

**POLICY ON THE BEST EXECUTION
UPON MANAGEMENT OF A PORTFOLIO AT OWN DISCRETION,
WITHOUT SPECIAL CUSTOMER'S ORDERS**

I. GENERAL PROVISIONS

1. Legal ground (*amended, 15 January 2019 and 19 January 2023*)

The present policy (hereinafter referred to as the "Policy") has the goal to define the measures implemented by Management Company Compass Invest JSC (hereinafter referred to as the "Company" or "MC") for the purpose of ensuring the achievement of the best execution upon the provision of services of portfolio management at own discretion, without special customer's orders (hereinafter referred to as the "Service") pursuant to Article 86, Paragraph 3 of the Activity of Collective Investment Schemes and of Other Undertakings for Collective Investment Act ("ZDKISDPKI"), in conjunction with § 4, Paragraph 3 of the Additional Provisions of the Markets in Financial Instruments Act ("ZPFI") in conjunction with Article 86 the Markets in Financial Instruments Act and Commission Delegated Regulation (EU) 2017/565 of 25 April 2016 supplementing Directive 2014/65/EU of the European Parliament and of the Council as regards organisational requirements and operating conditions for investment firms and defined terms for the purposes of that Directive (the "Delegated Regulation").

In view of ensuring the best result upon the provision of the Service, on the grounds of the above specified applicable legislation, the Company has developed in this Policy a methodology and criteria for joining an order for a transaction in financial instruments on account of a respective customer of the Management Company with another order for a transaction in financial instruments of its other customer or with an order transaction in financial instruments on the Company's own account.

2. Methods of implementation of the Service. Best result. (*amended, 15 January 2019*)

2.1. When giving orders for transactions on behalf of customers with respect to the management of individual portfolios or upon the assignment to other persons of execution of such transactions, the Management Company shall act in the best interest of the customer, respectively of the person whose activity it manages, as it shall take all reasonable action to obtain the best possible result for the customer, due consideration being given to the price, costs, deadline, probability of execution and settlement, the volume and type of the order or any other circumstance connected with the execution of the order as discussed in section II, item 1 herein below. In order to assess the respective significance of these factors, the criteria set out in section II, item 2 shall apply.

2.2. To the extent permitted by the legislation in force, the Management Company shall directly execute the investment decisions taken by it with respect to the provision of the Service (e.g. in case subscription of securities upon initial public offering, incl. subscription of shares of collective investment schemes, or direct entry into of transactions in financial instruments between the parties outside a regulated market, incl. direct entry into of transactions in state securities or similar instruments that are not listed on a regulated market), and when this is not possible due to legal restrictions or due to other obstacles of an organisational or technical nature (incl. the absence of the respective license under the applicable legislation, absence of membership in a regulated market, a multilateral trading facility or another execution venue of orders for transactions in the respective type of financial instruments, absence of membership or access to organisations providing clearing and settlement under concluded transactions in financial instruments, absence of specific technological equipment, software and the like), as well as in other cases at the discretion of the respective competent body of the Company – by the submission of orders to an investment firm chosen by the respective customer, with whom the customer has a concluded contract, or to an investment firm indicated by the customer, on the condition that this investment firm satisfies the legal requirements and has the required agreements and mechanisms to execute the orders, or an investment firm chosen by the Management Company with whom the Company has a concluded contract for the provision of services on account of its customers. A list of the investment firms with whom the Company has contracts concluded for the provision of services on account of the customers of the Management Company with respect to transactions in every individual class of financial instruments is contained in Appendix No.2 to the present Policy, which will be respectively update as soon as a change occurs.

When an investment firm executes an order submitted to it, the Management Company must ensure the quality of execution on its part, taking into account the factors set out in section II, item 1 herein below. Investment orders shall be executed at the venues determined on the basis of the factors and criteria set forth in section II, item 1 herein below and 2.

The obligation of the Management Company to achieve the best result shall not apply if the customer has given special instructions in relation to the assignment of the execution of the investment decisions taken or their execution. It should be borne in mind that all special instructions from a customer may prevent the investment firms executing the orders from taking the action required to achieve the best result upon the performance thereof for this part of the order, to which the special instructions refer. It is assumed that the obligations to a customer are fulfilled if the Management Company has assigned execution (by submitting an order) of an adopted investment decision, respectively the investment firm has executed the order or a specific aspect of the order in line with the special instructions given by the customer.

II. FACTORS FOR ACHIEVING THE BEST RESULT

1. Factors that the Company will monitor in order to ensure the best execution (*amended, 15 January 2019*)

In the course of provision of the Service, the Management Company will monitor the factors specified herein below in order to guarantee that any execution on its part of the investment orders taken (as long as the Management Company would execute investment decisions taken without assigning the execution to an investment firm) or their execution by the authorised investment firm (to the extent relevant and appropriate) will achieve the best result for the customer:

- ✓ the price, at which the transaction in pursuance of the investment decision made with respect to the customer's portfolio management will be entered into or is possible to be entered into, and the liquidity accessible at a respective price, at which the transaction is possible to be entered into;
- ✓ the costs for the implementation of the transaction (the remunerations and fees for the execution by a respective investment firm and an execution venue, incl. the clearing and settlement ones, as well as other fees and remunerations paid to third parties participating in the execution of the order);
- ✓ the deadline for transaction execution;
- ✓ the likelihood of execution of the transaction (liquidity on the respective market) and the settlement under it;
- ✓ the volume, nature and type of the order;
- ✓ the clearing and settlement conditions;
- ✓ any other circumstance related to the execution of the order on account of the respective customer.

In general, the price, at which a transaction related to the management of the respective customer's portfolio can be entered into and the costs related to the implementation of the transaction will be the most important factors (mostly in the cases of a non-professional customer) in view of the achievement by the Company of the best result for its customer whose portfolio is managed by the Management Company. Nevertheless, when additional circumstances require so, including when according to the investment strategy of the respective professional customer set for the management of its portfolio, it is necessary to closed in a short period an investment made on account of this customer, the Company will consider as the most important factor – individually or in combination with the price

that can be achieved, also the costs for implementing the transaction, and the period, for which the transaction can be executed, as well as the relative likelihood of execution of the transaction in such period.

The Company will consider that the best price in the execution of a “buy” order is achieved in the presence of the lowest possible price and costs for the implementation of the transaction, when they are not included in the price. For a “sell” order, the Management Company will consider the best price is achieved when the highest possible prices after deduction of the costs for the respective customer is present.

If there is only one venue where an order can be handed over for execution and/or can be executed, the best result shall be considered to be achieved upon execution thereof by the handover, respectively execution thereof at such venue.

The Company will try to achieve the best execution when providing the Service, by applying the provisions of this Policy, but this does not mean that the best result will be achieved under any circumstances – in each single case there are factors that may lead to different results in the individual transactions.

In certain cases, this Policy will not apply, e.g. in case of big market turbulence and/or in case of internal or external system emergencies when the possibility to execute the order in due time (or at all) may turn out to be a paramount factor. In case of system breakdowns, the Management Company and/or the investment firms chosen by the customers, respectively by the Company is possible to have no access to any execution venue.

In addition, what is stated in this item of the Policy will not apply where special orders have been received from the customer concerned in accordance with part V herein below.

2. Criteria (*amended, 15 January 2019*)

In order to take into account the factors set out in item 1 hereinabove, upon the execution of investment decisions related to the management of the respective customer’s portfolio, the Management Company will take into consideration and verify that the chosen investment firm takes into account the following criteria:

- ✓ the characteristics of the customer, including whether the customer is a professional or non-professional one;
- ✓ the investment strategy of the respective customer, as defined by him in the contract entered into between him and the Management Company for the provision of the Service;

- ✓ the characteristics of the order, e.g. whether there is a stop-loss instruction, restrictions concerning the market or the amount, volume of the order and the likely effect of its execution;
- ✓ the characteristics of the financial instruments that the investment decision refers to and is respectively the subject of the order, e.g. equity/non-equity securities, derivative financial instruments, convertible instruments, etc.; liquid or not; structured (standardised), etc.;
- ✓ the characteristics of the execution venues, at which the order can be executed;
- ✓ Any other circumstances that may be relevant at this particular moment.

III. EXECUTION VENUE

1. Factors determining the choice of the execution venue (*amended, 15 January 2019 and 19 January 2023*)

In view of achieving the best result upon the provision of the Service, the Company shall take into account and verify whether the chosen investment firm takes into consideration (to the extent relevant and appropriate), the following factors in the process of choosing the execution venue of the specific order:

- ✓ the price that can be achieved at the certain execution venue and the liquidity of the specific financial instrument at this execution venue;
- ✓ the transaction related costs (i.e. the remunerations and fees for the execution of the order at a certain venue, incl. the clearing and settlement ones, as well as other fees and remunerations paid to third parties participating in the execution of the order), which will be on account of the respective customer;
- ✓ the likelihood of execution of the order and of completion of the settlement thereof;
- ✓ the speed of execution of the order at a given execution venue;
- ✓ the clearing and settlement conditions;
- ✓ the ability of the execution venue to offer execution of multiple types of orders;
- ✓ any other considerations relevant to the execution of an order for a transaction on account of a specific customer.

In case that there is only one venue where the order can be executed, the best result shall be considered achieved upon the execution thereof at such venue. In such case the time shall be of essence most of all. For this reason, it will not be possible to compare the prices at various execution venues as a factor determining the best result. E.g., this is possible to happen in transactions involving shares listed or trade on one regulated market only.

2. Execution venues (*amended, 15 January 2019*)

The execution venues are regulated markets, multilateral trading facilities (MTF that operates as an exchange), organised trading systems (OTS), systematic participants or market makers or another liquidity provider, within the European Union ("EU") and the other States party to the European Economic Area Agreement, or persons performing functions similar to the listed ones in a third country.

The execution venues, on which the Company will rely most of all and at which order will usually be executed on account of customers of the Management Company, at which the Service is provided, shall be:

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

- ✓ which are traded on a regulated market or another trading venue:
 - on a regulated market
 - on a multilateral trading facility
 - on an organised trading system or
 - with a broker acting as a systematic participant;
- ✓ which are not traded on a regulated market or another trading venue – with an appropriate seller/buyer.

B) For shares/interest units of undertakings for collective investment: pursuant to the procedure provided for in the prospectus, which is subscription/redemption through the management company at the announced price (which is based on the net value of the assets) or purchase/sale on the regulated market, on which the shares/interest units are admitted to trade, as regards shares/ interest units of collective investment undertakings of the closed-ended type: in accordance with the general procedure envisaged for shares, respectively in accordance with the procedure envisaged for transactions in interest units.

By receiving this policy and signing the custody agreement, the customer acknowledges that he is acquainted with the circumstance that the orders on his account can be executed outside a regulated market, MTF or OTS where they are admitted to trade and gives his

explicit consent thereto. A list of the principal execution venues is set forth in Appendix No.1. The specified execution venues are not a comprehensive list, and, depending on the specificities of the respective investment decision that is subject to execution, it may as well be executed at other execution venues, which are found to be appropriate according to the requirements of this Policy, and if need arises the Management Company will update the list of execution venues.

IV. BEST EXECUTION UPON SUBMISSION OF ORDERS (*amended, 15 January 2019*)

The Company will see that it acts in the best interest of its customers upon the handover of orders in pursuance of investment decisions taken for a customer for transactions in every class of financial instruments for execution by the chosen investment firm. For this purpose, the Management Company will make all reasonable efforts to achieve the best execution for its customers, taking into account also the factors and criteria indicated in part II hereinabove.

The Company will try to achieve the best possible result for its customers upon the provision of the Service by submitting orders for the execution by investment firms chosen by it, which may satisfy the best execution requirements set out in the Markets in Financial Instruments Act ("ZPFI") and the Delegated Regulation, upon observance of the following:

- the Management Company will choose the companies that are most likely to achieve the best possible result for its customers. In this relation, the Company will rely mostly on companies obligated to comply with the requirements under the Markets in Financial Instruments Act and the Delegated Regulation for the achievement of the best possible result;
- the Company will verify whether the order execution policy of the chosen companies is in line with the criteria and principles set out in this Policy, as well as whether the chosen companies have the necessary execution agreements and mechanisms to ensure the achievement of the best possible result for the customers of the Management Company;
- the Management Company will evaluate the quality of execution of the submitted orders by the chosen companies and will in case of defects take the necessary acts for the correction thereof, including by negotiations and signing of additional agreements/annexes to the concluded contracts with the companies, and as a last resort – also by terminating the concluded contracts and choosing new companies, with which a contract will be entered into.

In accordance with the logic of the above, the Management Company will take into account the factor representing a price of the service provided by the respective company

as a decisive factor all other things being equal, as the Management Company may choose a company that enjoys better reputation, technical and human resource for guaranteeing the correct execution of the orders for transactions in financial instruments on account of its customers and their settlement in front of a company that offers only lower prices for the execution of the assigned activities.

A list of the main investment firms, to which the Management Company submits orders for execution, is contained in Appendix No.2. The specified investment firms are not exhaustively listed and depending on specific details of the respective investment decision subject to execution, it may as well be executed by other investment firms, which are deemed to be appropriate according to the requirements of this Policy, and the Management Company will update the list, if need arises.

This part of the Policy will not apply when the customer of the Management Company has independently chosen an investment firm, entered into a contract with it and ordered the Company to execute through this firm the investment decisions related to management of its portfolio. In such case, the Company will only try to inform its customer when it has established defects in the execution of orders by the investment firm chosen by the customer, which fail to ensure the best possible result for the customer.

V. SPECIAL CUSTOMER'S INSTRUCTIONS (*amended, 15 January 2019*)

When the Company receives from the customer special instructions about a certain execution venue, a certain person whereby investment decisions taken in the course of the portfolio management are to be executed, time restraints, definite price, etc., it will be bound to only hand them over to the investment firm, through which the respective order will be executed, as it shall ensure its compliance with them. In such case, the Management Company and the investment firm, through which the investment decision made will be executed, will not be bound to apply the best execution rules set out in the present Policy, respectively in the order execution policy of the respective investment firm, and the best execution will be deemed achieved by conforming the execution of the investment decision made to these special instructions of the customer.

As long as investment decisions are taken and executed by the Management Company, the specific instructions/restrictions cannot be in relation to specific transactions – to enter into a specific transaction under specific conditions.

As regards the parameters of the execution of investment decisions that are not covered by the customer's special instructions, the Management Company will comply with the principles and criteria laid down in the present Policy.

VI. POLICY FOR THE JOINING OF ORDERS AND DIVISION OF THE RESULT FROM THE EXECUTED ORDERS (*amended, 15 January 2019*)

1. General requirements

In case that the Company decides upon the provision of the Service to join orders on account of one of its customers with orders on account of another customer of its or respective managed undertaking for collective investment or with an order for a transaction in financial instruments on the Management Company's own account (to the extent transactions on the Management Company's own account are admissible), such joinder will be subject to strict compliance with the following general restrictions, namely:

- ✓ the joinder of orders will not be prejudicial to any of the customers whose orders are joined;
- ✓ the Company has clarified to every customer, the order on account of whom is being joined, that the joinder may be disadvantageous for him in relation to a specific instruction;
- ✓ the policy on joining orders of different customers and dividing the result upon partial execution, which is contained herein below must be effectively complied with.

2. Policy on joining of orders

A relative feature of the possibility to join orders and to submit them as an aggregate instruction is considered to be most of all the possibility to execute (e.g. within the usual trading hours of Bulgarian Stock Exchange – Sofia AD or of another regulated market in financial instruments and within the same day, on which an aggregated instruction is submitted; upon joining of orders for conclusion of over-the counter (OTC) transactions, due consideration must be given to the standard market volumes, below which the execution of such transactions is unpractical).

In this respect, when the Management Company considers whether two or more orders in pursuance of taken investment decisions on account of its customers, respectively the joinder of one or more instructions in the management of an individual portfolio with orders on account of managed undertakings for collective investment and/or with transactions on the Management Company's own account, are to be joined and submitted in an aggregated form for execution, the price sought shall also enjoy priority (in order a joinder of orders to be possible, it is absolutely imperative that they are at the same price – e.g. the same limited price or respectively all orders must be at a “market” priced). Apart from that, the high probability to execute the aggregated order based on the subjective

assessment of the employees of the Management Company about the movement of the respective market at the given moment of time, shall minimize the risk of possible adverse consequences for any of the Company's customers from the fact of the joinder of the orders.

3. Allocation in case of partial execution of the aggregated instruction

In case of a partial execution of the aggregated orders, the results from the execution shall be allocated based on the priority of the time of making of the investment decisions, which resulted in the submission of the instructions: investment decisions made at an earlier point in time shall receive full or the maximum possible execution and the later ones shall be satisfied in part or shall not be satisfied. In case that the decisions are taken in the same hour, the result from the execution shall be allocated pro-rata to the volume of each of the aggregated orders resulting from these decisions.

In case that the Management Company has aggregated an order on account of a respective customer of the Company with an order for a transaction in financial instruments on the Management Company's own account, in case of partial execution of the aggregated order, the Company shall allocate the result from the execution with priority on account of the respective customer, and only then will the remainder from the execution be allocated on account of the Company. In addition, the Management Company shall take all the required technical and organisational measures to avoid reallocation of transactions on own account executed jointly with orders on account of its customers, when this is to the detriment of the customer concerned.

The rule in sentence one of the preceding paragraph shall not apply if the Management Company is able to justify that the Company could not, unless the orders are aggregated, execute them under such advantageous conditions or execute them at all. In such case the partial execution of the aggregated orders shall be allocated pro-rata to the volume of each of them as the rule set forth in the first paragraph of this item shall apply *mutatis-mutandis*.

VII. EVALUATION OF THE COMPLIANCE WITH THE POLICY

The Company shall see that the present Policy is effective as it shall constantly revise the best possible results for the execution of the decisions upon the management of its customers' portfolios. It shall also constantly keep track of the quality of execution of the orders for transactions in financial instruments submitted upon provision of the Service on the part of third parties who are assigned with this.

Where necessary, the Management Company will remedy any defects identified in the implementation of the Policy as it shall give the respective instructions on the responsible persons – employees of the Company or third parties in contractual relations with the Management Company; take action for sanctioning the responsible persons (incl. by imposing disciplinary punishments on employees of the Management Company, claiming payment of indemnifications and default interests in accordance with the existing contracts, changes in the existing contracts with investment firms and the like), and in case of systematic full or inaccurate fulfilment of the obligations on the part of the investment firms chosen by the Company, steps shall be taken for termination of the contracts with them and their substitution.

The Company shall revise and, if necessary, amend the present Policy every year, as well as in case of a material change that affects the capability of the Management Company to continue obtaining the best possible result for its customers upon the provision of the Service.

VIII. PROVISION OF INFORMATION AND AMENDMENTS TO THE POLICY *(amended, 15 January 2019)*

1. This Policy shall be made available to the customers that the Management Company enters into individual portfolio management contracts with. By signing the individual portfolio custody agreement, the customers give their preliminary agreement with the present policy. The Management Company may not execute orders (respectively, give such to investment firms) on the account of a customer, if the customer has not agreed in advance with the policy followed by the Management Company. The Management Company shall be bound to execute the investment decisions taken in accordance with the present policy, and shall be bound on request of a customer with respect to an individual portfolio management to prove the compliance with this requirement.
2. When the Management Company chooses other investment firms, other than those determined in this Policy, if any, the Management Company shall summarise and publicly announce, every year until 31st of January, for every class of financial instruments, the top five investment firms in terms of traded volumes, to which it submitted orders for execution in the previous year, and information about the quality of the received execution. The information must be compliant with the information determined pursuant to Delegated Regulation (EU) 2017/576.
3. The Management Company shall regularly keep track of the effectiveness of its organisational measures and policy in relation to the execution of the investment decisions taken, in particular with respect to the execution venues and the investment firms, through which the investment decisions are executed, in order to detect and, if necessary, to remedy any faults. The Management Company shall review the execution policies on an annual basis, as well as the presence of a material change affecting its ability to continue

receiving the best possible result for the managed individual portfolios. A material change is a major event that may affect the best execution parameters, such as costs, price, speed, likelihood of execution and settlement, amount, nature and any other consideration relevant to the execution of the order.

The present Policy can be amended and/or supplemented. The Management Company shall be bound to promptly notify the customers of changes in the present Policy, as it shall apply it to a customer upon observance of item 1 of this section hereinabove.

4. The Company shall provide its customers with appropriate information about this Policy, as well as about any material changes in it, including by posting the effective version of the Policy on the webpage of the Management Company: www.compass-invest.eu, in the office at the correspondence address of the Management Company at 19 George Washington str., 2nd floor, Sofia, and in the other offices (if any), where contacts with customers of the Company take place.

The present Policy is adopted by a resolution of the Board of Directors of Management Company Compass Invest JSC of 06 June 2012 and amended by a resolution of 01 April 2013 and a resolution of 15 January 2019 and 19 January 2023.

For Management Company Compass Invest JSC:

Milena Ivanova Aleksandrova
Chairperson of the Board of Directors

Ivaylo Krasimirov Angarski
Executive director

List of major execution venues¹ used by Compass Invest JSC

- ✓ Bulgarian Stock Exchange JSC (“Българска фондова борса ” АД)
- ✓ “London Stock Exchange”
- ✓ “Nasdaq”
- ✓ “New York Stock Exchange”
- ✓ “Deutsche Börse”
- ✓ AMEX-Amsterdam Stock Exchange
- ✓ Xetra
- ✓ Frankfurt Stock Exchange
- ✓ Euronext Paris
- ✓ Irish Stock Exchange
- ✓ Borsa de Madrid
- ✓ Swiss Stock Exchange

¹ The list is not comprehensive

Appendix No.2 (Amended by a resolution of the Board of Directors of 19 January 2023)

List the major investment firms², to which Compass Invest JSC will submit orders

Name of Investment firm (IF)	Country of registration	Types of financial instruments, with respect to which transactions will be entered into through this IF
BenchMark Finance JSC	Bulgaria	Shares, bonds
Unicredit Bulbank JSC	Bulgaria	Shares, bonds, State securities
MK Brokers JSC	Bulgaria	Shares, bonds, State securities
“Cowen International Limited “	USA	Shares, bonds, State securities, Derivative financial instruments
Central Cooperative Bank JSC	Bulgaria	Shares, bonds, State securities
Baader Bank	Germany	Shares, Bonds, Derivative financial instruments
DSK Bank	Bulgaria	Derivative financial instruments, Bonds
Delta Stock JSC	Bulgaria	Bonds, State securities,
ING Bank	Bulgaria	Shares, bonds, State securities
Bridport	Switzerland	Bonds
Intercapital Markets JSC	Bulgaria	Shares, Bonds
Dilingova Finansova Kompania AD	Bulgaria	Shares, bonds, State securities
Paretto Securities	Finland	Bonds
Stonex	United Kingdom	Shares, Bonds

² The list is not comprehensive