk, the market price of the collateral is calculated by the creditor, adjusted by a certain discount.

Sustainability risks

"Sustainability Risk" means an event or condition of an environmental, social or governance nature which, if it occurs, could cause an actual or potential material adverse effect on the value of the investment.

The Company has an understanding of sustainability risk as a risk where investment returns may be negatively impacted by environmental, social or governance risks.

Environmental risk is defined as the risk that investment returns may be negatively affected by environmental factors, including factors resulting from climate change and factors resulting from other environmental degradation.

Social risk is defined as the risk that investment returns may be negatively affected by social factors (e.g. labor disputes).

Governance risk is defined as the risk that investment returns may be negatively affected by governance factors (eg, opaque corporate structure).

When making an investment decision, the MC considers investments at the issuer level, as well as (where appropriate) at the asset allocation level and the regional or sector allocation level. MC considers sustainability risks together with other elements that can affect investment returns and which are reflected in the price of financial instruments, but does not specifically consider sustainability risks as a separate element.

The Management Company perceives that all relevant risk factors are reflected in the market prices of the financial instruments in which it is invested. Thus, the stock market prices of the instruments in which we invest reflect the sustainability risks along with all other risks. Distinguishing the exact weigh of each specific risk in the implicit risk premiums of the individual instruments is related to the provision of resources and access to quality and reliable information, the revision of internal rules and procedures, as well as the introduction of new ones.

The Management Company differentiates sustainable and responsible investment funds falling within the scope of Article 8(1) or Article 9(1), 2 or 3 of Regulation (EU) 2019/2088 from traditional funds and in this sense declares that the investments in the underlying the financial products managed by MC do not comply with the EU criteria for environmentally sustainable economic activities.

ANNEX № 4 (Amended by decision of the Board of Directors on 19.01.2023)

TO THE GENERAL TERMS AND CONDITIONS OF MC "COMPASS INVEST" JSC FOR MANAGEMENT OF THE ACTIVITY OF INVESTMENT COMPANIES AND FOR PROVISION OF PORTFOLIO MANAGEMENT SERVICES TO INVESTORS ("GENERAL TERMS")

ADDITIONAL INFORMATION

1. Information on the terms of the contract for providing an individual portfolio management service at its own discretion, without special orders of the client: according to the draft trust management contract provided by MC "Compass Invest" JSC.

2. Name of the management company: MC "Compass Invest" JSC (hereinafter "MC")

3. (Amended by a decision of the Board of Directors dated 01.04.2013)
Address of the MC: Sofia, 19 George Washington Str., 2nd floor.

4. Languages in which the client can communicate and correspond with the MC: Bulgarian and English

5. Methods of communication used by the MC and its clients:

a) Personally or through a proxy of the client, holding powers under an explicit notarized power of attorney issued, in accordance with the requirements of applicable law.

b) By telephone to the following telephone numbers: (+ 359 2) 421 95 17; (+ 359 2) 421 95 18

Contact persons in each of the offices of MC "Compass Invest" JSC:

Sofia - Milena Aleksandrova, Nina Yordanova, Medi Gancheva

c) By e-mail to the following e-mail addresses: office@compass-invest.eu

6. MC "Compass Invest" JSC is licensed to operate as a management company by a decision of the Financial Supervision Commission №1128 - MC dated 22.11.2006. The address of the body that licensed the management company - Financial Supervision Commission is as follows: Sofia, 16 Budapest Street, website: www.fsc.bg.

7. Type, periodicity and term for submission of the reports to the client in connection with the provided portfolio management services:

The Client has the right to be informed at any time upon request about the status of his portfolio within the business day on which the request was made or, if this happened after 15:30 - until 11:00 on the first following business day.

a) The MC shall provide a report every 3 months (unless otherwise agreed in the contract) on the activities performed at the expense of the client related to

the portfolio management, unless such is provided to the client by a third party.

b) The Client may request in writing the provision of the basic information about the transactions on a durable medium immediately after their conclusion and to be sent a confirmation for each concluded transaction on his portfolio. In this case, the MC has an obligation to provide a report on the portfolio once every 12 months, the exception under the previous sentence does not apply to transactions with financial instruments under Art. 4, items 4-11 and § 1, item 1, letter "c" of the Additional Provisions of the Markets in Financial Instruments Act

c) When in the contract between the MC and the client leverage is allowed in the portfolio management, then in this case the report is presented at least once a month.

The report is submitted by the MC in the manner agreed with the client within 15 days from the expiration of the respective reporting period.

8. Brief description of the measures that MC "Compass Invest" JSC takes to guarantee the financial instruments or money of clients. Brief description of the investor compensation systems in which the MC participates in connection with its activity in the Republic of Bulgaria

8.1. Measures to guarantee the financial instruments or money of the clients of MC "Compass Invest" JSC

A) Measures taken by the MC regarding the safekeeping of financial instruments or money owned by its clients separately from its own assets

(amended by decision of the Board of Directors dated 15.05.2014) The MC ensures the separate storage of its assets from those - property of its clients. The MC shall deposit the funds provided by clients or received as a result of portfolio management activity by the end of the next business day at the latest to a bank account for clients' funds of the investment intermediary, where the client's assets will be stored or to a specially opened for clients funds account of the MC, in case the clients assets are stored with it.

In addition to the accounts in the previous sentence, the client's funds may also be kept in a bank account opened in the name of the Client and managed by the MC, provided that the respective bank allows it. Financial instruments and cash owned by customers are stored as follows:

1. the dematerialized shares, bonds and other financial instruments in the sense of art. 4 of the Markets in Financial Instruments Act (MFIA) (excluding government securities) - in the register of "Central Depository" AD on the client's sub/account to the account of the investment intermediary, authorized to execute the MC's orders in connection with the client's portfolio or in another depository institution, respectively on the client's sub/account to the account of the MC in the respective depository institution (as far as this is

permitted by the applicable legislation) or on a joint account in the name of the Management Company;

2. the dematerialized government securities (GS) issued by the Ministry of Finance shall be kept in the registers of the Bulgarian National Bank, respectively of a primary dealer of government securities, in the name of the client or of the investment intermediary under item 1/MC in compliance with Ordinance 5 from 4.10.2007 on the terms and conditions for acquisition, registration, redemption and trading in government securities;

3. (amended by a decision of the Board of Directors of 15.05.2014) Clients' funds shall be stored in a joint bank account, specially opened by the respective servicing investment intermediary or MC for storage of clients' funds regarding transactions with financial instruments or to an individual bank account of the respective client, managed by the MC. The cash received by the respective client must be deposited in a bank account under the previous sentence no later than the end of the next business day. In case the client of the MC has given consent for his funds to be kept in a qualified money market fund under Art. 93, para. 1, item 4 of MFIA, the MC may store its funds and thus, in which case the funds will not be held in accordance with the requirements for protection of clients' funds under MFIA and Ordinance № 58 on the requirements for protection of financial instruments and clients' funds, for product management and for granting or receiving remuneration, commissions, other monetary or non-monetary benefits, respectively the units and shares of this fund will be held in accordance with the requirements for safekeeping of financial instruments;

(Amended by a decision of the Board of Directors of 01.04.2013) In cases where the client's portfolio includes financial instruments traded on a market other than the Bulgarian one, it is possible for his financial instruments to be kept in a common account (together with the other financial instruments held in the name of the servicing investment intermediary/MC or a third party) with a third party, when the local legislation allows what the client declares that he has been notified of, by signing the General Terms

B) Measures taken by the MC to guarantee the money and financial instruments - owned by its clients to a third party

1. In cases when the MC acts for its clients, when opening an account for financial instruments of its client with a third party, it takes due care of the client's interests in determining that person and assigning the same to keep the client's financial instruments and once a year to reconsider with the same care the choice of this person and the conditions under which he keeps the client's financial instruments;

2. In fulfillment of its obligations under the previous point, the MC shall take into account the professional qualities and market reputation of the third

party, as well as the regulatory requirements and market practices related to the holding of such financial instruments that may infringe the client's rights;

By signing the General Terms and Conditions, the clients of the MC declare that they have been notified that the financial instruments owned by them, traded on the Bulgarian market, are kept at the designated servicing investment intermediary or at the MC. In the event that the respective client has declared by signing the General Terms and Conditions that, if necessary, he does not object to the financial instruments held by him to be kept with third parties other than the above or for performing investment services at his expense to be used the services of third parties, other than the above, in the event of such a need, the MC immediately notifies the client of the choice of a new third party in the manner of communication preferred by the latter.

In case the client has not been informed about the identity of the third party, where the money and/or financial instruments provided to the servicing investment intermediary can be stored, the MC is responsible for the actions of this person as his own and the client can choose to whom to direct its claims, if any (MC or the third party).

3. Accounts containing client money and/or financial instruments may be regulated by the legal systems of non-EU and EEC countries, respectively the client's rights related to financial instruments or funds may be differ when it comes to these countries, due to the specifics of local legislation, which by signing the General Terms and Conditions customers declare that they are notified of.

8.2. Investor compensation systems in which the MC participates;

By signing the General Terms and Conditions, each client of the MC declares that he is familiar with the existing system for compensation of investors with the parameters described below.

The scope of that compensation system is as follows:

The Investor Compensation Fund ("ICF") pays compensation to each client (except for the persons or in the cases specified below) to the investment intermediary/MC, with whom/which the client's assets are stored in the amount of 90 percent the value of the receivable, but not more than the statutory maximum at the relevant time in cases where the investment intermediary/MC is unable to meet its obligations to clients due to reasons directly related to its financial condition, including in cases of open insolvency proceedings or revoked license, respectively permit, to carry out activity as an investment intermediary/management company.

The decision for compensation of the ICF is published in at least two central dailies and on its website for the period in which the clients of the MC,

respectively the investment intermediary where the client's assets are kept, may request compensation from the ICF, as well as the bank through which the compensation will be paid.

ICF does not pay compensation:

(A) to the following persons:

1. the members of the management and control body of the investment intermediary, where the assets of the client are stored, respectively of the MC, as well as of the procurators of the investment intermediary/MC;
2. the persons who directly or through related parties hold 5 or over 5 per cent of the votes in the general meeting of the investment intermediary, where the client's assets are stored, respectively by the general meeting of the MC, or can control the investment intermediary, respectively the MC, as well as to the persons belonging to the same group to which the investment intermediary/MC belongs, for which consolidated reports are prepared;
3. the registered auditor, who has audited the annual financial report of the investment intermediary, in which the assets of the client, respectively of the MC are stored;
4. the spouses, the relatives in the direct line without restrictions, in the collateral line up to the second degree inclusive and by marriage up to the second degree inclusive including the persons under items 1, 2 and 3;
5. the investment intermediaries;
6. credit institutions;
7. the insurers;
8. the pension and insurance funds;
9. the collective investment schemes, the national investment funds, the alternative investment funds, managed by persons, managing alternative investment funds, and the companies with special investment purpose;
10. the state and the state institutions;
11. the municipalities;
12. The Investor Compensation Fund, the Bulgarian Deposit Insurance Fund and the Guarantee Fund under Art. 518 of the Insurance Code;
13. the investors who have taken advantage of circumstances related to the servicing investment intermediary/MC and have led to the deterioration of its financial condition, as well as the investors who have contributed to this condition;
14. other professional clients within the meaning of § 1, item 10 of the Additional Provisions of MFIA;

(B) in the following cases:

compensation for receivables arising from and / or related to transactions and actions constituting "money laundering" within the meaning of Art. 2 of the

Measures Against Money Laundering Act, if the perpetrator has been convicted with an effective sentence.

9. Summary description of the policy for treatment of conflicts of interest of the MC

A conflict of interest is a situation that arises in connection with the provision of services by the MC and may harm the interests of its client. A conflict of interest exists when the MC or a person working under a contract for it, by its action or inaction, may affect the interests of a person whose interests it is obliged to protect in order to protect or realize its own interests or the interests of another person, whose interests he is also obliged to protect. Conflicts of interest arise between:

- 1) the interests of two or more clients of the MC;
- 2) the interests of a client and the interests of the MC or of persons directly and indirectly related to the MC;
- 3) the interests of individuals working under a contract for MC and the interests of a client.

A likelihood of a conflict of interest is always present when the MC, a person working under a contract for it, or a person directly or indirectly related to it through control:

- 1) has the opportunity to realize (financial) profit or to avoid financial loss at the expense of the client (including at the expense of a collective management scheme managed by the MC or a national investment fund);
- 2) has an interest in the result of the service or activity provided to the client (including a collective investment scheme managed by the MC or a national investment fund) or in the transaction carried out at the client's expense including a collective investment scheme managed by the MC or a national investment fund), which is different from the client's interest (including a collective investment scheme managed by the MC or a national investment fund) from this result;
- 3) has a financial or other incentive to prefer the interest of a client or group of clients to the interest of another client (including a collective investment scheme managed by the MC or a national investment fund) or a group of clients;
- 4) receives or will receive from a person other than the client (including a collective investment scheme managed by the MC or a national investment fund) benefits in connection with a service provided to the client (incl. transaction at the expense of a collective investment enterprise in carrying out the activity of collective portfolio management), in the form of cash, goods or services in violation of applicable law.

The MC establishes a structure that allows for the fair treatment of conflicts of interest both between the MC and its clients and between the clients themselves in order to achieve that objective.

11. Additional detailed information on the conflict of interest policy of the MC is made available to clients and potential clients upon request on a durable medium or on the MC website: compass-invest.eu.

12. Information on the method and frequency of valuation of financial instruments in the client's portfolio

The client's portfolio is valued according to the methods specified in the General Terms and Conditions and the specific contract with the client. The assessment is made upon preparation of a report, upon each withdrawal of amounts, upon deposit of assets in the form of financial instruments, upon termination of the contract and upon request by the client, under conditions specified in the respective contract between the client and the MC.

13. Data for each delegation of the management of all or part of the financial instruments and/or money in the client portfolio

The Management Company has not delegated the management of all or part of the financial instruments and/or money in the client portfolio to another person.

14. Characteristics and information for each benchmark against which the portfolio management results will be compared:

The profitability of the portfolio will be compared with different standards depending on the profile of the managed portfolio. The exact type of the standard will be specified in each contract with the client separately.

15. The types of financial instruments that may be included in the client portfolio and the types of transactions that may be concluded with them, including any restrictions

1. The types of financial instruments are the following: shares admitted to trading on a regulated market; other shares; shares and units of collective investment schemes ("CIS"); Government securities (including LSBC bonds, Brady bonds, etc.), municipal bonds; corporate bonds (including mortgage bonds); derivative instruments; rights; warrants; other financial instruments under Art. 4 of MFIA; foreign means of payment;

2. Types of transactions are: purchase; sale, exchange; Repo deals; subscription of financial instruments in their initial public or private offering and other type of remunerative transaction

3. The types of restrictions related to them are: the restrictions imposed by the markets in which they are traded

4. The objectives of portfolio management and the level of risk contained in the assessment of the person working under a contract for the MC and providing portfolio management services, as well as the specific limitations of

this assessment: the objectives of the portfolio management and the level of risk related to the portfolio management are agreed in advance by the MC and the client in the respective contract, as the MC, respectively the persons who work under a contract for it and provide portfolio management services, are obliged to comply, when taking portfolio management actions, with the goals set by the client and not to expose the investments made at the expense of the client to a higher level of risk than agreed in the contract. The specific limitations that may affect the judgment of the person providing the portfolio management services are related to the specific market practice of the respective trading venue in which funds are invested in the client's portfolio management, as well as the possibility that there are additional circumstances that were not known to the person providing portfolio management services at the time of the implementation of the investment decision to invest in a certain financial instrument.

16. A general description of the financial instruments subject to the portfolio management services provided by the MC, as well as the risks associated with these instruments and the investment strategies proposed by the MC is contained in Annex № 3 to the General Terms and Conditions.

17. The MC provides its clients with information about the costs and fees for portfolio management before signing the specific contract with the client, incl. by providing the Tariff of the MC. The information shall contain at least the circumstances specified in Art. 50 of the Delegated Regulation.

18. In cases where applicable, the MC will explicitly notify its clients of:

1. a right of collateral or a right of retention has arisen on the client's money or financial instruments in favor of the MC and for the conditions under which such a right arises or may arise in principle;
2. arising right of interception on the client's money or financial instruments in favor of the MC and for the conditions under which in principle such right arises or may arise;
3. the existence and conditions under which the MC has or may have the right to interception in respect of the client's financial instruments or money;
4. the possibility for the depository institution to have the right to collateral, right of retention or interception on the client's financial instruments or money.

ANNEX № 5

TO THE GENERAL TERMS AND CONDITIONS OF MC "COMPASS INVEST" JSC FOR MANAGEMENT OF THE ACTIVITY OF INVESTMENT COMPANIES AND FOR PROVISION OF PORTFOLIO MANAGEMENT SERVICES TO INVESTORS ("GENERAL TERMS")

**BRIEF DESCRIPTION OF
THE POLICY FOR CATEGORIZATION OF THE CLIENTS
OF MC "COMPASS INVEST" JSC AS
NON-PROFESSIONAL AND PROFESSIONAL ("POLICY")**

I. Professional client

1. "Compass Invest" JSC (hereinafter "MC" or "the Company") categorizes its client who uses the services of the MC of Portfolio Management or Investment Consulting as a **professional client**, if the latter has experience, knowledge and skills for to make investment decisions independently and to correctly assess the risks related to the investment and meets the criteria specified in the Annex to MFIA and in item 2 below.

2. The company considers a client as a professional client if he meets the criteria specified in item 1 above, meets one or more of the criteria under item 2.1 and does not fall in the cases of item 2.2 below:

2.1 A client may be defined as a professional if he falls into one or more of the following categories:

a) the client is a person who is required to be licensed to operate in the financial markets or whose activities in those markets are otherwise regulated by the national law of a Member State, whether or not it complies with a directive of the EU, as well a person authorized to carry out these activities or is otherwise regulated by the law of a third country, as follows:

aa) a credit institution;

bb) investment intermediary;

cc) another financial institution that is subject to licensing or is otherwise regulated;

dd) insurance company;

ee) a collective investment undertaking or a management company of such an undertaking;

- ff) a pension fund or pension insurance company;
- gg) a person who trades professionally for his own account with commodities or commodity derivatives;
- hh) a company that enters into transactions on its own account in the markets for financial futures or options or other derivatives and in the money markets solely for the purpose of hedging positions in the markets in derivative financial instruments, or that carries out transactions on behalf of other members in those markets and which is guaranteed for by clearing members, in the same markets where the responsibility for the execution of contracts concluded by such person, is assumed by clearing members in the same markets;
- ii) another institutional investor.

b) the customer is a large enterprise that meets at least two of the following conditions:

- aa) its carrying amount is at least EUR 20 000 000 or their BGN equivalent;
 - bb) its net turnover is at least EUR 40 000,000 or their BGN equivalent;
 - cc) its own funds amount to at least EUR 2 000 000 or their BGN equivalent.
- c)** the client is a national or regional government body, a government body involved in government debt management, a central bank, an international or supranational institution such as the World Bank, the International Monetary Fund, the European Central Bank, the European Investment Bank and other similar international organizations.
- d)** the client is another institutional investor whose principal activity is investing in financial instruments, including a person performing asset securitization or other financing transactions.

2.2. The MC treats the client as a professional if:

- a)** the client has not requested a change in his categorization in order to ensure a higher degree of protection in accordance with the procedure for this in accordance with the Policy and the provisions of MFIA;
- b)** The MC on its own initiative has not identified the client as a non-professional client.

3. The Company treats a client as a professional client and in cases where the latter has requested re-categorization under the Policy, at the discretion of the MC the client meets the requirement under item 1 above, and meets at least two of the following criteria:

- a)** in the last four quarters, it has concluded, on average, 10 transactions per quarter with a significant volume on the relevant market;
- b)** the value of its investment portfolio, which includes financial instruments and cash deposits, is more than EUR 500 000 or their BGN equivalent;
- c)** the client works or has worked in the financial sector for at least one year in a position that requires knowledge of the relevant transactions or services.

III. Non-professional client

1. The company categorizes its client, who uses the services of MC for Portfolio Management or Investment Consulting, as a non-professional client, if the latter does not have the experience, knowledge and skills to make independent investment decisions and properly assess the risks associated with investing and/or does not meet the requirements specified in the Annex to MFIA and in the Policy.
2. The MC shall consider a client as a non-professional client if:
 - a) the client does not meet the conditions for being identified as a professional client;
 - b) is determined as such on the initiative of the Company, including in the cases when he meets the criteria under item 2.1 of the previous section; or
 - c) has explicitly requested to be treated as such under the Policy, MFIA and the Delegated Regulation.

IV. Re-categorization of customers

1. Any client who is initially categorized as a professional client may request in writing to the MC, respectively the Company may, on its own initiative, re-categorize him as a non-professional client in compliance with the requirements of MFIA, the Delegated Regulation and the Policy.
2. A client who has been categorized by the Company as a non-professional client may request re-categorization as a professional client if he meets the conditions of item 3 of section II above. In this case, the client will not be able to exercise the special rights that are applicable under the internal acts of the MC and the current legislation for the protection of non-professional clients, including will not having the right to be compensated by the Investor Compensation Fund.