

MF Compass Funds Select-21

MUTUAL FUND

P R O S P E C T U S

for public offering

of units

**THE UNITS ARE BOOK-ENTRY FINANCIAL INSTRUMENTS
WHICH ARE REGISTERED BY NAME WITH THE CENTRAL
DEPOSITORY AND ARE DENOMINATED IN EURO
THE MUTUAL FUND HAS A MODERATE LEVEL OF RISK**

The Prospectus contains the information necessary for investors to make an informed assessment of the proposed investment, including the risks related to it. The Prospectus contains information about the risk profile of the mutual fund, as well as information about the categories of assets in which the collective investment scheme may invest. It is in the interest of investors to familiarise themselves with the Prospectus before making a decision to invest.

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CONTENTS

1. Information about the management company	5
Member state of origin.....	5
1.1. (Amended by Decision of the BoD of 02.08.2023) Name, registered office and management address	5
1.2. Date of registration, licence, term	5
1.3. Other managed collective investment schemes	5
1.4. (Amended by Decision of the BoD of 22.01.2026) Members of the Board of Directors	5
1.5. (Amended by Decision of the BoD of 31.03.2026) Amount of subscribed capital with indication of the paid-up portion	6
2. Information about the mutual fund	7
2.1. Name	7
2.2. (Amended by Decision of the BoD of 16.05.2018 and 04.07.2018) Date of incorporation, licence, term	7
2.3. (Amended by Decision of the BoD of 23.09.2021 , 06.04.2023 and 02.08.2023) The place where the fund's rules, periodic reports and additional information may be obtained	7
2.4. Tax regime – taxation of the income of unit holders	8
2.5. Accounting dates and income distribution dates	9
2.6. Auditors	10
2.7. Stock exchanges or markets where the units are traded	10
3. Information on the types and main characteristics of the units	10
3.1. (Amended by Decision of the BoD of 16.05.2018 and 17.12.2025)Nature of the rights of unit holders	10
3.2. Characteristics of the units as financial instruments	12
3.3. Documents evidencing ownership rights	12
3.4. (Amended by Decision of the BoD of 02.05.2023) Circumstances under which a decision to wind up the mutual fund may be taken, and procedure for winding up, in particular as regards the rights of unit holders	12
4. (Amended by Decision of the BoD of 16.05.2018 and 21.10.2021) Conditions and procedure for issuance (sale) and redemption of units.....	13
4.1. Written agreement with the investor (Amended by Decision of the BoD of 14.04.2020, 16.06.2021 and 21.12.2022)	13
When the client wishes to sell all their units, a unit quantity order is submitted and executed	16
4.2. Required documents upon conclusion of an agreement	16
4.3. Required documents upon submission of an order for subscription/redemption of units	17
4.4. Place for submission of orders (Amended by Decision of the BoD of 14.04.2020, 23.09.2021 and 02.08.2023)	18
4.5. (Amended by Decision of the BoD of 08.02.2022) Cancellation of order	18
4.6. Payment of the value of units upon subscription (Amended by Decision of the BoD of 14.04.2020 and 17.12.2025)	18
4.7. Payment of the value of units upon redemption (Amended by Decision of the BoD of 14.04.2020 and 21.12.2022)	18
4.8. Deadline for execution of orders from the date of submission	18

4.9. Provision of confirmation.....	18
4.10. Circumstances under which redemption may be suspended (Amended by Decision of the BoD of 11.04.2022)	19
4.11. Rules for determining and using income	20
5. Investment objectives, investment policy, investment restrictions, borrowing techniques and instruments.....	20
5.1. Investment objectives.....	20
5.2. (Amended by Decision of the BoD of 16.05.2018, 10.03.2021, 09.12.2021 and 21.12.2022) Investment policy	20
5.3. (Amended by Decision of the BoD of 16.05.2018, 16.06.2021, 30.06.2021 and 21.12.2022) Types of assets in which the mutual fund may invest	24
5.4. (Amended by Decision of the BoD of 16.05.2018 and 16.06.2021) Investment restrictions	27
6. Asset valuation rules	30
6.2. Frequency of calculation of unit prices.....	31
6.3. (Amended by Decision of the BoD of 23.09.2021, 11.04.2022, 21.12.2022 and 17.12.2025) Fees related to the issuance and redemption of units	31
6.4. (Amended by Decision of the BoD of 16.05.2018, 11.04.2022, 18.04.2022 and 21.12.2022) Manner, places and frequency of publication of these prices	32
7. Remuneration payable by the mutual fund.....	32
7.1. (Amended by Decision of the BoD of 21.10.2021) Manner of calculation of the management company's remuneration.....	32
7.2. (Amended by Decision of the BoD of 16.05.2018) Manner of calculation of the depositary bank's remuneration	33
7.3. Operating expenses	33
7.4. (Amended by Decision of the BoD of 17.12.2025) Reimbursement of expenses.....	34
8. Risk profile and risk factors	34
8.1. Risk appetite and risk profile.....	34
8.2. Risk factors	35
8.3. (Amended by Decision of the BoD of 16.05.2018) Types of risks and assessment of risks	35
9. Information about the depositary bank	40
9.1. Identification data of the depositary bank and description of its obligations and the conflicts of interest that may arise	40
Main activity of the depositary bank.....	40
9.2. Description of all custody functions delegated by the depositary bank, list of persons to whom functions have been delegated or sub-delegated, and any potential conflicts of interest that may arise from such delegation.....	42
9.3. Declaration by the management company	42
10. Information about consulting firms or external advisors providing contractual advice whose remuneration is paid from the assets of the fund.....	42
11. Results from the activity of the mutual fund for previous years.....	42
12. (Amended by Decision of the BoD of 16.05.2018) Profile of the type of investor	46
13. Economic information.....	47

13.1. Transaction costs	47
13.2. Annual operating expenses.....	47
13.3. (New by Decision of the BoD of 21.12.2022) Policy regarding direct and indirect operating expenses and fees resulting from the use of efficient portfolio management techniques.	47
14. (Amended by Decision of the BoD of 17.12.2025) COLLATERAL POLICY.....	47
15. Information regarding the intention of the mutual fund to use increased diversification limits specified in Article 46, paragraph 1 of ACISOUCI	49
16. new by Decision of the BoD of 27.05.2020, amended by Decision of the BoD of 08.02.2022 and 31.01.2023) DETAILS REGARDING THE CURRENT REMUNERATION POLICY OF THE MANAGEMENT COMPANY	50
17. (New by Decision of the BoD of 20.12.2022) Information on the method used for calculating the total risk exposure, in the event that the investment policy of the Fund explicitly provides for the possibility of investing in derivative financial instruments.	53
18. Annex No. 1.....	54

1. INFORMATION ABOUT THE MANAGEMENT COMPANY

Member state of origin

MF “Compass Funds Select-21” and the management company which organises and manages the mutual fund are of origin of the Republic of Bulgaria.

1.1. (Amended by Decision of the BoD of 02.08.2023) Name, registered office and management address

The management company is named MC “Compass Invest” JSC, referred to for brevity in this Prospectus as the “management company”. The registered office and management address of the management company are: Republic of Bulgaria, Sofia 1000, 36 Alabin Str., 4th floor

1.2. Date of registration, licence, term

The Financial Supervision Commission (FSC) has issued a licence to MC “Compass Invest” JSC for conducting activity as a management company No. 44-MC/13.11.2012, reissued as No. 51-MC/14.05.2016 and reissued as No. 56-MC/28.06.2017. The management company was registered by decision of the Sofia City Court of 18.12.2006, company case No. 14654, reg. entry No. 111913, vol. 1513, reg. 1, p. 149 and was re-registered in the Commercial Register at the Registry Agency on 05.09.2008 with UIC 175194972. The management company has an unlimited term of existence. “Compass Invest” JSC conducted its activity as a management company under the previous name “Somoni Asset Management” JSC.

1.3. Other managed collective investment schemes

(Amended by Decision of the BoD of 22.11.2019, 09.04.2024, 17.06.2024 and 11.08.2025) The management company also manages the following other collective investment schemes: MF “Eurostability”, MF “Strategy”, MF “Progress”, MF Compass Global Trends, MF “Active Euro Deposit”.

1.4. (Amended by Decision of the BoD of 22.01.2026) Members of the Board of Directors

Milena Ivanova Aleksandrova – Chairperson of the BoD and representative
Ivaylo Krasimirov Angarski - Executive Director and representative

(New by Decision of the BoD of 16.06.2021) Dragomir Hristov Velikov – member of the Board of Directors

(New by Decision of the BoD of 16.06.2021) Boyko Nikolaev Bratanov – member of the Board of Directors

Information about activities carried out outside the management company

(Amended by Decision of the BoD of 16.06.2021, 21.12.2022, 02.08.2023, 08.02.2024, 17.06.2024, 14.11.2025 and 22.01.2026) Ivaylo Krasimirov Angarski owns 32.167% of the capital and is Executive Director of “Compass Capital” JSC; manager and owner of 100% of the capital of Harvest Capital LLC, member of the Board of Directors of Impact Capital JSC and member of the Supervisory Board of Eurohold Bulgaria JSC

Milena Ivanova Aleksandrova is a member of the Board of Directors of “Compass Capital” JSC, manager of “Skalisto” LLC, Cranfors OOD and “Triple G” LLC.

(New by Decision of the BoD of 16.06.2021, amended by Decision of the BoD of 06.04.2023, 08.02.2024 and 14.11.2025) Boyko Nikolaev Bratanov, owns 3.594% of the capital of “COMPASS CAPITAL” JSC, owner of law firm “Spasov and Bratanov”, member of the Board of Directors of “Sofia Hotel Balkan” JSC and of “S&B Services” JSC.

(New by Decision of the BoD of 16.06.2021, amended by Decision of the BoD of 21.12.2022, 02.08.2023, 08.02.2024, 29.08.2024 and 14.11.2025) Dragomir Hristov Velikov owns 64.239% of the capital and is a member of the Board of Directors of Compass Capital JSC.

Sole owner of the capital and manager of Artea 21 EOOD and Artea 3 EOOD, manager of Compass Capital GP EOOD, representative of Mercury 21 LP and Compass Digital Finance LP.

Other information regarding the participation of members of the Board of Directors of the management company in other commercial companies as partners with unlimited liability, holding of more than 25 per cent of the capital of another company, as well as their participation in the management of other companies or cooperatives as procurators, managers or council members, is disclosed in the annual report on the company’s activity as part of the annual financial statement.

1.5. (Amended by Decision of the BoD of 31.03.2026) Amount of subscribed capital with indication of the paid-up portion

The subscribed and paid-up capital of MC “Compass Invest” JSC is EUR 153,000.

2. INFORMATION ABOUT THE MUTUAL FUND

2.1. Name

The mutual fund is named MF “ Compass Funds Select-21 ”, referred to for brevity in this Prospectus as the “mutual fund” or the “fund”.

MF “ Compass Funds Select-21 ” is a collective investment scheme within the meaning of the Activities of Collective Investment Schemes and Other Undertakings for Collective Investment Act (ACISOUIC), which publicly issues (sells) units and invests the funds raised in transferable securities, units of collective investment schemes and bank deposits.

2.2. (Amended by Decision of the BoD of 16.05.2018 and 04.07.2018) **Date of incorporation, licence, term**

The fund was established upon its entry in the register of the Financial Supervision Commission as an issuer under Article 30, paragraph 1, item 4 of the Financial Supervision Commission Act, by virtue of Decision No. 608-MF/14.07.2018. The fund has an unlimited term of existence.

2.3. (Amended by Decision of the BoD of 23.09.2021 , 06.04.2023 and 02.08.2023) **The place where the fund's rules, periodic reports and additional information may be obtained**

Investors interested in the offered units of MF MF “ Compass Funds Select-21 ” may obtain free of charge a copy of the Prospectus, the Key Information Document, the Rules of the fund, the most recently published annual and 6-month financial report of the fund, details of the current remuneration policy of the management company, the procedure for submission of complaints by investors pursuant to the complaints handling policy, as well as additional information, at the office of Management Company “ Compass Invest ” JSC, every working day from 9:00 to 17:00, at the address: Sofia 1000, 36 Alabin Str., 4th floor.

The management company publishes information about the fund on its website, where it discloses data on the issue value and the redemption price of units of the fund on the day the valuation is performed, publishes a current prospectus for public offering of units and the key information document, as well as the rules of the fund and periodic reports, and other information at the following internet address: www.compass-invest.eu.

Contact telephone: 02/4219517, email: office@compass-invest.eu, website: www.compass-invest.eu.

2.4. Tax regime – taxation of the income of unit holders

This section of the Prospectus presents information about the general tax regime applicable to the fund, which is of relevance to unit holders, and relates to the taxation of their income from transactions with units of the fund pursuant to the tax legislation in force as at the date of this Prospectus.

Unit holders may acquire income from their investments in the fund in the form of capital gain (the positive difference between the selling price and the documented acquisition price of units).

The capital gain of investors is non-taxable pursuant to:

- Article 196 of the Corporate Income Tax Act (CITA) – income of legal entities received from the disposal of financial instruments within the meaning of § 1, item 21 of the Additional Provisions of CITA is not taxed;
- Article 13, paragraph 1, item 3 of the Personal Income Tax Act (PITA) – income of natural persons received from the disposal of financial instruments within the meaning of § 1, item 11 of the Additional Provisions of PITA is not taxed.

"Disposal of financial instruments" for the purposes of Article 196 of CITA and Article 13, paragraph 1, item 3 of PITA are transactions:

a) with units of collective investment schemes, shares and rights, conducted on a regulated market within the meaning of Article 152, paragraphs 1 and 2 of the Markets in Financial Instruments Act; "rights" for the purposes of the first sentence are securities giving the right to subscribe a certain number of shares in connection with a decision to increase the share capital;

b) concluded under the terms and procedure of redemption by collective investment schemes admitted for public offering in the country or in another member state of the European Union, or in a state party to the Agreement on the European Economic Area.

Therefore, the income of unit holders from transactions under the terms and procedure of redemption of units from the fund is not subject to taxation. No withholding at source is made on positive capital gains paid by the mutual fund to unit holders, and no corporate income tax is due on the profit of the mutual fund.

Other cases of tax-exempt income from units of the mutual fund:

- inheritance tax is not paid by the surviving spouse and by heirs in the direct line without restrictions (Article 31, paragraph 2 of the Local Taxes and Fees Act);
- property acquired by gift between relatives in the direct line and between spouses is not taxed (Article 44, paragraph 6 of the Local Taxes and Fees Act).
- Pursuant to Article 37, paragraph 1, item 12 and Article 46, paragraph 1 of the Personal Income Tax Act, income from transactions with units of the fund (realised capital gain) received by natural persons from third countries, other than Bulgarian

residents, established for tax purposes in a member state of the EU or another member state of the EEA, is taxed with a final tax of 10% on taxable income.

Foreign persons – unit holders of the fund should keep in mind that where an agreement for the avoidance of double taxation has been concluded between the Republic of Bulgaria and the respective foreign country whose resident is the recipient of the income, its provisions take priority over Bulgarian domestic legislation, and the Procedure for application of the agreements for the avoidance of international double taxation of income and property with respect to foreign persons under Chapter 16, Section III of the Tax and Social Security Procedure Code shall apply.

Attention: This information is not exhaustive and does not constitute legal or tax advice. Taxation depends on specific circumstances related to the investor and may change in the future.

2.5. Accounting dates and income distribution dates

The management company is obliged to submit to the Financial Supervision Commission and to the public the following reports on the activity of the fund:

1. annual report within 90 days from the end of the financial year;
2. semi-annual report, covering the first six months of the financial year, within 30 days from the end of the reporting period.
3. the management company, by the 10th day of the relevant month, discloses on its website summary information about the structure of the mutual fund's portfolio as at the last date of the previous month, which contains at minimum data on the percentage of the fund's assets invested in the various types of financial instruments.
4. by the 10th day of the month following the reporting month, a monthly balance sheet and information on: a) the volume and structure of portfolio investments by issuer and type of securities and other financial instruments; b) types of derivative instruments, main risks associated with the underlying assets of derivative instruments, quantitative restrictions and selected methods for risk assessment related to derivative instrument transactions.

Within 60 days of the end of the financial year, the Board of Directors of the management company prepares for the elapsed calendar year a financial statement and report on the activity of the mutual fund and submits it for examination to the registered auditor selected by the management company.

In cases where the management company has invested a significant portion of the fund's assets in units of other collective investment schemes or undertakings for collective investment managed directly or by delegation by the management company or by another company linked to the management company through common management or control, or through significant direct or indirect participation, the annual financial statement of the fund will also contain the maximum ratio of the management fee of the management company and/or the other company linked to the

management company, paid by the fund on the one hand, and by the collective investment scheme in which its assets are invested, on the other hand.

With a view to complying with the requirement of Article 48, paragraph 4 of ACISOUIC, to the extent that the management company invests a significant portion of the fund's assets in other collective investment schemes and other undertakings for collective investment, the maximum amount of management fees collected from the fund will be 0.5%, and the maximum amount of management fees collected from the other collective investment schemes or undertakings for collective investment in which the management company intends to invest the fund's assets will be 3%.

Information on the maximum percentage of fees charged under the first sentence from the investing fund and the other undertakings in which the fund invests is provided in its annual financial report.

Pursuant to the Rules of MF "Compass Funds Select-21", the mutual fund does not distribute the profit achieved as income to unit holders. The management company reinvests the profit of the mutual fund, as a result of which the net asset value of the fund increases, in the interest of unit holders of the fund.

2.6. Auditors

(Amended by Decision of the BoD of 03.05.2019, 22.11.2019, 16.06.2021, 08.02.2022, 21.12.2022, 08.02.2024, 04.04.2025 and 14.11.2025) On 23.07.2018, 02.09.2019, 07.10.2020, 22.10.2021, 03.10.2022, 21.11.2023, 12.11.2024 and 03.11.2025 auditing company RSM BG No. 173 was selected as auditor of the Fund for 2018, 2019, 2020, 2021, 2022, 2023, 2024 and 2025

2.7. Stock exchanges or markets where the units are traded

The units of MF "Compass Funds Select-21" are not expected to be traded on the Bulgarian Stock Exchange – Sofia or another regulated market.

3. INFORMATION ON THE TYPES AND MAIN CHARACTERISTICS OF THE UNITS

3.1. (Amended by Decision of the BoD of 16.05.2018 and 17.12.2025) Nature of the rights of unit holders

The units of MF "Compass Funds Select-21" are denominated in euros with a nominal value of EUR 0.51 per unit.

All units confer equal rights on their holders, as follows:

Right of redemption of units of the fund

Every investor in the mutual fund has the right at any time, within working days and working hours, to submit an order for redemption of the units held by them, which will be executed under the conditions provided for in the Rules of the fund and

the Prospectus, except when redemption is suspended in the cases provided for by law or the Rules of the fund cases. The redemption order may relate to a part or all of the units held by the investor.

Right of subscription of units of the fund

Every investor in the mutual fund has the right at any time, within working days and working hours, to submit an order for subscription of units, including new units, without restriction in value, except in cases where the applicable legislation provides for a size of unit investment in a mutual fund, which will be executed under the conditions provided for in the Rules of the fund and the Prospectus, except when redemption is suspended in the cases provided for by law or the Rules of the fund cases.

Right to information (Amended by Decision of the BoD of 21.12.2022 and 06.04.2023)

Every investor has the right to information contained in the Prospectus, the Key Information Document and the periodic reports of the mutual fund, as well as other public information about the fund. The management company provides free of charge, upon request by investors, the Prospectus, the Key Information Document and the most recently published annual and 6-month report of the fund.

Right to a liquidation share

Upon liquidation of the fund, each investor has the right to a proportional share of the fund's assets corresponding to the units held by them.

Right to lodge complaints (Amended by Decision of the BoD of 08.06.2018)

Every investor has the right to submit complaints free of charge regarding the activities of MC "Compass Invest" JSC in managing the Fund in accordance with the Policy for acceptance and handling of complaints of "Compass Invest" JSC adopted by MC "Compass Invest" JSC. Information about the Policy for acceptance and handling of complaints of "Compass Invest" JSC is provided free of charge to investors through its publication on the website of MC "Compass Invest" JSC – www.compass-invest.eu. Upon request by an investor, the management company provides free of charge a paper copy of the Policy for acceptance and handling of complaints. The investor may send MC "Compass Invest" JSC a written notification stating that they wish the dispute to be resolved by the Sectoral Conciliation Commission for the resolution of disputes in the area of activities and services under Article 6, paragraphs 2 and 3 of the Markets in Financial Instruments Act and the activities and services under Article 86, paragraphs 1 and 2 of the Activities of Collective Investment Schemes and Other Undertakings for Collective Investment Act, including upon the provision of financial services at a distance, in these sectors, under the Consumer Protection Commission.

3.2. Characteristics of the units as financial instruments

The units of the fund are book-entry, registered financial instruments registered in the investors' client sub-accounts attached to the account of the management company at "Central Depository" JSC.

3.3. Documents evidencing ownership rights

"Central Depository" JSC maintains a register of unit holders and issues certificates of ownership.

3.4. (Amended by Decision of the BoD of 02.05.2023) Circumstances under which a decision to wind up the mutual fund may be taken, and procedure for winding up, in particular as regards the rights of unit holders

The mutual fund is wound up:

1. by decision of the Board of Directors of the management company, including in the case of redemption of all units;
2. upon revocation of the management company's authorisation to organise and manage the mutual fund by the Financial Supervision Commission;
3. *(Amended by Decision of the BoD of 16.05.2018 and 08.06.2018)* in the event that within three months of the revocation of the licence, winding up or declaration of insolvency of the management company, no new management company is selected or approved, or the Financial Supervision Commission refuses to issue a licence to the new management company to manage the mutual fund;
4. on the grounds of Article 363, letters "a" and "b" of the Obligations and Contracts Act.

Except in the case under item 2, the winding up of the mutual fund is carried out with the authorisation of the Financial Supervision Commission, under conditions and procedure determined in Chapter Fourteen of ACISOUCL, Section V and Chapter Four, Section V of Ordinance No. 44 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).

The persons proposed as liquidators of the fund, as well as the liquidation plan, which mandatorily provides for measures for the protection of unit holders, including a prohibition on transactions with assets of the fund unless this is required by the liquidation, shall be approved by the authorisation of the FSC. The mutual fund is dissolved upon its removal from the register of the Financial Supervision Commission.

(Amended by Decision of the BoD of 08.06.2018) After deducting the liabilities of the mutual fund and determining the net assets of the fund, the liquidator publishes, pursuant to Article 22, paragraph 1 of the Rules of the fund, a notice regarding the conditions, procedure and deadlines for payment by the depositary bank of the portions of the net assets of the fund due to investors, proportional to the units held by them.

4. (Amended by Decision of the BoD of 16.05.2018 and 21.10.2021) CONDITIONS AND PROCEDURE FOR ISSUANCE (SALE) AND REDEMPTION OF UNITS

The mutual fund is obliged at all times (every working day) to offer its units to investors at the issue value based on the net asset value per unit, increased by issuance costs, as well as upon request by unit holders, to redeem them at the redemption price equal to the net asset value per unit, reduced by redemption costs (where provided for). When upon redemption of units from MF “Compass Funds Select-21”, the net proceeds from the redemption are invested in one or more of the other collective investment schemes managed by Compass Invest JSC, no issuance and redemption costs are charged. In these cases, the orders for issuance and redemption are executed at the net asset value per unit. Purchase of units is made against full payment of their issue value.

Calculation of the net asset value of the mutual fund and the net asset value per unit is performed on Wednesdays and Fridays by 14:30, based on the fund’s assets as at the preceding Tuesdays and Thursdays, by the management company under the control of the depositary bank. By the end of the day the valuation is performed, the management company publishes the issue value and the redemption price per unit of the mutual fund on the management company’s website, at the office of the management company where orders for subscription and redemption of units are accepted and contacts with investors of the fund are carried out.

The management company executes the order for subscription or redemption of units of the mutual fund at the issue value or redemption price, respectively, determined for the closest day following the day on which the order was placed. By “... the day following the day on which the order was placed...” is meant the first day following the day of submission of the order (request) on which new issue values and redemption prices have been calculated. I.e. at prices published on Wednesday, orders (requests) submitted on the preceding Friday, Monday and Tuesday are executed. At prices published on Friday, orders (requests) submitted on the preceding Wednesday and Thursday are executed.

4.1. Written agreement with the investor (Amended by Decision of the BoD of 14.04.2020, 16.06.2021 and 21.12.2022)

The activity of issuance (sale) and redemption of units of the mutual fund is carried out through the management company on the basis of a written agreement with the investor. The requirement for written form is deemed to be complied with if the agreement is concluded through electronic statements signed with an electronic

signature within the meaning of the Electronic Document and Electronic Certification Services Act.

The agreement may be concluded remotely through an exchange of the necessary documents signed by the parties, provided that the client is the holder of a bank account opened at the credit institution meeting the requirements described below. The client, or their representative, sends to the management company the signed agreement, an original document issued by the relevant credit institution confirming that the client is the holder of a bank account, and a certified copy of their identity document, and for clients who are legal entities – also a certified copy of commercial registration documents containing information about the incorporation and representation, as well as other documents detailed in the Prospectus of the fund. Certification is carried out by affixing the inscription "True copy of original", date and signature of the client.

The management company may require other additional information related to the identification of the client in view of the specific case and/or in accordance with the requirements of the regulatory acts .

The bank account must be opened with a credit institution that has been licensed in a member state of the European Union, or a country party to the Agreement on the European Economic Area. The credit institution that issued the document may also be headquartered in a member state of the Financial Action Task Force on Money Laundering (FATF), the Asia/Pacific Group on Money Laundering (APG), the Eurasian Group on Combating Money Laundering and Financing of Terrorism (EAG) or the Committee of Experts on the Evaluation of Anti-Money Laundering Measures (MONEYVAL) of the Council of Europe.

Transfers of funds in connection with subscription and redemption of units from the fund by the client under a remotely concluded agreement shall be made only from and to a payment account maintained by a credit institution under this paragraph, of which the client is the holder.

Remote conclusion of an agreement through an authorised representative is not permitted.

Orders(Amended by Decision of the BoD of 14.04.2020 and 23.06.2025)

Subscription and redemption of units of the fund is carried out by submission of a written order. The order for subscription of units is submitted personally by the applicant or by their authorised representative. The applicant or their authorised representative must necessarily identify themselves with an official identity document. Remote submission of orders is also permitted, with the exchange of documents being carried out by email, regular mail or courier with return receipt. Submission and execution of an order for subscription of units may be carried out in one of the following ways, subject to the following conditions:

- 1) (*Amended by Decision of the BoD of 16.05.2018*) “Value order” – the investor deposits into the fund’s collection account the amount for which they wish to acquire units. After calculation of the issue value, the amount is divided by the issue price and the number of units is obtained. The value of fractional units upon acquisition is rounded to the fourth decimal place. The order is executed by issuing whole and fractional units up to the amount deposited by the investor.
- 2) “Unit quantity order” – in this type of order, the investor specifies the number of units they wish to purchase. The amount to be deposited into the collection account at the time of submitting the order is 110% of the value of the specified number of units, calculated at the last announced issue value. In the event of any remainder, it is refunded within three days to an account specified by the investor or at the cash desk. If the issue price rises and there is a shortfall of funds for executing the order, the investor is immediately notified and is obliged to pay the additional amount required for execution of the order. In the event that the investor does not pay the additional required amount, the order is executed by dividing the deposited amount by the issue value and rounding the number of units to a whole number. The remainder is refunded to the investor.
- 3) In addition, the investor may, with a special instruction entered in the order, state their wish to acquire only a whole number of units. In this case, if there is a remainder of the amount, it is refunded to the investor by the end of the working day following the day of issuance of the units to an account specified by them or at the cash desk.

Submission and execution of an order for redemption of units may be carried out in one of the following ways, subject to the following conditions:

- 1) Redemption order by unit quantity – the investor specifies the number of units they wish to sell.
- 2) Redemption order by value – the investor specifies the amount they wish to receive as a result of the sale.

When submitting this type of order, two conditions must necessarily be met:

- The amount specified, divided by the last calculated NAV per unit, must amount to up to 90% of the units under each of the client’s agreements, and
- (*Amended by Decision of the BoD of 17.12.2025*) The residual value of the units obtained by multiplying by the last NAV per unit must not be less than EUR 51.13 for each agreement.

When the client wishes to sell all their units, a unit quantity order is submitted and executed.

4.2. Required documents upon conclusion of an agreement

▪ **from applicant – natural person**

- official identity document of the investor/authorised representative/legal representative, from which a copy is taken, certified by the applicant and the employee of the management company who has verified the identity;
- original of a notarially certified power of attorney or a notarially certified copy thereof, which contains the power of representation for performing management or disposition actions with financial instruments (in the case of an authorised representative);
- official document certifying the right of legal representation (birth certificate, act of appointment of a guardian or trustee), from which a copy is taken, certified by the legal representative and the employee of the management company who has verified the identity (in the case of a legal representative);
- Declaration for the purposes of automatic exchange of financial information on the grounds of Article 142t, paragraph 1 of the Tax and Social Security Procedure Code (TSSPC);
- declaration under Article 42, paragraph 2, item 2 of AMLMA for holding a senior public position;

▪ **from applicant – legal entity and sole trader**

- official identity document of the legal representative/authorised representative, from which a copy is taken, certified by the applicant on behalf of the legal entity and the employee of the management company who has verified the identity;
- original or notarially certified copy of an official extract from the relevant register of current status, in the event that the person is not registered in the Commercial Register at the Registry Agency;
- certified copy of the memorandum of association or deed of incorporation, in the event that the person is not registered in the Commercial Register at the Registry Agency;
- copy of the BULSTAT registration card for those registered in the BULSTAT register and not registered in the commercial register – legal entities that are not traders, commercial representations of foreign persons, unincorporated associations under the Obligations and Contracts Act, foreign legal entities, branches and other persons under Article 3 of the BULSTAT Register Act;
- copy of the relevant licence, authorisation or registration certificate, from persons carrying out transactions and operations related to a particular activity subject to licensing, authorisation or registration.

- for foreign persons – comparable documents certifying their registration, election of legal representative and address;
- original of a notarially certified power of attorney or a notarially certified copy thereof, which contains the power of representation for performing management or disposition actions with financial instruments;
- declaration under Article 59, paragraph 1, item 3 of AMLMA for the legal representative or authorised representative of the legal entity, or a certificate or other valid document under the legislation of the jurisdiction in which the applicant is registered, issued by a central registry or registering agent, from which it is apparent who are the beneficial owners (down to natural persons) of the legal entity.
- Declaration for the purposes of automatic exchange of financial information on the grounds of Article 142t, paragraph 1 of the Tax and Social Security Procedure Code (TSSPC);
- declaration under Article 42, paragraph 2, item 2 of AMLMA for holding a senior public position by the legal representative(s) of the legal entity.

4.3. Required documents upon submission of an order for subscription/redemption of units

▪ from applicant – natural person

- official identity document of the investor/authorised representative/legal representative, for verification of identity; a copy, certified by the person and the employee of the management company who has verified the identity, is retained only in the event of a change to the data in the identity document attached to the agreement;
- original of a notarially certified power of attorney or a notarially certified copy thereof, which contains the power of representation for performing management or disposition actions with financial instruments; provided and retained only in the event that there is none attached to the agreement or there has been a change.

▪ from applicant – legal entity and sole trader

- official identity document of the legal representative/authorised representative; a copy, certified by the applicant on behalf of the legal entity and the employee of the management company who has verified the identity, is retained only in the event of a change to the data in the identity document attached to the agreement;
- original or notarially certified copy of an official extract from the relevant register of current status, which is provided in the event of a change in the circumstances certified at the conclusion of the agreement; in the absence of a change, an extract from the register is printed and certified by the person and the employee of the management company who has carried out the verification in the commercial register;
- original of a notarially certified power of attorney or a notarially certified copy thereof, which contains the power of representation for performing management or

disposition actions with financial instruments; provided and retained only in the event that there is none attached to the agreement or there has been a change.

4.4. Place for submission of orders(Amended by Decision of the BoD of 14.04.2020, 23.09.2021 and 02.08.2023)

The place for submission of orders is as follows:

- Sofia, 36 Alabin Str., 4th floor;
- remotely: by email, regular mail or courier with return receipt.

- Working hours

Every working day from 9:00 to 17:00.

4.5. (Amended by Decision of the BoD of 08.02.2022)Cancellation of order

An order for subscription and redemption of units may be cancelled by 17:00 on the closest day (Tuesday or Thursday) preceding the day for determination of the net asset value (Wednesday or Friday).

4.6. Payment of the value of units upon subscription (Amended by Decision of the BoD of 14.04.2020 and 17.12.2025)

At the time of submitting the subscription order, the applicant deposits an amount equal to the value for which they wish to acquire units. Deposit of the amount is made as follows:

- to the account of MF "Compass Funds Select-21 " IBAN BG30UBBS80021070630040, BIC UBBSBGSF – in euros opened at "United Bulgarian Bank" JSC, with payment purpose – subscription of units from MF " Compass Funds Select-21 ".

4.7. Payment of the value of units upon redemption (Amended by Decision of the BoD of 14.04.2020 and 21.12.2022)

The amount from the redemption of units is paid as follows:

- by bank transfer, to an account in the investor's name specified by them.

4.8. Deadline for execution of orders from the date of submission

Orders for subscription of units – up to 7 calendar days.

Redemption order – up to 10 calendar days.

4.9. Provision of confirmation

The management company is obliged at the earliest opportunity, but no later than the end of the first working day following execution of the order, to provide the

person who submitted the order with written confirmation of execution in the manner indicated by the applicant: at the management company's office, by post, by fax or by e-mail.

4.10. Circumstances under which redemption may be suspended (Amended by Decision of the BoD of 11.04.2022)

By decision of the Board of Directors of the management company, redemption of units of the fund may be temporarily suspended only in exceptional cases where the circumstances require it and the suspension is justified in the interests of unit holders, including in the following cases:

1. when on a regulated market on which a significant part of the assets of the mutual fund are admitted or traded, the conclusion of transactions has been terminated, suspended or is subject to restrictions – for the duration of the suspension or restriction;
2. when the assets or liabilities of the mutual fund cannot be properly valued or the management company cannot dispose of the fund's assets without prejudicing the interests of unit holders – for the duration of the impossibility;
3. from the moment of taking a decision to wind up or restructure through merger or absorption of the mutual fund – until completion of the procedure;
4. in the presence of other conditions under which, if the redemption is not suspended, it is expected that the interests of unit holders of the mutual fund.

The management company shall immediately also suspend the issuance of units for the duration of the temporary suspension of redemption, and accordingly for the period by which the duration of the temporary suspension of redemption of units is extended. The management company shall notify unit holders through the fund's website. In the event that extension of the duration of the temporary suspension is required, the management company shall notify unit holders through the fund's website no later than 7 days before the expiry of the initially determined period. If the suspension period is shorter than seven days, including in cases where redemption was suspended for technical reasons, the management company shall carry out the notifications under the preceding sentence by the end of the working day preceding the date on which redemption was due to be resumed.

Upon suspension of redemption, the management company on behalf of the mutual fund shall notify the depositary bank, the FSC and the relevant competent authorities of all member states in which it offers its units of the decision taken by the end of the working day, and shall accordingly notify of the resumption of redemption by the end of the working day preceding the resumption.

In the event that extension of the period of suspension of redemption is required, the management company shall notify, in accordance with Article 22, paragraphs 2 and 4 of ACISOUIC, the Financial Supervision Commission and the

depository bank no later than 7 days before the expiry of the period initially determined by it. If the suspension period is shorter than seven days, including in cases where redemption was suspended for technical reasons, the management company shall carry out the notifications under the preceding sentence by the end of the working day preceding the date on which redemption was due to be resumed.

Orders submitted after the last announced redemption price before the start date of the temporary suspension period shall not be executed. The management company shall refund the amounts to investors who have submitted orders for subscription of shares or units to their bank account or at the company's cash desk by the end of the working day following the day on which the decision to suspend issuance of units was taken. Redemption shall be resumed by the management company upon expiry of the period specified in the decision to suspend redemption, and accordingly in the decision to extend the period of suspension of redemption. Notification of unit holders of the resumption shall be carried out through the fund's website. The issue value and the redemption price upon resumption of redemption shall be announced on the day preceding the resumption.

4.11. Rules for determining and using income

Pursuant to the Rules of the fund, the fund does not distribute profit in the form of income (analogous to a dividend). The management company reinvests the profit of the fund, as a result of which the net asset value of the fund's assets, the issue value and the redemption price increase, in the interest of unit holders of the fund.

5. INVESTMENT OBJECTIVES, INVESTMENT POLICY, INVESTMENT RESTRICTIONS, BORROWING TECHNIQUES AND INSTRUMENTS

5.1. Investment objectives

The main investment objective of the fund is to provide investors with:

- growth of the value of investments in fund units through realisation of the maximum possible income while taking on a moderate level of risk in the long term;
- ensuring liquidity of investments in fund units.

There is no certainty that MF "Compass Funds Select-21" will achieve its investment objectives.

5.2. (Amended by Decision of the BoD of 16.05.2018, 10.03.2021, 09.12.2021 and 21.12.2022) Investment policy

The investment policy of the fund provides for investment in liquid Bulgarian and foreign financial instruments – in units of collective investment schemes and other undertakings for collective investment, as well as shares and fixed-income securities,

with the ultimate objective being the structuring and maintenance of a portfolio of units of collective investment schemes and other undertakings for collective investment, as well as shares and debt securities with growth potential that provides optimal income while limiting risk. For the implementation of this strategy, the management company applies the active portfolio management model for financial instruments and cash. Fixed-income securities will be used as a means of achieving higher returns at times of stagnation or decline in equity markets. In such market conditions, part of the fund's equity portfolio will be sold, with the freed funds being redirected to other types of assets (fixed-income securities or bank deposits). To achieve the main objectives of the Fund's investment activity, the Management Company may apply appropriate strategies to protect against market and currency risk.

The fund may use techniques and instruments related to transferable securities and money market instruments for efficient portfolio management, representing contracts for the purchase or sale of financial instruments with a buy-back clause (repo transactions), provided that the transactions are economically appropriate, the risks arising from them are adequately identified in the risk management process, and provided that they serve to fulfil at least one of the following objectives:

1. reduction of risk;
2. reduction of costs;
3. generation of additional income for the fund at a risk level consistent with its risk profile and risk diversification rules.

The use of efficient portfolio management techniques may not lead to a change in the investment objectives and restrictions or to an increase in the risk profile of the fund as specified in this Prospectus and the Rules of the fund approved by the Commission, or respectively the Deputy Chairperson..

The fund may conclude repo transactions only where the counterparties thereto are credit or financial institutions subject to prudential supervision by a competent authority of a member state of the European Union or another state party to the Agreement on the Organisation for Economic Cooperation and Development.

The fund may conclude repo transactions only with respect to financial instruments in which it is permitted to invest pursuant to this Prospectus and the Rules of the fund approved by the FSC.

The fund shall provide to the Financial Supervision Commission in its financial statements separate information on all financial instruments purchased or sold respectively under repo transactions, also disclosing the total amount of active contracts as at the date of preparation of the statement.

When concluding repo transactions, the fund's risk exposure to each separate counterparty may not exceed 10 per cent of its assets when the counterparty is a bank under Article 38, paragraph 1, item 6 of ACISOUCL, and 5 per cent of assets in other cases.

The fund may conclude repo transactions for the purchase of financial instruments with a buy-back clause from the seller at a price and within a term determined in the agreement between the two parties or reverse repo transactions, subject to the following restrictions:

1. the agreement shall expressly provide for the possibility of its early termination by the collective investment scheme, allowing it to buy back the loaned financial instruments subject to the agreement, or to receive back the full cash sum.;

2. the value of the concluded repo transactions must not impede fulfilment of the Fund's obligation at all times to redeem the units at the request of their holders.

Fixed-term repo and reverse repo transactions whose duration does not exceed seven days are considered transactions whose conditions permit the collective investment scheme to buy back assets at any time.

The financial instruments that may be the subject of repo transactions are:

1. money market instruments within the meaning of Article 38, paragraph 1, item 9 of ACISOUIC;

2. bonds issued or guaranteed by a member state of the European Union or another state party to the Agreement on the Organisation for Economic Cooperation and Development, their central banks, their local authorities, by the European Central Bank, the European Investment Bank or by a public international organisation with at least one member state participating in it, as well as qualifying debt securities issued or guaranteed by third countries with a credit rating no lower than investment grade, assigned by a credit rating agency registered or certified pursuant to Regulation (EU) No. 1060/2009;

3. shares or units issued by a collective investment scheme under Article 38, paragraph 1, item 5 of ACISOUIC;

4. bonds traded on a regulated market in a member state of the European Union or another state party to the Agreement on the Organisation for Economic Cooperation, for which trading in such bonds is sufficiently liquid;

5. shares traded on a regulated market in a member state of the European Union or another state party to the Agreement on the Organisation for Economic Cooperation, provided that such shares are included in an index maintained by that market. The fund may conclude repo transactions for the sale of financial instruments with a buy-back clause from the fund at a price and within a term determined in the agreement between the parties, and upon maturity is obliged to have sufficient funds to pay the amount agreed for the buyback of the financial instruments.

(Amended by Decision of the BoD of 17.06.2024) Declaration: The investments underlying this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Management Company "COMPASS INVEST" JSC does not take into account the adverse impacts of investment decisions on sustainability factors, in relation to:

— The Mutual Funds which the Company manages;

- The portfolios of clients with which the Company has concluded an agreement for management of portfolios of financial instruments;
- In the process of providing investment advice (consultations).

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

- the specificities of the mandatory provisions of the sectoral legislation – when providing services, the Company is guided by acting in the best interest of the client, taking into account the risk profile and investment policy for each of them. In this regard, if it does not follow these principles and specificities, claims for lost profits as a result of incorrectly taken or not taken investment decisions or accordingly provided advice could be directed against the Company. The Company engages all of its available resources to achieve the objectives of its clients, which at the present time do not include requirements for sustainable investments;
- the absence at the present time of regulated and publicly available methods for disclosure by public companies of the presence or absence of ESG data that might potentially enable the formation of objective information about sustainable factors or their absence.
- The costs for technical and software provision required when taking ESG factors into account in making investment decisions and managing the associated risks far exceed the possible benefits for investors given the scale of the Company's activity;
- the potential effect of any lost profits as a result of decisions taken or advice provided for investments in so-called more sustainable products would need to be quantifiable through statistical analysis in compliance with the investment policy and the risk profile of the relevant Mutual Fund or portfolio of financial instruments, and achievement of its objectives for an optimal yield/risk ratio;
- considerations as to whether sufficient volume of information or necessary data can be provided by all public companies in a comparable format, and the lack of guarantees that misleading information will not be published;
- the ongoing procedure for development of a unified European legal framework in connection with the disclosure of information regarding sustainability risks for financial market participants;

Notwithstanding that at the present time the Company does not take into account the adverse impacts of investment decisions and investment advice on sustainability factors, it will carry out a regular review of the legal requirements and client preferences, and upon removal of the reasons for non-reporting and changes to the investment policy of clients, will analyse and assess whether the reporting of adverse impacts on sustainability factors would contribute to the provision of

investment services in compliance with the principle of acting in the best interest of the client/Funds.

5.3. (Amended by Decision of the BoD of 16.05.2018, 16.06.2021, 30.06.2021 and 21.12.2022) **Types of assets in which the mutual fund may invest**

Table 1 presents the asset structure to which the fund will strive to adhere.

Table 1. Asset structure

1.	A) shares in companies, tradable rights and other transferable securities equivalent to shares in companies, admitted to or traded on a regulated market under Article 152, paragraphs 1 and 2 of MFIA, or traded on another regulated market in the Republic of Bulgaria or a member state of the European Economic Area, regularly functioning, recognised and publicly accessible, as well as admitted to trading on the official market of a stock exchange or traded on another regulated market in a third country, regularly functioning, recognised and publicly accessible, which is included in a list approved by the Financial Supervision Commission upon proposal of the Deputy Chairperson, heading the “Investment Activity Supervision” Division and/or is specified in Article 7, paragraph 2 of the Rules of the Fund; B) recently issued transferable securities, in the conditions of whose issue a commitment to apply for admission is included, and within a period not exceeding one year from their issuance, to be admitted to trading on the official market of a stock exchange or another regulated market, regularly functioning, recognised and publicly accessible, which are included in a list approved by the Financial Supervision Commission upon proposal of the Deputy Chairperson, heading the “Investment Activity Supervision” Division and/or is specified in Article 7, paragraph 2 of the Rules of the Fund,;	up to 30% of the Fund’s assets
2.	A) bonds, other debt securities and money market instruments, admitted to trading or traded on a regulated market under Article 152, paragraphs 1 and 2 from MFIA or traded on another regulated market	up to 70% of the Fund’s assets

	in the Republic of Bulgaria, regularly functioning, recognised and publicly accessible, or another member state of the European Economic Area or admitted to trading on the official market of a stock exchange or traded on another regulated market in a third country, regularly functioning, recognised and publicly accessible, which is included in a list approved by Financial Supervision Commission upon proposal of the Deputy Chairperson, heading the “Investment Activity Supervision” Division and/or is specified in Article 7, paragraph 2 of the Rules of the Fund,; B) transferable securities and money market instruments issued or guaranteed by Republic Bulgaria, another member state European Economic Area or a third country, their regional and local authorities, or a public international organisation, with at least one member state participating in it, admitted to or traded on a regulated market under Article 152, paragraphs 1 and 2 of MFIA, or traded on another regulated market in Republic Bulgaria, regularly functioning, recognised and publicly accessible, or another member state, or admitted to trading on the official market of a stock exchange or traded on another regulated market in a third country, regularly functioning, recognised and publicly accessible, which is included in a list, approved by the Financial Supervision Commission upon proposal of the Deputy Chairperson, heading the “Investment Activity Supervision” Division and/or is specified in Article 7, paragraph 2 of the Rules of the Fund “; C) recently issued debt securities, if the conditions of the issue include an undertaking to apply for admission and to be admitted within a period not exceeding one year from their issuance for trading on the official market of a stock exchange or another regulated market, regularly functioning, recognised and publicly accessible, which is included in a list approved by the Financial Supervision Commission upon proposal of the Deputy Chairperson, heading the “Investment Activity Supervision” Division and/or is specified in Article 7, paragraph 2 of the Rules of the Fund;	
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3.	units of collective investment schemes that meet the conditions of Article 4, paragraph 1 of ACISOU CI, regardless of whether they are domiciled in a member state. No more than 10 per cent of the assets of the collective investment schemes whose acquisition is planned may, pursuant to their constitutive instruments or rules, be invested in aggregate in units of other collective investment schemes or other undertakings for collective investment.	up to 100% of the fund's assets
4.	units of other undertakings for collective investment that meet the conditions of Article 4, paragraph 1 of ACISOU CI, regardless of whether they are domiciled in a member state, provided that the other undertakings for collective investment meet the following conditions (i) they have received authorisation to operate under a law pursuant to which they are subject to supervision that the Commission, upon proposal of the Deputy Chairperson, heading the "Investment Activity Supervision" Division, has determined to be equivalent to supervision pursuant to EU law, and cooperation between supervisory authorities is sufficiently ensured; (ii) the level of protection of unit holders in them, including the rules on asset allocation, borrowing and lending of transferable securities and money market instruments, and the sale of securities and money market instruments not held by the undertakings for collective investment, are equivalent to the rules and protection of unit holders of collective investment schemes; (iii) they disclose periodic information by preparing and publishing annual and semi-annual reports, enabling an assessment of assets, liabilities, income and operations during the reporting period, and b) no more than 10 per cent of the assets of the other undertakings for collective investment whose acquisition is planned may, pursuant to their constitutive instruments or rules, be invested in aggregate in units of other collective investment schemes or other undertakings for collective investment.	up to 30% of the Fund's assets
5.	derivative financial instruments, including instruments equivalent thereto, the obligations under which may be settled through monetary payment,	Up to 25% of the assets of the fund

	traded on a regulated market in the Republic of Bulgaria, another member state of the European Economic Area or a third country, regularly functioning, recognised and publicly accessible, which is included in a list approved by the Financial Supervision Commission upon proposal of the Deputy Chairperson, heading the “Investment Activity Supervision” Division and/or is specified in Article 7, paragraph 2 of the Rules of the Fund, , as well as derivative financial instruments traded on over-the-counter markets that meet the legal requirements pursuant to Article 38, paragraph 1, item 8 of ACISOUCI	
6.	deposits with credit institutions, payable on demand or for which the right to be withdrawn at any time exists, and with a maturity date of no more than 12 months; credit institutions in a third country must comply with rules and be subject to supervision that the Commission, upon proposal of the Deputy Chairperson, heading the “Investment Activity Supervision” Division, has determined to be equivalent to those pursuant to EU law;	up to 100% of the assets of the fund
7.	transferable securities and money market money market instruments other than those under items 1–5 above	up to 10% of the assets of the fund

5.4. (Amended by Decision of the BoD of 16.05.2018 and 16.06.2021) Investment restrictions

Article 12. (1) The management company may not invest more than 5 per cent of the Fund’s assets in transferable securities or money market instruments issued by one person.

(2) The management company may not invest more than 20 per cent of the Fund’s assets in deposits with one credit institution under Article 38, paragraph 1, item 6 of ACISOUCI.

(3) The Fund’s risk exposure to the counterparty to a transaction with derivative financial instruments traded on over-the-counter markets may not exceed 10 per cent of assets when the counterparty is a credit institution under Article 38, paragraph 1, item 6 of ACISOUCI, and in other cases – 5 per cent of assets.

(4) The management company may invest up to 10 per cent of the Fund’s assets in transferable securities or money market instruments issued by one person, provided that the total value of investments in persons in which more than 5 per cent of the Fund’s assets are invested does not exceed 40 per cent of the Fund’s assets. The

restriction under the first sentence shall not apply to deposits with credit institutions subject to prudential supervision, nor to transactions with OTC-traded derivative financial instruments with such institutions.

(5) Notwithstanding the restrictions under paragraphs 1 – 3, the Fund may not combine investments in transferable securities or money market instruments issued by one person, deposits with that person, and the exposure to the same person arising from transactions with OTC-traded derivative financial instruments, where as a result of this combination the total value of these investments would exceed 20 per cent of its assets .

(6) The management company may invest up to 35 per cent of the Fund's assets in transferable securities and money market instruments issued by one person, if the securities and money market instruments are issued or guaranteed by the Republic of Bulgaria, another member state, their regional or local authorities, a third country or a public international organisation in which at least one member state participates.

(7) (Amended by Decision of the BoD of 21.12.2022) The management company may invest up to 25 per cent of the Fund's assets in covered bonds. The total value of the investments under the first sentence exceeding the restriction under paragraph 1 for exposures to one issuer may not exceed 80 per cent of the assets of collective investment scheme.

(8) The transferable securities and money market instruments under paragraphs 6 and 7 are not taken into account for the purposes of the restriction under paragraph 4.

(9) The investment restrictions under paragraphs 1 – 7 may not be combined where as a result of this combination the total value of the collective investment scheme's investments in transferable securities or money market instruments issued by one person, deposits with that person, and the exposure to the same person arising from transactions with derivative financial instruments pursuant to paragraphs 1 – 7, would exceed 35 per cent of its assets.

(10) Companies included in one group for the purposes of preparing a consolidated financial statement pursuant to recognised accounting standards are treated as one person when applying the restrictions under the preceding paragraphs.

(11) The total value of investments in transferable securities or money market instruments issued by companies in one group may not exceed 20 per cent of the value of the assets of the collective investment scheme

(12) The Mutual Fund may not acquire more than:

1. ten per cent of the shares without voting rights issued by one person;
2. ten per cent of the bonds or other debt securities issued by one person;
3. twenty-five per cent of the units of one collective investment scheme or other undertaking for collective investment meeting the requirements of Article 4, paragraph 1 of ACISOUIC;
4. ten per cent of the money market instruments issued by one person.

(13) The restrictions under paragraph 12, items 2, 3 and 4 shall not apply where at the time of acquisition of the specified instruments the Management Company cannot calculate the gross amount of the debt securities, money market instruments or the net value of the issued securities.

(14) The Fund may invest no more than 10 per cent of its assets in units of the same collective investment scheme or other undertaking for collective investment under Article 38, paragraph 1, item 5, regardless of whether it is domiciled in a member state or not

(15) Where a collective investment scheme invests in units of other collective investment schemes or other undertakings for collective investment managed directly or by delegation by its management company or by another company linked to its management company through common management or control, or through significant direct or indirect participation, its management company or the other company has no right to charge fees from the investing collective investment scheme upon the sale and redemption of the units of the collective investment schemes or other undertakings for collective investment in which it invests

(16) When investing a significant portion of its assets in other collective investment schemes or other undertakings for collective investment, the Fund discloses in its prospectus the maximum amount of management fees that may be collected both from the Fund and from the other collective investment schemes or undertakings for collective investment in which the Fund intends to invest. Information on the maximum percentage of fees charged under the first sentence from the investing Fund and the other undertakings in which the Fund invests is provided in its annual financial report.

(17) The restrictions under the preceding paragraphs shall not apply when subscription rights arising from securities and money market instruments which are part of the Fund's assets are exercised.

(18) In the event of a breach of the investment restrictions due to reasons beyond the control of the Management Company, it shall, as a priority but no later than six months from the occurrence of the breach, through sales transactions, bring the Fund's assets into compliance with the investment restrictions, taking into account the interests of unit holders. The management company shall be obliged within 7 days of the breach to notify the Commission, providing information on the reasons for its occurrence and the measures taken for its rectification.

(19) (Amended by Decision of the BoD of 21.12.2022) The total value of the Fund's exposure related to derivative financial instruments may not exceed the net asset value. The MC calculates the fund's total risk exposure using the commitment method.

(20) The Mutual Fund may invest in derivative financial instruments subject to the restrictions under paragraphs 8, 10, 11 and provided that the exposure of the

underlying assets cumulatively does not exceed the restrictions under paragraphs 1 – 11.

(21) (Repealed by Decision of the BoD of 21.12.2022..)

5.5. (Amended by Decision of the BoD of 16.05.2018) Procedure for borrowing by the fund

The mutual fund, as well as the management company and depositary bank when acting on behalf of the mutual fund, may not use loans. This Prospectus permits the conclusion of a loan agreement only after obtaining prior authorisation from the FSC upon proposal of the Deputy Chairperson, heading the “Investment Activity Supervision” Division and subject to simultaneous compliance with the following conditions:

1. the loan shall be necessary to cover the obligations for redemption of units of the mutual fund;
2. the loan shall not exceed 10 per cent of the assets of the fund;
3. the term of the loan shall not be longer than 3 months;
4. the terms of the loan agreement shall not be less favourable than those customary for the market.
5. the lender under the loan shall be a bank, with the exception of the depositary bank.

Use of a loan without prior authorisation from the FSC upon proposal of the Deputy Chairperson, heading the “Investment Activity Supervision” Division, is invalid in relation to unit holders. The loan is not taken into account in calculating the net asset value of the mutual fund.

6. ASSET VALUATION RULES

The rules for portfolio valuation and determination of the net asset value are attached to the Prospectus and are an integral part thereof. (Annex No. 1)

6.1. (Amended by Decision of the BoD of 16.05.2018) Determination of net asset value

The net asset value of the fund is calculated as the difference between the value of all assets, calculated pursuant to the Rules for portfolio valuation and determination of the net asset value, and the value of the liabilities.

Potential investors should bear in mind that the net asset value of the Fund may be subject to fluctuations due to the composition or portfolio management techniques.

6.2. Frequency of calculation of unit prices

- 1) The net asset value, issue value and redemption price per unit are calculated and disclosed twice a week on Wednesdays and Fridays, based on the fund's assets as at the preceding Tuesdays and Thursdays.
- 2) If a working day coincides with a day for which the net asset value is calculated and is officially declared as a non-working day, the calculation of the issue value and the redemption price of units shall be performed for the first subsequent working day.
- 3) In cases where trading is not conducted at trading venues on the day of valuation, the subsequent valuation of assets is performed for the day of the last trading session preceding the day of valuation.

6.3. *(Amended by Decision of the BoD of 23.09.2021, 11.04.2022, 21.12.2022 and 17.12.2025)* Fees related to the issuance and redemption of units

Units of the mutual fund are acquired at the issue value based on the net asset value per unit as at the date of its determination, increased by issuance costs of 1.00% of the net asset value per unit, with the following discounts applying for clients investing larger amounts: for invested amounts from EUR 51,129.70 to EUR 127,822.97 – 0.75%; for amounts above EUR 127,822.97 – 0.5%. The discounts apply to each individual order without accumulation, except in the cases under Article 23, paragraph 2 of the Rules of the fund, when a client has transferred an amount for subscription of units and has submitted orders with a deferred execution date. In this case, the total amount transferred to the collection account is taken into account for determining the discounts, regardless of the number and value of the deferred orders.

Units of the mutual fund are redeemed at the redemption price equal to the net asset value per unit. When upon redemption of units from MF “Compass Funds Select-21”, the net proceeds from the redemption are invested in one or more of the other collective investment schemes managed by Compass Invest JSC, no redemption costs are charged. In these cases, the orders for issuance and redemption are executed at the net asset value per unit.

Also at the expense of unit holders are the costs for additional services such as the issuance of a certificate of ownership of units, sending confirmations for subscription/redemption of units, reports and other documents by post. These costs are not included in the issue value of the units purchased, or in the redemption price, respectively.

Upon a change in the amount of the costs for issuance and redemption of units of the mutual fund, by which the issue value is increased or the redemption price reduced, the management company notifies unit holders through publication on the

website of the management company, including through an update of the Prospectus, immediately after approval of the changes to the Rules of the fund by the Deputy Chairperson, heading the “Investment Activity Supervision” Division.

6.4. (Amended by Decision of the BoD of 16.05.2018, 11.04.2022, 18.04.2022 and 21.12.2022) Manner, places and frequency of publication of these prices

By the end of the working day on which the issue value and the redemption price are calculated, the management company discloses information on the valuation performed through:

- entering data on the website of the management company/mutual fund, including, but not mandatorily, on the websites of the BAAMC/financial media/agency;
- information board at the management company’s office.
- In addition, the Management Company submits to the Financial Supervision Commission and publishes on its website once a month summary information on the announced issue values and redemption prices of units of the Mutual Fund within three working days from the end of the month. The information contains the data specified in Article 77 of Ordinance No. 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”).

7. REMUNERATION PAYABLE BY THE MUTUAL FUND

7.1. (Amended by Decision of the BoD of 21.10.2021) Manner of calculation of the management company’s remuneration

The remuneration of the Management Company for managing the Fund is equal to 0.5% of the annual average net asset value of the Fund.

The management company accrues the agreed remuneration daily based on the officially announced previous net asset value. At its own discretion, on certain days, the Management Company may not accrue any or may accrue less than the maximum permitted remuneration. The daily remuneration accrued during the month is paid to the Management Company in total for the whole month, by the 10th day of the following month.

Subscription costs, by which the net asset value per unit of the Fund is increased and which are included in the issue value per unit, are costs incurred by the Management Company, and accordingly the corresponding revenue is paid in favour of the Management Company, outside the agreed remuneration. When the mutual fund invests in units of other collective investment schemes or undertakings for

collective investment managed directly or by delegation by the management company or by another company linked to the management company through common management or control, or through significant direct or indirect participation, the management company or the other company has no right to charge fees upon the sale and redemption of the units of this collective investment scheme.

In addition to the remuneration under item 7.1 above, no remuneration, incentives, bonuses or other benefits are paid in any form from the funds of the mutual fund to employees of Compass Invest JSC.

The remuneration policy of Compass Invest JSC is accessible on the website of the management company www.compass-invest.eu in the Documents section.

Management Company Compass Invest JSC declares that it will provide free of charge in paper form the Remuneration Policy of Compass Invest JSC to any person upon request.

7.2. (Amended by Decision of the BoD of 16.05.2018) Manner of calculation of the depositary bank's remuneration

The management company, on behalf of the mutual fund, pays the depositary bank for its activity under the depositary services agreement monthly fees pursuant to the agreement. The remuneration is paid by the 10th day of the month following the month for which the remuneration is due. The remuneration shall be justified having regard to the customary remuneration for work of the same nature, volume and market conditions in the country.

The remuneration of the depositary bank is determined as fees and commissions for depositary services pursuant to the agreement with the depositary bank, as follows: fee for custody of financial instruments, fee for transfer of financial instruments, fee for confirmation of the net asset value.

The management company, on behalf of the mutual fund, pays the depositary bank fees and commissions for performing other banking operations in accordance with the effective Schedule of fees and commissions of the depositary bank.

7.3. Operating expenses

Operating expenses include:

1. remuneration and fees of investment intermediaries, banks, Central Depository and other fees related to investment of the assets of the mutual fund;
2. the remuneration of the auditors for certification of the annual financial statement of the mutual fund;
3. the costs for advertising and marketing of the fund, for contacts with investors, for all printing services related to the distribution of information about the fund, for all publications and press announcements;

4. current fees for supervision, membership and other fees of the commission, Central Depository and other state authorities and institutions related to the activity of the fund;

5. court and other costs related to the protection of the interests of unit holders in the mutual fund;

6. remuneration of the management company and the depositary bank.

Ongoing costs will be borne by all investors in the fund. .

7.4. (Amended by Decision of the BoD of 17.12.2025) Reimbursement of expenses

The costs incurred by the management company for establishment of the fund will be reimbursed upon reaching a net asset value of EUR 255,645.94.

8. RISK PROFILE AND RISK FACTORS

It is important to bear in mind that investment in units of the mutual fund is not a bank deposit and therefore it is not guaranteed pursuant to the Bank Deposits Guarantee Act. Although the leading investment objective of MF “, the leading investment objective of MF “ Compass Funds Select-21” is growth of the value of the investment in units, there is no full certainty that by investing in units of the fund, investors will not lose money.

8.1. Risk appetite and risk profile

In investment theory and practice, it is established that over a long period of time there is a connection between the level of risk and the expected return. In general, higher risk implies higher return. In this regard, it is necessary to determine the risk appetite of investors. Consequently, the risk profile of the investment portfolio shall also be determined.

The main target group of investors in the fund are persons (citizens, companies, institutions) who:

a) are willing to take on a moderate level of investment risk with the aim of achieving higher returns;

b) wish to have secure and rapid liquidity, without this affecting the achieved return on the investment;

c) are willing to invest funds over the long term;

d) wish to diversify the risk of their own portfolio;

e) wish their money to be managed by professionals in financial markets.

There are two factors that influence the risk tolerance of investors:

- the financial ability to bear the risk;

- the willingness to accept the variability in the yield of the investment.

Taking into account these two factors of risk tolerance of investors, the fund also builds its risk profile.

The risk profile of the fund is defined as moderate. In this way, it is assumed that investors in the fund understand that high returns imply volatility and show a willingness to tolerate a fall in the value of the portfolio of 20% or more within one year.

8.2. Risk factors

In the dynamic and chaotic environment of financial markets investors need proper identification of risk factors and their characteristics in order to accurately assess them and manage them prudently. *Risk in Modern Portfolio Theory is defined as possible deviations from expected returns.* The main motivation for investors in the fund is professional risk management. Therefore, the management company monitors and analyses all groups of factors that affect the fund's investment returns.

8.3. (Amended by Decision of the BoD of 16.05.2018) Types of risks and assessment of risks

The main risks to which the fund's investments are exposed are:

Market risk – Market risk is the risk of losses in the value of on-balance and off-balance sheet positions arising from changes in market prices of investment instruments.

The main components of market risk monitored by the management company are:

- equity risk;
- interest rate risk;
- currency risk.

A. **Equity risk** is the risk of losses from changes in the prices of shares traded on a regulated market. In accordance with Modern Portfolio Theory and, in particular, the Capital Asset Pricing Model (CAPM), this risk is divided into two components:

Systematic risk, which refers to the sensitivity of a given investment instrument or the value of the portfolio to changes in the levels of the main market index.

Non-systematic (specific) risk refers to the portion of the variability of a given instrument that is determined by the specific characteristics of the company. Only non-systematic risk can be eliminated through diversification.

However, due to the specific characteristics of the Bulgarian market, monitoring these two types of equity risk is not sufficiently effective. This is attributable to the nature of the market as an emerging one. In emerging markets, it has been established that the sensitivity of assets to market levels is not clearly expressed; it is highly variable and uncertain as a value. This circumstance determines the need for applying other models for assessing equity risk that go beyond the capabilities of CAPM.

Therefore, the management company monitors, in addition to systematic and non-systematic risk, the total risk and the change in risk of each individual asset included

in the fund's portfolio. Of particular importance is monitoring the variability of the total risk (i.e. the risk of risk).

B. Interest rate risk is the risk of losses due to changes in interest rates.

Interest rate risk consists of two components:

Price risk – the risk of deviations in the market prices of debt securities. Due to the change in the main pricing factor on the bond market – the interest rate, the values of the assets in which the fund has invested may change. In this way, due to changes in interest rates on the day of the investment horizon, investors will have a changed value of their investment.

Reinvestment risk – the risk of a change in the interest rate at which the intermediate monetary income from the bonds held is reinvested until the moment of their holding. The portfolio of debt securities of the fund is exposed to reinvestment risk because it is not known at what interest rate the coupons will be reinvested. If after purchasing the bonds, interest rates fall, the coupons will be reinvested at a lower rate than expected, which will affect the final value of the portfolio, which will be below expected.

The two components of interest rate risk have opposite effects on the portfolio value. If interest rates rise, the price of bonds will fall below expectations, but the coupons will be reinvested at a higher interest rate. Thus the income received from reinvestment will be higher than expected. In the event that interest rates fall, the price of bonds will be higher than expected, but the income from reinvestment of coupons will be lower.

C. Currency risk – represents the risk of losses related to unfavourable changes in exchange rates. Due to the possibility of the fund investing in foreign shares, monitoring of this risk is of importance to investors. The sources of currency risk are the “spot” exchange rates of currencies, as well as forward exchange rates. Depending on the nature and causes of exchange rate changes, currency risks may be classified as follows:

Current currency risk – risk of random changes in floating exchange rate currencies. Most countries have floating currencies whose fluctuations reflect both fundamental and technical factors.

Risk of currency devaluation – risk of sharp fall in exchange rates against other currencies. An example of currency devaluation is the Asian crisis of 1998, when the exchange rates of dozens of countries fell catastrophically by 20% to 80% within two days. Although devaluation is associated with macroeconomic factors, the immediate fall in the exchange rate depends on the decisions of national regulatory bodies. Such decisions may include the official lowering of the fixed exchange rate, refusal to maintain the exchange rate, refusal to peg the exchange rate to the currencies of other countries.

Risk of change in the currency regulation system – risk of loss associated with the change in the exchange rate regime. In this regard, as an example of such a change may be the transition from a fixed exchange rate to a floating one and vice versa, or the transition to the use (or refusal to use) of market methods for regulating the exchange rate.

Credit risk

Credit risk is the risk that the issuer of debt securities, or accordingly the person who provided the collateral, is unable to fulfil its obligations, in particular to repay the principal and/or interest due in time. Under repo agreements, if the counterparty of the fund is unable to fulfil its obligation to buy back the securities, the fund may incur a loss to the extent that the proceeds from the sale of the collateral are less than the repurchase price when it is fixed. When the specific securities have a credit rating, credit risk includes the possibility of a downgrade of the credit rating of the securities in which the mutual fund has invested.

Operational risk

Operational risk is the risk of direct and indirect losses related to errors or imperfections in the organisational system, insufficiently qualified staff, unfavourable external non-financial events.

Operational risk is classified into several types.

Personnel risk is the risk of losses associated with the possibility of errors, fraud, insufficient qualifications, unfavourable changes in labour legislation.

Technological risk is the risk of losses caused by imperfections in the technologies used – inadequacy of the operations conducted, lack of precision in data processing methods, low quality of data used.

Environmental risk is associated with possible losses related to changes of a non-financial nature in the environment in which the Fund operates – changes in legislation, political changes, changes in the tax system.

Physical intervention risk is associated with losses as a result of direct physical intervention in the fund's activity – robbery, terrorist act, unauthorised access to the information system of the fund or the management company.

Liquidity risk

Liquidity risk is the possibility of the fund failing to meet its obligations due to the inability to obtain adequate financing or liquid assets.

Political risk

Political risks are related to the possibility of unfavourable domestic political upheavals and changes in economic legislation.

This risk is associated with the possibility of a country's government suddenly changing its policy and as a result the environment in which companies operate

changes unfavourably, and investors incur losses. The governments of some countries may take measures, including increasing taxation, restricting profit repatriation, etc., which may have an unfavourable impact on the fund.

Macroeconomic risk

Macroeconomic risk relates to the probability of deterioration of macroeconomic stability in a given country or region. As a result, the preconditions for growth before economic agents would be reduced, which would lead to a decrease in investment income in the Fund.

The management company will strive to reduce the negative impact of this risk on the value of the Fund's units by investing in countries with good growth prospects.

Concentration risk

The possibility of loss due to improper diversification of exposures to issuers, groups of related issuers, issuers from the same economic sector, geographical area or arising from the same activity, which can cause significant losses, as well as the risk associated with large indirect credit exposures.

Risk from investments in derivative financial instruments

The management company concludes transactions with derivative instruments for the purpose of hedging other financial instruments and/or with a view to achieving the investment objectives, pursuant to the investment policy of the company. The management company concludes on behalf of the Fund (as buyer or seller) only derivative contracts that meet certain criteria described in the risk management rules. The derivative financial instruments in which the Management Company invests on behalf of the investment company are:

- interest rate futures;
- debt security futures;
- forward rate agreements;
- forward commitments for purchase or sale of debt instruments;
- options on interest rates;
- options on debt instruments;
- options on shares;
- options on financial futures;
- options on swaps;
- options on exchange rates;
- warrants on debt instruments;
- warrants on shares;
- swaps.

The main risks of the derivative instruments listed above are associated with the risks characteristic of the underlying instruments on the basis of which they are constructed. The main risks characteristic of the stated derivative instruments are price, interest rate and currency risks. In addition, when managing the assets of the MF, the management company takes into account the restriction that the value of the underlying asset of

each individual hedging position may not exceed the value of the asset at the time of the transaction, which the Fund holds in its portfolio.

Possible consequences of the use of derivative financial instruments for the risk profile of the Fund

When investing in derivative instruments, losses may be realised due to unfavourable changes in the value of the derivative instruments in which the Fund has invested. In addition to the above-mentioned risks, derivatives carry additional, specific risks of their own:

A. Management risk – derivatives are highly specialised instruments whose use requires understanding of both the underlying asset and the mechanism of the derivative itself. The complexity of derivatives requires adequate means of monitoring transactions with them, analysis of specific risks and the ability to predict prices.

B. Leverage risk – an unfavourable change in the price of the underlying asset, exchange rate or index may lead to a loss larger than the amount invested in the derivative. Some derivatives have the potential for unlimited loss;

C. Risk of incorrect valuation of the derivative – many derivatives are complex instruments and their valuation is often subjective. As a result, the Fund may incur losses upon the purchase of overvalued derivatives. In conclusion, the use of derivatives may not always be successful.

Derivative instruments will be used for the purpose of reducing the volatility of the assets held by the fund and reducing the overall risk profile.

The commitment method is used to calculate the total risk exposure.

(New by Decision of the BoD of 21.12.2022) Risks associated with the use of efficient portfolio management techniques.

The use of repo transactions is associated with certain risks, such as the risk of failure by the counterparty to fulfil its obligation. In this case, the Fund may proceed to realise the collateral received. If the collateral is in the form of securities, there is a risk that its sale brings less than the cash funds provided, whether due to inaccurate pricing of the collateral, unfavourable market movements, deterioration of the credit rating of the collateral issuer, or the illiquidity of the market on which the collateral is traded. Accordingly, if the collateral is in the form of cash, there is a risk that it is insufficient to purchase the same number of securities that were provided under the transaction. On the other hand, reinvestment of the cash collateral received under repo transactions involves risks related to the type of investments made, and the risk that the value of the cash collateral may fall below the amount owed to the counterparty.

In conclusion, you should bear in mind that the value of units of the mutual fund and the income from them may decline, profit is not guaranteed and you as an investor bear the risk of not recovering your investment in full. Investments in units of MF“Compass Funds Select-21” are not guaranteed by a guarantee fund or in any

other way. The past performance of the mutual fund has no connection with its future performance.

9. INFORMATION ABOUT THE DEPOSITARY BANK

9.1. Identification data of the depositary bank and description of its obligations and the conflicts of interest that may arise

Name, registered office and management address

“United Bulgarian Bank” JSC, with UIC: 000694959, referred to for brevity in this Prospectus as the “depositary bank”. Registered office and management address: Sofia, Triaditza district, 89B Vitosha Str.

Main activity of the depositary bank

The depositary bank provides depositary services for the mutual fund by keeping and supervising the assets of the mutual fund, including:

a) ensures that the issuance, sale, redemption and cancellation of units of the mutual fund are carried out in accordance with the law and the rules of the mutual fund;

b) ensures that the value of units of fund is calculated in compliance with the law and the rules of collective investment the scheme;

c) carries out a regular reconciliation between the accounts maintained by the management company and the depositary for the assets of collective investment the scheme, and in the cases under Article 37a of Ordinance No. 44 – also with the accounts maintained by the third party;

d) ensures the timely transfer of all cash in favour of the collective investment scheme arising from transactions with its assets;

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

f) reports to the management company at least once a month on the entrusted assets and the operations conducted with them, including by providing a full inventory of the assets of the mutual fund, by the 5th day of the following month;

g) monitors the cash flows of the fund, including monitors whether all payments made by investors or on their behalf and for their account upon subscription of units of the fund have been received and recorded in accounts that:

1. are opened in the name of MF “Compass Funds Select-21” or in the name of the management company acting on behalf of and for the account of the fund, or in the name of the depositary bank acting on behalf of and for the account of the fund;

2. are opened with a central bank, a bank licensed under the Credit Institutions Act, a bank licensed in a member state, or a bank authorised in a third country, and
3. are managed in compliance with item h) below.

h) manages the cash of the fund, by:

1. maintains accounting records and keeps accounts in a manner that allows at any moment the immediate distinction of the fund's assets held from the assets held for another client, as well as from the depositary bank's own assets;

2. maintains accounting records and keeps accounts in a manner that ensures their accuracy;

3. carries out a regular reconciliation between the accounts maintained by the management company and the depositary bank for the fund's assets, and in the cases under Article 37a of ACISOU CI – also with the accounts maintained by a third party;

4. takes the necessary measures to ensure that all cash of the fund deposited with a third party can be clearly distinguished from the cash of the depositary bank and of that third party through individual accounts of the holders maintained by the third party, or through equivalent measures that achieve the same level of protection;

5. takes the necessary measures to ensure that the fund's cash in accounts with a person under item g), item 2 above is held in an individual account or in accounts separate from all accounts for holding cash of the person in whose name the fund's assets are held;

6. introduces appropriate organisation and takes the necessary actions to minimise the risk of loss or reduction thereof as a result of misuse, fraud, mismanagement, improper maintenance and storage of records, including in cases of negligent conduct.

- i) controls that the remuneration of the management company is calculated and paid in accordance with ACISOU CI and these rules.

- k) assists the mutual fund in obtaining information and participating in general meetings of issuers in whose financial instruments the fund has invested, and assumes other obligations related to the entrusted assets pursuant to the concluded agreement and the provisions of the applicable legislation.

- l) (New by Decision of the BoD of 11.04.2022) verifies whether the management company has adopted and introduced procedures for conducting liquidity stress tests for the collective investment scheme.

Conflicts of interest

The depositary bank, as well as the members of its governing and supervisory bodies, may not be the same or a related person to the management company, to the members of its governing or supervisory bodies, or to another person performing management functions.

The depositary bank exercises the care of a good merchant, performs its obligations honestly, fairly, professionally, independently and solely in the interest of the fund and of the unit holders in the fund.

The depositary bank may not carry out activities for the fund or for the management company acting on behalf of the fund that could give rise to a conflict of interest between the fund, investors in it, the management company and the depositary itself, unless there is a functional and hierarchical separation between the functions performed by the depositary bank for the fund and its other functions, and if the conflicts of interest that may arise are accordingly identified, managed, monitored and disclosed to investors in MF “Compass Funds Select-21”.

9.2. Description of all custody functions delegated by the depositary bank, list of persons to whom functions have been delegated or sub-delegated, and any potential conflicts of interest that may arise from such delegation.

As at the date of this Prospectus, the Management Company has no information that the depositary bank of the fund has delegated any custody functions.

9.3. Declaration by the management company

The management company declares that upon request by investors, up-to-date information regarding items 9.1 and 9.2 will be provided.

10. INFORMATION ABOUT CONSULTING FIRMS OR EXTERNAL ADVISORS PROVIDING CONTRACTUAL ADVICE WHOSE REMUNERATION IS PAID FROM THE ASSETS OF THE FUND.

As at the date of the Prospectus, no agreements have been concluded with consulting firms and external advisors.

11. RESULTS FROM THE ACTIVITY OF THE MUTUAL FUND FOR PREVIOUS YEARS

The fund commenced public offering of its units in July 2018 and for this reason the historical information covers the period from the commencement of the public offering to the end of the year.

a) Selected financial information

Selected financial information for 2018:

- net asset value per unit at the beginning of the period – BGN 1.0000.
- net asset value per unit at the end of the period – BGN 0.8404.
- total return per unit – -15.96%

Selected financial information for 2019:

- net asset value per unit at the beginning of the period – BGN 0.9036.
- net asset value per unit at the end of the period – BGN 0.9750.
- total return per unit – 7.90%

Selected financial information for 2020:

- net asset value per unit at the beginning of the period – BGN 0.9817.
- net asset value per unit at the end of the period – BGN 1.0140.

total return per unit – 3.29%

Selected financial information for 2021:

- net asset value per unit at the beginning of the period – BGN 1.0130.
- net asset value per unit at the end of the period – BGN 1.0294.
- total return per unit – 1.62%

Selected financial information for 2022:

- net asset value per unit at the beginning of the period – BGN 1.0313.
- net asset value per unit at the end of the period – BGN 0.8972.
- total return per unit – -13.00%

Selected financial information for 2023:

- net asset value per unit at the beginning of the period – BGN 0.9024.
- net asset value per unit at the end of the period – BGN 0.9996.
- total return per unit – 10.77%

Selected financial information for 2024:

- net asset value per unit at the beginning of the period – BGN 0.9993.
- net asset value per unit at the end of the period – BGN 1.1259.
- total return per unit – 12.67%

Selected financial information for 2025:

- net asset value per unit at the beginning of the period – BGN 1.1279.
- net asset value per unit at the end of the period – BGN 1.17.
- total return per unit – 3.73%

b) minimum, maximum and weighted average issue value and redemption price

For 2018 year

- minimum issue value – 0.8245 BGN.
- maximum issue value – BGN 0.9979.
- weighted average issue value – 0.9527 BGN.
- minimum redemption price – BGN 0.8387.
- maximum redemption price – BGN 0.9939.
- weighted average redemption price – BGN 0.9489.

For 2019 year

- minimum issue value – 0.8414 BGN.
- maximum issue value – 0.9934 BGN.
- weighted average issue value – 0.9463 BGN.
- minimum redemption price – BGN 0.8380.
- maximum redemption price – BGN 0.9898.
- weighted average redemption price – BGN 0.9429.

For 2020 year

- minimum issue value – 0.9117 BGN.
- maximum issue value – 1.0198 BGN.
- weighted average issue value – 0.9745 BGN.
- minimum redemption price – BGN 0.9081.
- maximum redemption price – BGN 1.0558.
- weighted average redemption price – BGN 0.9706.

For 2021 year

- minimum issue value – 1.0157 BGN.
- maximum issue value – 1.0609 BGN.
- weighted average issue value – 1.0400 BGN.
- minimum redemption price – BGN 1.0137.
- maximum redemption price – BGN 1.0550.
- weighted average redemption price – BGN 1.0364.

For 2022 year

- minimum issue value – 0.9099 BGN.
- maximum issue value – 1.0416 BGN.
- weighted average issue value – 0.9765 BGN.
- minimum redemption price – BGN 0.9009.
- maximum redemption price – BGN 1.0313.
- weighted average redemption price – BGN 0.9668.

For 2023 year

- minimum issue value – 0.9068 BGN.
- maximum issue value – 1.0128 BGN.
- weighted average issue value – 0.9596 BGN.
- minimum redemption price – BGN 0.8978.

- maximum redemption price – BGN 1.0028.
- weighted average redemption price – BGN 0.9501.

For 2024 year

- minimum issue value – 1.0025 BGN.
- maximum issue value – 1.1492 BGN.
- weighted average issue value – 1.0718 BGN.
- minimum redemption price – BGN 0.9926.
- maximum redemption price – BGN 1.1378.
- weighted average redemption price – BGN 1.0611.

For 2025 year

- minimum issue value – 1.0247 BGN.
- maximum issue value – 1.1959 BGN.
- weighted average issue value – 1.1320 BGN.
- minimum redemption price – BGN 1.0146.
- maximum redemption price – BGN 1.1841.
- weighted average redemption price – BGN 1.1208

c) number of units in circulation at the beginning and at the end of the year

For 2018 year

- number of units in circulation at the beginning of the period – 0
- number of units in circulation at the end of the period – 114 832.9284

For 2019 year

- number of units in circulation at the beginning of the period – 114 832.9284
- number of units in circulation at the end of the period – 132 213.8167

For 2020 year

- number of units in circulation at the beginning of the period – 132 213.8167
- number of units in circulation at the end of the period – 641 609.6639

For 2021 year

- number of units in circulation at the beginning of the period – 641 609.6639
- number of units in circulation at the end of the period – 693 352.7263

For 2022 year

- number of units in circulation at the beginning of the period – 693 352.7263
- number of units in circulation at the end of the period – 742 683.2248

For 2023 year

- number of units in circulation at the beginning of the period – 742 683.2248
- number of units in circulation at the end of the period – 750 347.0912

For 2024 year

- number of units in circulation at the beginning of the period – 750 347.0912
- number of units in circulation at the end of the period – 880 013.6226

For 2025 year

- number of units in circulation at the beginning of the period – 880 013.6226
- number of units in circulation at the end of the period – 1 133 228.6118

Warning: The value of units and the income from them may decline, profit is not guaranteed and investors bear the risk of not recovering their investments in full, and investments in the fund are not guaranteed by a guarantee fund, and past performance has no connection with the fund's future performance.

12. (Amended by Decision of the BoD of 16.05.2018) PROFILE OF THE TYPE OF INVESTOR

The investment product of mutual fund "Compass Funds Select-21" is created for persons (citizens, companies, institutions) who: a) are willing to take on a moderate level of investment risk with the aim of achieving higher returns; b) wish to have secure and rapid liquidity, without this affecting the achieved return on the investment; c) are willing to invest funds over the long term; d) wish to diversify the risk of their own portfolio; e) wish their money to be managed by professionals in financial markets.

The units of mutual fund "Compass Funds Select-21" are suitable for Bulgarian and foreign natural persons, companies and institutions who wish to invest a portion of their funds in financial markets, in a diversified product, at a moderate level of risk and with the possibility of achieving higher returns.

Investment in units of the Fund is intended for individual investors who seek to achieve high returns on investments made, expressed primarily in capital gains, and are willing to take on moderate risk. The typical investor is a person who seeks significant growth of their investment over the long term, while at the same time, in case of need for funds, may take advantage of the liquidity of their investment in units of the fund by submitting them for redemption.

Investment in units of the Fund is also suitable for institutional investors who follow a moderate policy in managing their funds and have a long-term investment horizon. Investment of a small percentage of the institutional investor's assets in units of the Fund would allow diversification of the investment portfolio, while at the same time providing an opportunity for higher returns across their entire portfolio.

13. ECONOMIC INFORMATION

13.1. Transaction costs

Fees on subscription and redemption of units are the expenses paid directly by investors/unit holders and are described in detail in section 6.3.

13.2. Annual operating expenses

Annual operating expenses are the expenses deducted from the fund's assets and thus indirectly borne by all unit holders. They are the second component of expenses that investors should consider when investing in the fund. The annual operating expenses of the fund include the remuneration of the management company, the depositary bank and other operating expenses, described in detail in section 7.

13.3. (New by Decision of the BoD of 21.12.2022) Policy regarding direct and indirect operating expenses and fees resulting from the use of efficient portfolio management techniques.

Net income(gross income minus direct and indirect operating expenses) received as a result of using efficient portfolio management techniques remain within the Fund. Information on the direct and indirect expenses that may arise in this regard will be available in the annual reports of the Fund.

14. (AMENDED BY DECISION OF THE BOD OF 17.12.2025) COLLATERAL POLICY

The management company determines the required degree of collateral in accordance with the applicable risk limits for the fund's counterparty exposure, taking into account the nature and characteristics of the transactions, the counterparty and its creditworthiness, and the prevailing market conditions.

All assets received by the Fund as a result of efficient portfolio management techniques used are considered collateral and meet the criteria below. When calculating the thresholds under Articles 45 and 46 of ACISOU CI, the risk exposure of the Fund to a counterparty resulting from transactions with OTC-traded derivative instruments and efficient portfolio management techniques is included. The Management Company

monitors compliance with the restrictions in the Fund's portfolio. In the event that the Fund receives collateral of no less than 30 per cent of its assets, the Management Company is obliged to develop and apply a policy to ensure stress tests under normal and exceptional liquidity conditions, so as to enable an assessment of the liquidity risk of the Fund related to the collateral. In cases where transactions with OTC financial derivatives are carried out on behalf of and for the account of the Fund and efficient portfolio management techniques are used, any collateral used to reduce the risk exposure to the counterparty must meet the following criteria at all times: liquidity; valuation; quality of the issuer; correlation; diversification of the collateral; risks related to collateral management; upon transfer of a share, the collateral received is held by the depositary of the collective investment scheme; the collective investment scheme may proceed to enforce against the collateral received at any time without reference to or approval from a counterparty; non-cash collateral cannot be sold, reinvested or pledged; cash collateral may only be:

- a)** deposited with a person under Article 38, paragraph 1, item 6 of ACISOU CI;
- b)** invested in high-quality government securities;
- c)** used for the purposes of reverse repo transactions, provided that the transactions are with credit institutions subject to prudential supervision, and that the Fund may at any time obtain back the full cash amount together with interest due;
- d)** invested in short-term money market funds.

Cash collateral is invested in compliance with the diversification principles applicable to non-cash collateral. Cash collateral is invested only in banks for which there is no information that liquidity support from their local governments has been required during the last 3 calendar years.

The Fund may exceed the diversification restrictions if the collateral is in different transferable securities and money market instruments issued by any of the persons under Article 38, paragraph 1, item 9, letter "a" of ACISOU CI in compliance with the requirements of Article 47, paragraph 4 of ACISOU CI.

The Fund may accept as collateral financial assets exceeding 20 per cent of its net asset value when they are issued by any of the member states of the EU, as well as by all regional or local authorities in the member countries issuing or guaranteeing securities. The Fund may accept as collateral financial assets exceeding 20 per cent of its net asset value, instruments issued by public international organisations with an investment credit rating of at least one of the three major rating agencies – Standard&Poors, Fitch or Moody's. In the event that the Fund acquires cash collateral, it shall dispose of it in accordance with its investment strategy and pursuant to the Prospectus and its Rules.

The assessment of potential losses on deposits in euros is carried out by reducing the nominal value of the collateral by any expenses associated with disposing of it. The assessment of potential losses on deposits in euros is carried out by converting the

collateral amount at the buying rate of the bank where the collateral is held and reducing it by any expenses associated with disposing of it.

The assessment of potential losses on deposits in foreign currency other than euros is carried out as follows:

- a) the current buying rate of the bank where the collateral is held is taken;
- b) the standard deviation of the exchange rate against the euro on a monthly basis for the last 12 months is taken;
- c) when assessing potential loss from the collateral, an exchange rate calculated using the formula is taken: CURRENT BUYING EXCHANGE RATE – STANDARD DEVIATION ON AN ANNUAL BASIS;
- d) the assessment of the collateral under letter “b” is reduced by any expenses associated with disposing of it.

The assessment of potential losses from collateral invested in high-quality government securities is carried out at the price at which there is demand for the same securities. The assessment of potential losses from collateral invested in short-term money market funds is carried out based on the current redemption prices of the said funds. The assessment is adjusted by reducing it by the standard deviation of the fund’s price. The assessment of potential losses from non-cash collateral is carried out in accordance with the characteristics of the assets received as collateral.

The assessment of potential losses from debt instruments provided as collateral is carried out by assessing the risk of changes in their interest rate levels. In the event that the instruments have a credit rating, the Management Company assesses the probability that changes in the credit rating will lead to changes in the collateral prices. The assessment of potential losses from shares provided as collateral is carried out taking into account the volatility of their prices. The assessment of shares is carried out by reducing the last price at which transactions were concluded on a regulated market with the said shares by the amount of the standard deviation of the price of the same shares on a monthly basis, calculated for the last 12-month period. In the event that the instruments have a credit rating, the Management Company assesses the probability that changes in the credit rating will lead to changes in the collateral prices.

15. INFORMATION REGARDING THE INTENTION OF THE MUTUAL FUND TO USE INCREASED DIVERSIFICATION LIMITS SPECIFIED IN ARTICLE 46, PARAGRAPH 1 OF ACISOU CI

The mutual fund has no intention to use the increased diversification limits specified in Article 46, paragraph 1 of ACISOU CI.

16. NEW BY DECISION OF THE BoD OF 27.05.2020, AMENDED BY DECISION OF THE BoD OF 08.02.2022 AND 31.01.2023) DETAILS REGARDING THE CURRENT REMUNERATION POLICY OF THE MANAGEMENT COMPANY

The Management Company adopts and applies a remuneration policy in order to determine the principles for forming remuneration at MC “Compass Invest” JSC, which covers all forms of remuneration, such as salaries and other financial and/or material incentives, including benefits related to voluntary pension and/or health insurance.

In drafting the policy, the nature, scale and complexity of the management company’s activity, the structure of its internal organisation and the scope of investment services and activities performed by it have been taken into account. . MC “Compass Invest” JSC applies the policy in compliance with the following basic principles:

- a) promoting prudent and effective risk management and non-encouragement of the taking of risks exceeding the acceptable level;
- b) compliance with the business strategy of the company (activity programmes, rules and policies), the objectives, values and long-term interests of MC “Compass Invest” JSC;
- c) application of measures to avoid conflicts of interest;
- d) compliance with the principles and good practices for protecting the interests of MC “Compass Invest” JSC’s clients and investors in the managed mutual funds;
- e) gender neutrality;
- f) prevention of any form of discrimination (on the basis of gender, age, race, religion etc.) and unequal treatment of employees;

The Management Company applies the remuneration policy in the preparation, conclusion, amendment and supplementation of individual employment or civil contracts, as well as in determining the remuneration under the management contracts of the Board of Directors by the General Meeting of Shareholders of the management company.

Remuneration at the Management Company is generally formed depending on the following basic elements: the level of the position, the level of competence, results achieved. At the present moment, remuneration at the management company has only a fixed and not a variable element that would depend on results achieved.

The Executive Director and the Chair of the BoD of the Management Company set the specific amount of remuneration of all employees at all levels of the company’s internal organisational structure.

In forming and paying out the labour remuneration of persons working under contract for the management company, the Labour Code and the bylaws on its application shall apply. Upon termination of the employment relationship, compensation is paid to employees in the cases, procedure and amounts specified in the Labour Code.

Regarding the structure of remuneration at the management company, it should be noted that at the present moment, only fixed remuneration is formed, which is determined in the contracts concluded. Compass Invest JSC does not pay variable remuneration and for this reason, does not take into account the integration of sustainability risks when paying remuneration. Integration of sustainability risks is acceptable when they are relevant to positive results regarding clients' investments, as this would have a positive impact not only on them but also on the Company's employees. The Management Company pays mandatory social security and health insurance contributions. The Management Company does not determine variable remuneration. The Management Company does not provide pension-related benefits. The current remuneration policy is to be immediately changed in the event that the possibility of forming variable remuneration or providing pension-related benefits arises. The change should contain criteria for assessing the financial condition of the management company, criteria for assessing the results of the relevant structural unit's activity and the contribution of specific persons, as well as the useful effect of the qualifications and experience of the different categories of personnel, as well as criteria for assessing the amount and structure of variable remuneration, in compliance with the requirements of Ordinance No. 48.

The Management Company may pay additional non-permanent remuneration in the extraordinary cases provided for in the Labour Code, such as for overtime work. The Management Company may pay additional non-permanent remuneration in the form of one-time payments for annual results achieved, target bonuses for performing additionally assigned tasks or successfully performed additional tasks. Remuneration at MC "Compass Invest" JSC may include a non-cash compensation package – funds for health prevention, funds for improving working conditions, technical/computer equipment, funds for raising professional qualifications and food vouchers, up to the amounts specified in Article 209 CITA, provided in a manner and procedure determined by order of the executive director. The Management Company does not benefit from extraordinary state aid.

The Management Company does not establish a Remuneration Committee given its current internal organisation. With an increase in the scope and complexity of its activity, the management company will establish such a committee in compliance with the requirements of Ordinance No. 48 and other regulatory acts.

The Executive Director of the management company Ivaylo Angarski and the Chair of the BoD Milena Aleksandrova are jointly responsible for the preparation of principle decisions and for determining specific remuneration, taking into account their impact on risk and the management of risk, capital and liquidity of the management company. When making decisions, they take into account not only the interests of the staff but

also the long-term interests of the company's shareholders, as well as the holders of units in the managed mutual funds.

The remuneration policy is developed and adopted by the Board of Directors of the management company in cooperation with the "Regulatory Compliance" department and, where appropriate, with experts in the field of human resources who possess the necessary qualifications and functional independence, in order to ensure an objective assessment of the appropriateness of the remuneration policy, including the consequences of risk management.

Members of the Board of Directors of the management company who are not entrusted with management and who have experience in risk management and remuneration carry out a periodic review of compliance with the requirements of this policy and regulatory requirements at least once a year, but no later than 30 days from the end of the calendar year for which the review is being carried out.

The implementation of the remuneration policy is subject to a central and independent internal review by the Head of the "Regulatory Compliance" department at least once a year, and if a need for change is identified, a corresponding report is prepared for the Board of Directors. The policy is updated in accordance with changes in the market and in the financial condition of the company.

The Management Company discloses information in its prospectus to interested parties regarding the remuneration policy and any subsequent change to it in a clear and accessible manner, without disclosing information which constitutes a legally protected secret. The Management Company shall provide in its annual financial report summarised quantitative information regarding the remuneration paid. The annual financial report of the mutual fund shall contain information regarding the remuneration policy, which includes:

- a) the total amount of remuneration for the financial year, broken down into fixed and variable remuneration paid by the management company to its employees, the number of recipients and, where applicable, all amounts paid directly by the collective investment scheme itself, including performance fees;
- b) the total amount of remuneration broken down by categories of employees or other members of staff in accordance with Article 108, paragraph 1 of ACISOUIC;
- c) description of the methods of calculation of remuneration and benefits;
- d) (amended by Decision of the BoD of 02.05.2023) the result of the reviews under Article 108, paragraphs 7 and 8 of ACISOUIC, including any irregularities identified;
- e) substantial changes to the adopted remuneration policy.

In addition to the remuneration under item 7.1 of the management company, no remuneration, incentives, bonuses or other benefits are paid in any form to persons working under contract for MC "Compass Invest" JSC from the funds of the mutual fund.

The Management Company declares that a copy of the remuneration policy will be provided in paper form free of charge to any investor upon request.

17. (NEW BY DECISION OF THE BoD OF 20.12.2022) INFORMATION ON THE METHOD USED FOR CALCULATING THE TOTAL RISK EXPOSURE, IN THE EVENT THAT THE INVESTMENT POLICY OF THE FUND EXPLICITLY PROVIDES FOR THE POSSIBILITY OF INVESTING IN DERIVATIVE FINANCIAL INSTRUMENTS.

The Management Company applies the commitment method consistently to all positions in derivative financial instruments, including embedded derivative instruments, regardless of whether they are used as part of the Fund's general investment policy for the purposes of risk reduction or for the purposes of efficient portfolio management.

In applying the commitment method, the value of each position in a derivative financial instrument is equated to the market value of an equivalent position in the underlying asset of that derivative instrument.

**for MC "Compass Invest" JSC,
acting for the account of MF "Compass Funds Select-21":**

Milena Aleksandrova,
Chair of the BoD

Ivaylo Angarski,
Executive Director

18. ANNEX NO. 1

RULES

**FOR PORTFOLIO VALUATION AND DETERMINATION OF THE NET ASSET
VALUE OF
MUTUAL FUND "COMPASS FUNDS SELECT-21 "**

These Rules govern the principles and methods for valuation of assets, liabilities and calculation of the net asset value of Mutual Fund "Compass Funds Select-21" ("the Mutual Fund" or "the Fund"), organised and managed by Management Company "Compass Invest" JSC ("the Management Company"). The principles and methods for avoiding conflicts of interest and ensuring protection against disclosure of insider information are also governed.

These Rules govern the procedure and organisation of calculating the net asset value for the purposes of:

- determining the net asset value per unit, determining the issue value and the redemption price of units of the Fund;
- compliance with the investment policy, investment restrictions and asset allocation in the portfolio, as well as the requirements for minimum liquid funds and the structure of the Fund's assets and liabilities;
- compliance with the provisions of the Activities of Collective Investment Schemes and Other Undertakings for Collective Investment Act (ACISOUIC), the bylaws on its application and all other regulatory requirements.

The Rules for valuation of the assets of the Mutual Fund, containing the principles and methods for valuation of assets, as well as the organisational system of this activity, are based on:

- use of a uniform and consistent system for valuation of assets from the portfolio, for making decisions and control;
- system for collecting information related to the determination of the net asset value – sources of information and types;
- rules for avoiding conflicts of interest and ensuring protection against the disclosure of insider information;
- recording of discussions related to the determination of the net asset value, and attaching the relevant documents to the minutes;
- technological and software support in determining the net asset value;

- (Amended by Decision of the BoD of 21.01.2026) system for storing and protecting the documentation related to the determination of the net asset value, on paper or magnetic media.

I. Principles and methods for valuation of assets and liabilities. Net asset value

The methodology is based on the Rules of the Mutual Fund and the regulatory acts related to its activity. The methodology includes the principles and methods for valuation of the Fund's assets and liabilities.

A. Valuation of assets

Basic principles for valuation of assets of Mutual Fund "Compass Funds Select-21"

(1) The valuation of the assets and liabilities of the Fund is carried out in accordance with International Accounting Standards.

(2) Valuation of the assets of the Mutual Fund is carried out as follows:

1. upon initial acquisition (recognition) – at acquisition cost, including transaction costs;

2. at subsequent measurement – in accordance with these Rules applied for subsequent valuation of securities in the portfolio.

(3) Subsequent valuation is carried out for each asset, including those initially recognised as at the date of valuation, at fair value determined pursuant to these Rules.

(4) Purchases/sales of financial instruments are recorded on the transaction date.

(5) (Repealed by Decision of the BoD of 21.01.2026)

Methods for valuation of assets of Mutual Fund

"Compass Funds Select-21".

The asset value includes the value of each of the assets held by the collective investment scheme according to the balance sheet as at the date the valuation is prepared. Their value is calculated as follows:

1. (Repealed by Decision of the BoD of 23.11.2022)

2. (Amended by Decision of the BoD of 23.11.2022) The fair value of securities issued by the Republic of Bulgaria and money market instruments, as well as of securities and money market instruments issued by another member state and a third country, traded at trading venues in an active market, is determined:

a) at the “bid” price at the close of the market for the day for which the valuation is being made, announced in an electronic price information system.

b) at the “bid” price at the close of the market for the last working day, announced in an electronic price information system, in the event that the trading venue does not operate on the day for which the valuation is being made.

c) in the event that there are no “bid” offers on the day of valuation, then the valuation is made at the “bid” price or another analogous indicator for the closest day from the 30-day period preceding the day of valuation.

d) in cases where trading is not conducted at trading venues on working days for the country, the valuation is made on the basis of the “bid” price for the day of the last trading session preceding the day of valuation. In the event that there are no “bid” prices announced on the day of the last trading session preceding the day of valuation, the fair value of these instruments is determined at the “bid” price or another analogous indicator publicly disclosed by trading venues for the closest day from the 30-day period preceding the day of valuation.

e) in the event that the price under letter “a” - “d” is gross, it is used directly for revaluation. Provided that the price is clean, based on the interest characteristics by frequency and level of interest coupons, it is converted to gross and then used for revaluation.

3. (Amended by Decision of the BoD of 23.11.2022) If it is impossible to apply the valuation methods under item 2, the fair value is determined by applying the relevant methods:

3.1. the method of comparable prices for financial instruments with similar payment, maturity, liquidity and risk conditions or

3.2. the discounted cash flow method, as follows: as a basis for the calculations, the prices of the most recently issued issues with the corresponding maturity that primary dealers are required to quote are used. These most recent issues with the corresponding maturity are hereinafter referred to for brevity as “reference issues”. The issue whose price is to be determined is referred to as the “target issue”.

For the purposes of the calculations, the prices of the reference issues are calculated according to the procedure under item 2.

The calculation of the prices of the relevant issues through the linear interpolation method goes through the following stages:

a) Based on the average prices of the reference issues, a yield curve is formed;

b) Depending on the remaining term to maturity of the target issue, its location is determined relative to the closest preceding and closest succeeding reference issues by term;

c) The difference (in days) between the term to maturity of the two reference issues is determined, as well as the difference in their yield to maturity;

d) A multiplier is calculated by dividing the difference in yield to maturity by the difference in days to maturity;

e) The difference in days to maturity between the target issue and the preceding reference issue is determined;

f) The resulting difference is multiplied by the multiplier from the previous step in order to calculate the difference in yield to maturity between the target and reference issues;

g) The yield to maturity of the target issue is obtained by adding the difference in yields calculated in the previous step to the yield of the reference issue preceding the target issue;

h) Based on the yield to maturity obtained for the target issue, its gross price is calculated using the following formula:

$$P = \sum_{i=1}^N \frac{C/n}{(1+r/n)^{i-1+w}} + \frac{F}{(1+r/n)^{i-1+w}}$$

Where:

P – price of the security

F – principal of the security

C – annual coupon of the bond

n – number of interest payments per year

N – total number of interest payments

r – discount rate (equal to the yield to maturity)

i – sequence number of the interest payment

$$w = \frac{\text{дни до следващото лихвено плащане}}{\text{общ брой дни между две лихвени плащания}}$$

4. (Amended by Decision of the BoD of 23.11.2022) The fair value **of Bulgarian and foreign shares and rights**, admitted to or traded at trading venues in an active market in the Republic of Bulgaria, is determined:

4.1. (Amended by Decision of the BoD of 21.01.2026) at the closing price or another analogous indicator publicly disclosed as at the day of valuation by trading venues;

4.2. (Amended by Decision of the BoD of 21.01.2026) at the closing price or another analogous indicator publicly disclosed as at the day of valuation by the trading venue at which the largest volume of transferable securities and money market instruments has been traded for the relevant day, in cases where they are admitted to trading at more than one trading venue. When taking into account the volume, the management

company will take prices from the markets at which it is entitled to trade according to the regulatory framework, namely: markets under Article 152, paragraphs 1 and 2 of MFIA in the European Union, markets from third countries included in a list approved by the Financial Supervision Commission upon proposal of the Deputy Chairperson, heading the “Investment Activity Supervision” Division and markets specified in the Rules of the mutual fund.

4.3. (Amended by Decision of the BoD of 21.01.2026) at the closing price or another analogous indicator publicly disclosed by trading venues for the last working day, if the trading venue does not operate on the day for which the valuation is being made.

4.4. (New by Decision of the BoD of 21.01.2026) if items 4.1 to 4.3 cannot be applied, the price of the shares, respectively of the rights, shall be the closing price or another analogous indicator for the closest day during the last 30-day period preceding the day of valuation for which there are concluded transactions.

4.5. (New by Decision of the BoD of 21.01.2026) In the event that, during the previous 30-day period, a capital increase or stock split of the issuer was carried out, or the payment of a dividend was announced, the closing price or another analogous indicator under the previous item is adjusted by the capital increase ratio, respectively the share split or dividend amount, if the closest day during the last 30-day period preceding the valuation date for which there are concluded transactions is before the day after which the holders of shares have no right to participate in the capital increase, respectively the day of the split or the day after which the holders of shares have no right to dividend.

5. If it is impossible to apply the methods for valuation of shares under item 4, as well as for shares that are not traded on regulated markets or other trading venues, the fair value is determined by sequentially applying the following methods:

- net book value of assets method
- price-to-earnings ratio of comparable companies method,
- discounted net cash flow method.

These methods are applied in the sequence in which they are described below, provided that the method specified first cannot be used.

5.1. The net book value of assets method consists in calculating the value of the shares of the company being valued by dividing the company’s equity (based on the most recent financial statement) by the total number of shares outstanding.

$$P = \frac{A - L - PS}{N}$$

where: P – value of ordinary shares of the company being valued

A – assets

L – liabilities

PS – value of preference shares

N – total number of ordinary shares outstanding

5.2. The price-to-earnings ratio of a comparable company method consists in:

a) Calculating the value of the shares of the company being valued by multiplying its earnings per share by a market multiple. The market multiple expresses the ratio between the price of a comparable company and its earnings per share.

b) The earnings of the comparable company and of the company being valued are determined on the basis of financial statements covering the closest one-year period, counted from the most recently published financial statement. Earnings per share are determined by dividing the company's net profit by the total number of shares.

c) The multiplier is calculated based on the weighted average price of the transactions concluded on the last working day with the shares of the comparable company, if the volume of transactions concluded with them for the day is no less than 0.02 per cent of the volume of the relevant issue. If a price cannot be determined under the previous sentence, the price of the shares of the comparable company is determined as the arithmetic average of the highest "bid" price from orders valid at the moment of closing of the regulated market on the last working day, and the weighted average price of the transactions concluded with the relevant securities for the same day. The price of the shares of the comparable company is determined in this manner only in the event that there are concluded transactions and orders submitted at a "bid" price.

d) The source of primary information for performing the specified calculations is the accounting reports of public companies from the registers of the FSC and BSE, or a reliable source of information for the relevant trading venue in an active market.

e) Manner and criteria for determining a comparable company:

- A comparable company is such a company that provides a sufficiently good basis for comparison with the investment characteristics of the company being valued.
- The selection of comparable companies must be substantiated through a comparative analysis and assessment of their characteristics and the degree of similarity with the characteristics of the company being valued.
- The comparable company is selected according to the specified criteria from among the companies traded at a trading venue in an active market of securities in the country of the issuer's registered office.

The criteria that the comparable company must necessarily meet are:

- Sector of the economy in which the company operates;
- Similar product range;
- To have published financial statements allowing the closest one-year period to be covered;
- To have transactions concluded with the company's shares during the current working day.

- Other criteria used in justifying the choice of a comparable company are comparable share capital and similar financial indicators.

5.3. The discounted net cash flow method is used to determine the value of one ordinary share of the company, by dividing the value of the equity of ordinary shareholders by the number of ordinary shares outstanding.

The value of the equity of ordinary shareholders is calculated in two ways:

5.3.1. Discounted net cash flow to ordinary shareholders method (Free Cash Flows to Equity) – by discounting the net cash flows that remain for shareholders after meeting all expenses, financial obligations, required investments and changes in working capital:

a) This method uses the net cash flows that remain after meeting all expenses, covering financial obligations (including principal and interest on company debt), required investments and changes in working capital.

b) Net cash flows are calculated by taking the projected net profit after interest and income tax and:

- increasing it by projected depreciation expenses,
- decreasing/increasing it by the absolute value of the projected change in net working capital,
- increasing it by the projected value of new debt, as well as proceeds from the issue of preference share issues,
- decreasing it by the projected investments in non-current assets,
- decreasing it by the projected debt principal repayments,
- decreasing it by the projected dividends on preference shares.

The following formula is used:

$$FCFE = NI + Dep - FCInv - \Delta WCIInv - PP - PD + ND,$$

where: $FCFE$ – net cash flows for ordinary shareholders

NI – net profit

Dep - depreciation

$FCInv$ – investments in non-current assets

$\Delta WCIInv$ – change in net working capital

PP – principal repayments

PD – dividends on preference shares

ND – new debt, as well as proceeds from the issue of preference share issues

c) In this method, the net cash flows are discounted at the cost of equity financing.

d) The cost of equity financing is the required rate of return for ordinary shareholders and is defined in the following ways:

- through the risk-free interest rate plus risk premium:

$$k_e = k_{RF} + RP$$

where k_e - cost of equity financing,

k_{RF} – risk-free interest rate,

RP – risk premium.

- through the Capital Asset Pricing Model (CAPM):

$$k_e = k_{RF} + (k_m - k_{RF}) \times \beta$$

where k_e - cost of equity financing,

k_{RF} – risk-free interest rate,

$(k_m - k_{RF})$ – market risk premium,

k_m – expected market return

β – beta coefficient.

- through the discounted cash flow method:

$$k_e = \frac{D_1}{P_0} + g,$$

where k_e - cost of equity financing,

D_1 – expected next dividend on one ordinary share,

P_0 – price of one ordinary share,

g- expected growth rate.

5.3.2. Discounted cash flow to the firm method (Free Cash Flows to the Firm) – by discounting the net cash flows for all shareholders and other investors, reduced by all of the company's debts and other claims of investors other than shareholders. The net cash flows are used for all investors in the firm – shareholders, debt holders and preference shareholders. The net cash flows are calculated in two ways:

a) In the first way, net cash flows are calculated by taking the projected profit before interest and after income tax and:

- increasing it by projected depreciation expenses,
- decreasing it by the projected change in net working capital,
- decreasing it by the projected investments in non-current assets.

The following formula is used:

$$FCFF = EBIT \times (1 - TR) + Dep - FCInv - \Delta WCIInv,$$

where: $FCFF$ – net cash flows to the firm
 $EBIT$ – earnings before interest and taxes
 TR – tax rate for the firm
 Dep - depreciation
 $FCInv$ – investments in non-current assets
 $\Delta WCIInv$ – change in net working capital

b) In the second approach, the following formula is used:

$$FCFF = FCFE + Int \times (1 - TR) + PP - ND + PD$$

where: $FCFF$ – net cash flows to the firm
 $FCFE$ – net cash flows for ordinary shareholders
 Int – interest expense
 TR – tax rate for the firm
 PP – principal repayments
 PD – dividends on preference shares

ND – new debt, as well as proceeds from the issue of preference share issues

c) Net cash flows are discounted at the weighted average cost of capital of the company. When determining the relative shares of the different sources of capital, their market values are used.

d) The weighted average cost of capital of the company is determined by the following formula:

$$WACC = k_e \times \left(\frac{E}{E + D + PS} \right) + k_d \times (1 - t) \times \left(\frac{D}{E + D + PS} \right) + k_{ps} \times \left(\frac{PS}{E + D + PS} \right),$$

where: *WACC* – weighted average cost of capital,
k_e is the cost of equity financing,
k_d is the cost of debt financing, before the tax effect of interest expense is taken into account,
t is the tax rate for the firm,
k_{ps} is the cost of preference share financing,
E – market value of the company's shares,
D – market value of the company's debt,
PS – market value of the company's preference shares.

When the market value of debt cannot be determined, its book value is used.

5.3.3. Each of the methods for determining the value of equity capital may use one of two discounting models:

a) Constant growth rate, in which the firm's growth is assumed to be constant and stable.

The formula used is:

$$P_0 = \frac{FCF_1}{r - g},$$

where: *P₀* – present value of free cash flows;
FCF is either FCFE or FCFF;
r is the relevant discount rate;
g is the constant growth rate of the company.

b) Two-stage growth rate, in which two periods are assumed to exist. For the first period, a forecast is made of net cash flows for each year separately. For the second period, it is assumed that net cash flows will grow at a sustainable rate or will remain constant.

The formula used is:

$$P_0 = \sum_{t=1}^{t=n} \frac{FCF_t}{(1+r)^t} + \frac{P_n}{(1+r)^n},$$

where: P_0 – present value of free cash flows;

FCF_t is either FCFE or FCFF in year t ;

r is the relevant discount rate during the first period;

P_n is the value of free cash flows at the beginning of the second period of sustainable growth; P_n is calculated as follows:

$$P_n = \frac{FCF_{n+1}}{r_n - g_n},$$

where: r_n is the relevant discount rate during the period of constant growth; g_n is the constant growth rate of the company. When it is assumed that during the second period net cash flows will remain constant, then $g_n=0$.

5.4. Subsequent valuation of shares acquired as a result of a capital increase with funds of the issuing company or from a split of existing shares is performed as follows:

a) In cases of acquisition of (new) shares of a given company as a result of a capital increase with funds of the company, a receivable is recognised from the date from which holders of shares of the company have no right to shares from the capital increase – the date after which concluded transactions with the shares do not affect the right to acquire new shares until the date of registration of the capital increase and its entry in the depositary institution.

The value of the receivable is equal to the product of the number of new shares and the price of one new share.

$$R = N_n \times P_n,$$

where R – receivable,

N_n – number of new shares,

P_n – price of one new share.

The price of one new share is obtained by dividing the last valuation price of one “old” share by the sum of the number of new shares acquired against one “old” share and one 1 “old” share.

$$P_n = \frac{P_0}{(N_r + 1)},$$

where P_n – price of one new share,

P_0 – last valuation price of one “old” share,

N_r – number of new shares per one “old” share.

From the date of entry of the new shares in the depositary institution until the date of introduction for trading on a regulated market or trading venue, the new shares are recognised at a price calculated by the following formula:

$$P_n = \frac{P_0}{(N_r + 1)}$$

where P_n – price of one new share,

P_0 – last valuation price of one “old” share,

N_r – number of new shares per one “old” share.

After the introduction for trading on a regulated market or another trading venue of the new shares, their subsequent valuation is carried out in accordance with the methods for valuation of securities traded on a regulated market or another trading venue.

b) in cases of acquisition of (new) shares of a given company as a result of a split of existing shares, a receivable is recognised from the date from which the new shares are already separated from the existing shares – the date after which concluded transactions with the shares do not affect the right to acquire the new shares until the date of registration of the new number of shares in the depositary institution:

The value of the receivable is equal to the product of the number of new shares and the price of one new share.

The price of one new share is obtained by dividing the last valuation price of one “old” share by the number of new shares acquired against one “old” share.

$$R = N_n \times P_0 \times \frac{1}{N_r},$$

where R – receivable,

N_n – number of new shares,
 P_0 – last valuation price of one “old” share,
 N_r – split ratio.

From the date of entry of the new shares in the depositary institution until the date of introduction for trading on a regulated market or another trading venue, the new shares are recognised at a price calculated by the following formula:

$$P = P_0 \times 1 / N_r$$

where

P – price of new share,
 P_0 – last valuation price of one “old” share,
 N_r – split ratio.

After the introduction for trading on a regulated market or another trading venue of the new shares, their subsequent valuation is carried out in accordance with the methods for valuation of securities traded on a regulated market or another corresponding trading venue.

5.5. The above methods listed under items 5.1, 5.2, 5.3, 5.4 for determining the fair value of securities may be adjusted by coefficients substantiated on the basis of data and circumstances representing duly disclosed insider information.

6. (Amended by Decision of the BoD of 21.01.2026 and 05.02.2026) In cases of acquisition of rights from a given company in a capital increase through a share issue or issuance of convertible bonds a receivable (of rights) is recognised from the date from which holders of shares in the company have no right to receive rights to subscribe shares from the capital increase (the date after which concluded transactions with the shares do not affect the right to acquire rights), until the date of registration of the rights in the depositary institution.

The value of the receivable is calculated on the basis of the following formula:

$$R_r = N \times P_r$$

where

R_r – Receivable
 N – number of rights
 P_r – price of a right

The price of the right is calculated by the following formula:

$$P_r = P_l - \frac{P_l + P_i \times N_r}{N_r + 1}$$

Where:

Pr – price of a right

Pl – price of the last valuation of the share (before separation of the rights)

Pi - issue value of the new shares

Nr – number of shares per right

From the date of registration of the rights in the depository institution, they are recognised as an asset in the portfolio at a price determined by the formula above.

In the event that the receivable determined by the formula above had a negative value, then until admission for trading the rights are valued at an indicative reference price for the first trading session published by the regulated market.

6.1. (Amended by Decision of the BoD of 21.01.2026) If it is impossible to apply the valuation methods under item 4, the subsequent valuation of rights is carried out by sequentially applying the following methods:

6.1.1. (New by Decision of the BoD of 21.01.2026) for rights issued in connection with a capital increase through a share issue:

a) the indicative reference price for the first trading session published by the regulated market.

b) if a) cannot be applied, the rights are valued at a price representing the difference between the price of the company's existing shares, determined according to the requirements of item 4, respectively item 5, and the issue value of the new shares from the capital increase, multiplied by the ratio of the number of shares per right.

6.1.2. (New by Decision of the BoD of 21.01.2026) for rights issued in connection with a convertible bond issue – at a price representing the difference between the price (determined in accordance with the valuation methods specified in items 4 – 5) of the company's existing shares and the issue value of the convertible bonds, multiplied by the ratio of the number of convertible bonds per right and adjusted by the conversion factor using the following formula:

$$P_r = P_l - \frac{P_l + P_i \times N_r}{N_r \times C + 1}$$

where:

Pr – price of the right;

Pl – price of the last valuation of the share (before separation of the rights);

Pi - issue value of the new bonds;
Nr – number of bonds per right.
C – conversion factor

6.2. From the date of subscription of the shares as a result of exercising the rights until the date of registration of the capital increase and its entry in the depositary institution, the subscribed shares are recorded as a receivable, which is formed by multiplying the number of subscribed shares by the sum of the value of one right at the last valuation before subscription of the shares, divided by the number of shares per right and the issue value of one share.

$$R = N_n \times \left(P_i + \frac{P_r}{N_r} \right),$$

where

R – receivable,

N_n – number of subscribed shares,

P_i – issue value of share,

P_r – value of one right,

N_r – number of shares per right.

6.2.a (New by Decision of the BoD of 21.01.2026) From the date of subscription of the convertible bonds as a result of exercising the rights until the date of registration of the convertible bond issue and its entry in the depositary institution, the subscribed convertible bonds are recorded as a receivable, which is formed by multiplying the number of subscribed convertible bonds by the sum of the value of one right at the last valuation before subscription of the convertible bonds, divided by the number of convertible bonds per right and the issue value of one convertible bond. From the date of subscription of the convertible bonds, as a result of exercising the rights, until the date of payment of their issue value, an obligation arises for the Mutual Fund to the issuing company.

6.3. From the date of entry of the new shares in the depositary institution until the date of introduction for trading on the regulated market, or trading venue, the new shares are recognised at a price calculated by the following formula:

$$P = P_i + \frac{P_r}{N_r}$$

Where:

P – price of the share

Pi – issue value of share

Pr – value of one right

Nr – number of shares per right

After the introduction for trading on the regulated market or trading venue of the new shares, their subsequent valuation is carried out in accordance with the methods for valuation of securities traded on a regulated market or trading venue.

6.3.a(New by Decision of the BoD of 21.01.2026.) From the date of entry of the new convertible bonds in the depositary institution until the date of introduction for trading on the relevant trading venue, convertible bonds are recognised at a price calculated by the formula contained in the Rules of Valuation, with interest also accruing on the convertible bonds for each day in accordance with the prospectus of the issue, and after introduction for trading on the relevant trading venue of the convertible bonds, their subsequent valuation is carried out in accordance with the methods for valuation of securities admitted to or traded on a regulated market or another trading venue

6.4. In cases where shares of a non-public joint-stock company are acquired as a result of an initial public offering, the shares are recognised from the date of their registration in the depositary institution (from the date of subscription of the shares to the date of their registration in the depositary institution, the subscribed shares are recorded as a receivable in an amount equal to the issue value paid). The subsequent valuation of the shares from the date of their registration in the depositary institution to the date of admission of the shares for trading on the relevant trading venue is carried out at a price equal to the issue value of one share. After the introduction of the shares for trading on the relevant trading venue, their subsequent valuation is carried out in accordance with the methods for valuation of securities admitted to or traded on a regulated market or another trading venue.

The preceding rules also apply respectively to the subscription of shares of a non-public joint-stock company for which no subsequent registration for trading on a regulated market or another trading venue is provided for, with the subscribed shares being recorded as a receivable in an amount equal to the issue value paid from the date of subscription of the shares to the entry of the capital increase in the commercial register, and after the date of entry of the capital increase in the commercial register, the subsequent valuation of the shares is carried out in accordance with item 5 above.

6.5. In cases where shares are acquired upon the establishment of a new joint-stock company, the shares are valued at their issue value until the date of admission of the shares for trading on the relevant trading venue. After the introduction of the shares for trading on the relevant trading venue, their subsequent valuation is carried out in accordance with the methods for valuation of securities admitted to or traded on a regulated market or another trading venue in an active market. In the event that shares are subscribed upon the establishment of a new joint-stock company for which no subsequent registration for trading on a regulated market or another trading venue is provided for, they are valued at their issue value until the date of entry of the company

in the commercial register. After the entry, the subsequent valuation of the shares is carried out in accordance with item 5 above.

6.6. In cases of acquisition of rights from a given company upon a warrant issue with an underlying asset of a future share issue of the company, a receivable (of rights) is recognised from the date from which the holders of shares in the company have no right to receive rights to subscribe warrants (the date after which concluded transactions with the shares do not affect the right to acquire rights), until the date of registration of the rights in the depositary institution.

The value of the receivable is calculated on the basis of the following formula:

$$R_r = N \times P_r,$$

Where:

R_r – the receivable;

N – the number of rights;

P_r – the price of the right.

The price of the right is calculated by the following formula:

$$P_r = P_l - \frac{P_l + (P_i + P_w) \times N_r}{N_r + 1}$$

Where:

P_r – price of the right;

P_l – price of the last valuation of the share (before separation of the rights);

P_i - the issue value of the shares from the underlying asset (the exercise price of the warrants);

P_w - the issue value of the warrants;

N_r – the number of warrants per right.

From the date of registration of the rights in the depositary institution, they are recognised as an asset in the Fund's portfolio at a price determined by the formula stated above.

6.6.1. If it is impossible to apply the valuation methods under item 4, the fair value of rights upon a warrant issue is determined at a price representing the difference between the price of the company's existing shares, determined according to the requirements of item 4, respectively item 5, and the sum of the issue value of the shares from the underlying asset and the issue value of the warrants, multiplied by the ratio of the number of warrants per right.

6.6.2. From the date of subscription of the warrants as a result of exercising the rights until the date of registration of the warrants and their entry in the depositary institution, the subscribed warrants are recorded as a receivable, which is formed by multiplying the number of subscribed warrants by the sum of the value of one right at the last valuation before subscription of the warrants, divided by the number of warrants per right and the issue value of one warrant.

$$R = N_n \times \left(P_w + \frac{P_r}{N_r} \right),$$

where: R – the receivable;
 N_n – the number of subscribed warrants;
 P_w – the issue value of one warrant;
 P_r – the value of one right;
 N_r – the number of warrants per right.

From the date of subscription of the warrants as a result of exercising the rights until the date of payment of their issue value, an obligation arises to the issuing company.

6.6.3. From the date of entry of the warrants in the depositary institution until the date of introduction for trading on the relevant trading venue, the warrants are recognised at a price calculated by the following formula:

$$P = P_w + \frac{P_r}{N_r},$$

Where:
 P – the price of the warrant;
 P_w – the issue value of one warrant;
 P_r – the value of one right;
 N_r – the number of warrants per right.

After the introduction of the warrants for trading on the relevant trading venue, their fair value is determined in accordance with the methods for valuation of securities admitted to or traded on a regulated market or another trading venue.

(New by Decision of the BoD of 21.01.2026) **6.6.4** Upon a decision to exercise the warrants, a receivable for new shares is formed, which represents the sum of the value of the warrants at the last valuation and the issue value of the new shares.

7. (Amended by Decision of the BoD of 21.01.2026) Fair value of units of collective investment schemes which have been authorised to conduct activity pursuant to

Directive 2009/65/EC of the European Parliament and of the Council and/or of other undertakings for collective investment under Article 38, paragraph 1, item 5 of ACISOUCI, which are open-ended is determined at the last redemption price announced by the end of the working day preceding the day of calculation of the net asset value per unit. In cases of temporary suspension of the redemption of units of a collective investment scheme, their subsequent valuation is carried out either at the last determined and announced redemption price, or at the fair value per unit. In the event that the temporary suspension of the redemption of the units is for a period longer than 30 days, their subsequent valuation is carried out at the fair value per unit by applying the net book value of assets method.

7.1. (Repealed by Decision of the BoD of 23.11.2022)

7.2. Subsequent valuation of **shares and units issued by exchange-traded funds and other exchange-traded products (ETFs, ETNs and ETCs), including units of collective investment schemes under Article 38, paragraph 1, item 5 of ACISOUCI,** where there are restrictions on subscription and redemption for a certain class of investors and/or a certain order size, and as a result of these restrictions the Mutual Fund cannot purchase the shares and units directly from the issuer and accordingly submit for redemption the units held by it, the financial instruments are valued:

a) At the closing price of the transactions concluded with them on the regulated securities market on which the units and shares of ETFs, ETNs and ETCs are traded, announced through the trading system or in the exchange bulletin, for the last working day.

b) If it is impossible to apply item a) the units and shares of ETFs, ETNs and ETCs are valued at the last calculated and announced indicative net asset value per unit (iNAV-indicative net asset value).

c) If it is impossible to apply the valuation method under the previous item, as well as in case of suspension of the redemption of the units/shares of ETFs, ETNs and ETCs for a period longer than 30 days, they are valued at the last determined and announced net asset value per unit/share by the relevant issuer.

8.(Amended by Decision of the BoD of 23.11.2022) The fair value of **Bulgarian and foreign bonds, admitted to or traded on a regulated market or another trading venue in the Republic of Bulgaria, is determined:**

a) (Amended by Decision of the BoD of 21.01.2026) at the closing price or another analogous indicator publicly disclosed as at the day of valuation by trading venues;

aa) (New by Decision of the BoD of 21.01.2026) at the closing price or another analogous indicator publicly disclosed as at the day of valuation by the trading venue at which the largest volume of transferable securities and money market instruments has been traded for the relevant day, in cases where they are admitted to trading at more than one trading venue. When taking into account the volume, the management company will take prices from the markets at which it is entitled to trade according to

the regulatory framework, namely: markets under Article 152, paragraphs 1 and 2 of MFIA in the European Union, markets from third countries included in a list approved by the Financial Supervision Commission upon proposal of the Deputy Chairperson, heading the “Investment Activity Supervision” Division and markets specified in the Rules of the mutual fund.

ab) (New by Decision of the BoD of 21.01.2026) at the closing price or another analogous indicator publicly disclosed by trading venues for the last working day, if the trading venue does not operate on the day for which the valuation is being made;

b) (Amended by Decision of the BoD of 21.01.2026) If a price cannot be determined under sub-item a), the price of the bonds shall be the closing price or another analogous indicator for the closest day during the last 30-day period preceding the day of valuation for which there are concluded transactions.

c) In cases where the fair value of bonds is being determined on which interest is about to be paid and the price published in the exchange bulletin of transactions concluded with them or of “bid” price is net, the subsequent valuation is formed by adding to the price announced in the bulletin the interest coupon due as at the date of the valuation:

The value of accrued interest is determined using the following formula:

$$AccInt = F * \frac{C}{n} * \frac{A}{E}$$

Where:

AccInt – is the accrued interest coupon

F – is the principal (nominal value) of the bond

C – the annual interest coupon

n – the number of interest payments per year

A – the interest days elapsed from the beginning of the interest period to the date of the calculations. Days are calculated on the basis of 30 days per month or actual number of days, depending on the regulation in the prospectus for the relevant issue.

E – the number of days in the current interest period. Days are calculated on the basis of 360, 364, 365, 366 days per year or actual number of days, depending on the regulation in the prospectus for the relevant issue.

The accrued interest coupon as at the day of valuation is added to the net price and the gross price calculated is used for the subsequent valuation of the bond.

9. (Amended by Decision of the BoD of 11.11.2019) If it is impossible to apply the procedure under item 8, letters “a” – “b” in forming the fair value of bonds admitted to or traded on a regulated market or another trading venue in an active market, as well as for determining the fair value of bonds which are not traded and are not admitted to trading on regulated markets or other trading venues, the discounted net cash flow method is applied using the formula below with a discount rate of:

a) the current yield to maturity of government securities with similar payment and maturity conditions, adjusted by a risk premium reflecting the risk of the issuer and the given security.

b) in the discounted cash flow method, the following formula is used:

$$P = \sum_{i=1}^N \frac{C/n}{(1+r/n)^{i-1+w}} + \frac{F}{(1+r/n)^{i-1+w}}$$

Where:

P – price of the security

F – principal of the security

C – annual coupon of the bond

n – number of interest payments per year

N – total number of interest payments

r – discount rate (equal to the yield to maturity)

i – sequence number of the interest payment

$$w = \frac{\text{дни до следващото лихвено плащане}}{\text{общ брой дни между две лихвени плащания}}$$

10. The fair value of Bulgarian and foreign securities, admitted to or traded at trading venues in an active market abroad, is determined as follows:

10.1. For securities traded on regulated markets and official markets of stock exchanges:

a) (Amended by Decision of the BoD of 23.11.2022) at the closing price publicly disclosed as at the day of valuation by trading venues.

b) (Repealed by Decision of the BoD of 17.01.2022, new by Decision of the BoD of 21.01.2026) at the closing price or another analogous indicator publicly disclosed as at the day of valuation by the trading venue at which the largest volume of transferable securities and money market instruments has been traded for the relevant day, in cases where they are admitted to trading at more than one trading venue. When taking into account the volume, the management company will take prices from the markets at which it is entitled to trade according to the regulatory framework, namely: markets Article 152, paragraphs 1 and 2 of MFIA in the European Union, markets from third countries included in a list approved by the Commission for financial supervision upon proposal of the Deputy Chairperson, heading the “Investment Activity Supervision” Division and markets specified in the Rules of the mutual fund.)

c) (Repealed by Decision of the BoD of 17.01.2022);

d) (New by Decision of the BoD of 23.11.2022) at the closing price publicly disclosed by trading venues for the last working day, if the trading venue does not operate on the day for which the valuation is being made;

e) (New by Decision of the BoD of 21.01.2026) if sub-items a, b and d cannot be applied, the price of the securities shall be the closing price or another analogous indicator for the closest day during the last 30-day period preceding the day of valuation for which there are concluded transactions.

10.2. (Amended by Decision of the BoD of 23.11.2022 and 21.01.2026) If a price cannot be determined under item 10.1, the valuation of the specific type of securities is carried out by applying, as appropriate, items 5, 6, 9.

11.(1) The fair value of the financial instruments of the collective investment scheme in an inactive market is determined using valuation techniques.

(2) Valuation techniques include the use of prices from recent and fair market transactions between informed and willing parties, reference to the current fair value of another asset that is substantially equivalent, and generally accepted methods.

12. (1) Subsequent valuation of derivative financial instruments with underlying asset of securities admitted to or traded on regularly functioning, recognised and publicly accessible regulated markets or other trading venues in the Republic of Bulgaria is determined in accordance with item 4.

(2) Subsequent valuation of derivative financial instruments with underlying asset of securities admitted to or traded on regularly functioning recognised and publicly accessible regulated markets or other trading venues abroad is carried out in accordance with item 10.1 of these Rules.

13. (Amended by Decision of the BoD of 16.05.2018) If it is impossible to apply item 12 in forming a price for subsequent valuation of options admitted to or traded on regulated markets or other trading venues for securities, the subsequent valuation is carried out using the Black-Scholes approach for determining the price of an option. The Black-Scholes model treats the valuation of call options (call options), therefore the formation of the value of the put option will be a function of the price of the call option for the relevant asset under the same conditions.

Formula for determining the price of a put option:

$$P = C + Xe^{-rT} - S_0$$

Where:

C – The price of the call option, calculated by the Black-Scholes model.

X – The exercise price of the option (Strike price).

e – 2.71828, the base of the natural logarithm function.

r – Risk-free interest rate.

T – Term to maturity of the option in years.

Xe^{-rT} = PV (X) – the present value of the exercise price of the option.

S_0 – Current price of the underlying asset (the one for which the option is constructed)

Calculation of “C” – the price of the call option for the relevant asset with the same parameters (Black-Scholes formula):

$$C_0 = S_0 N(d_1) - Xe^{-rT} N(d_2)$$

Where

$$d_1 = \frac{\ln(S_0 / X) + (r + \sigma^2 / 2)T}{\sigma \sqrt{T}}$$

$$d_2 = d_1 - \sigma \sqrt{T}$$

and where

C_0 – Current value of the call option

S_0 – Current price of the underlying asset

$N(d)$ – The probability that a random trial on the standard normal distribution has a value less than d. The relevant values can be found in tables with the values of the normal distribution.

X – The exercise price of the option

e – 2.71828, the base of the natural logarithm function

r – Risk-free interest rate.

T – Term to maturity of the option in years.

Xe^{-rT} = PV (X) – the present value of the exercise price of the option.

ln – The natural logarithm function

σ - The standard deviation of the rate of return on an annual basis (continuously compounded) of the underlying asset (volatility).

The standard deviation of the rate of return for n observations is calculated by the formula:

$$\sigma = \sqrt{\frac{n}{n-1} \sum_{t=1}^n \frac{(r_t - \bar{r})^2}{n}}$$

where $\bar{r}$ is the average return for the sample period. The rate of return on day t is determined in accordance with continuous compounding as $r_t = \ln(S_t / S_{t-1})$.

14. If it is impossible to apply item 12 in forming a price for subsequent valuation of warrants admitted to or traded on regulated markets or other trading venues, or

traded on over-the-counter markets, the subsequent valuation is carried out using the formula under item 13 for calculating the price of call options (call options).

15. (Amended by Decision of the BoD of 16.05.2018) If it is impossible to apply item 12 in forming a price for subsequent valuation of futures admitted to or traded on regulated markets or other trading venues for securities, the subsequent valuation is carried out in the following manner:

$$F = \{S - PV(D,0,T)\} * (1+R_f)^T,$$

Where:

F – price of futures contract;

S – spot price of underlying asset;

PV(D,0,T) – present value of expected dividend

R_f – risk-free interest rate;

T – number of days of the contract divided by 365.

16. (1) The fair value of derivative financial instruments traded on over-the-counter markets is determined at the “bid” price of the market maker at the close of the market on the working day preceding the date of valuation.

(2) If it is impossible to apply the rule under paragraph 1, the fair value of options traded on over-the-counter markets is determined using the formula under item 13.

(3) The fair value of currency forward contracts is determined using the formula below. When the term to maturity of the currency forward contracts is less than 1 month, and in the event that there are negligible differences with respect to the values of interest rates, due to the short term and the negligible influence of discount factors, it is assumed that the forward exchange rate as at the date of determination of the fair value (t) is equal to the current spot exchange rate.

$$V_t = N \left(\frac{C}{1+i_A} - \frac{P}{1+i_B} \right)$$

where:

V_t - value of the forward contract;

N – size of the forward contract;

C - the current spot rate between the two currencies;

P – forward exchange rate agreed upon conclusion of the forward contract;

Both exchange rates are expressed as units of currency B per one unit of currency

A.

i_A – risk-free interest rate for currency A;

i_B – risk-free interest rate for currency B;

T – maturity date of the forward contract;

t – current date.

(4) The fair value of forwards other than those specified in paragraph 3 is determined using the formula under item 15.

17.(Repealed by Decision of the BoD of 21.01.2026)

18. (Amended by Decision of the BoD of 23.11.2022 and 21.01.2026)

The fair value of transferable securities and money market instruments admitted to or traded at trading venues, in cases where trading is not conducted at trading venues on working days for the country, is the closing price for the day of the last trading session preceding the day for which the valuation is being made. In the event that there are no concluded transactions on the day of the last trading session preceding the day for which the valuation is being made, the fair value of these instruments is determined at the closing price or another analogous indicator publicly disclosed by trading venues for the closest day from the 30-day period preceding the day for which the valuation is being made. In the valuation of bonds and other forms of securitised debt (debt securities), the accrued interest for the relevant days is also taken into account.

18a. (new by Decision of the BoD of 23.11.2022)CFor the fair value of financial instruments of companies which have been declared insolvent, a coefficient of zero is used, accordingly it is accepted that their fair value is zero.

19. Fair value of **bank deposits, cash on hand and short-term receivables** are valued as at the day of valuation as follows:

1. fixed-term and demand deposits, cash on hand – at nominal value;
2. short-term receivables without a determined interest rate or yield – at cost;
3. short-term receivables with a determined interest rate or yield – at cost.

20. (Amended by Decision of the BoD of 17.12.2025)**Financial assets denominated in foreign currency**, are recalculated into euro equivalent, determined at the central rate of the Bulgarian National Bank valid for the day to which the valuation relates.

21. **The subsequent valuation of money market instruments , admitted to or traded on a regulated market or another trading venue**, is determined in accordance with item 10.1. If it is impossible to apply item 10.1, as well as for money market instruments not traded on a regulated market or another trading venue, the following formulas are used:

The value of the certificate of deposit is determined by the following formula:

$$P_{CD} = \frac{MV}{\left[1 + \left(i \times \frac{d}{365}\right)\right]},$$

where:

$$MV = N \times \left[1 + \left(\frac{c}{100} \times \frac{d}{365}\right)\right]$$

P_{CD} is the value of the certificate of deposit;

MV – the value of the certificate of deposit at maturity;

N – nominal value of the certificate of deposit;

d – number of days from the date of revaluation to maturity;

i – discount rate;

c – interest payable on the deposited amount, specified on the certificate.

Short-term government securities (treasury bills) are valued by the formula:

$$P_{Tb} = N \left[1 - \left(i \times \frac{d}{365} \right) \right]$$

P_{Tb} is the price of the treasury bill;

N – nominal value;

i – discount rate;

d – number of days from the date of revaluation to maturity.

The discount rate in the above formulas is determined by generally accepted methods.

22. The fair value of other financial instruments under Article 38 of ACISOU CI beyond those specified in these Rules is determined under Article 27, respectively Article 31 of Ordinance No. 44, or by other generally accepted valuation methods specified in these Rules.

B. (Amended by Decision of the BoD of 17.12.2025) Valuation of the Fund's liabilities

The value of the Fund's liabilities is equal to the sum of the balance sheet values of the short-term and long-term liabilities on the balance sheet. Liabilities denominated in foreign currency are calculated in euros at the central rate of the BNB as at the valuation date. Liabilities are valued in accordance with the accounting practices in force at the time the valuation is made.

C. Determination of the net asset value

The net asset value (NAV) is calculated as the difference between the value of all assets, calculated in accordance with these Rules, and the value of all liabilities on the balance sheet, calculated in accordance with these Rules.

D. The role of the Fund's auditors for portfolio valuation and determination of NAV

The role of the auditors for portfolio valuation and determination of NAV is to give an auditor's opinion in accordance with the Independent Financial Audit Act and the professional requirements of International Standards on Auditing, that the financial statements of the Fund prepared by the Management Company do not contain material inaccuracies, deviations and inconsistencies. The audit includes examination on a test basis of the evidence regarding the amounts and disclosures presented in the financial statements of the Fund and an assessment of the accounting principles applied and significant estimates made by management, as well as the overall presentation in the financial statements.

II. Procedure for determining the net asset value, the net asset value per unit, the issue value and the redemption price of units of Mutual Fund "Compass Funds Select-21"

This procedure is based on the requirements of the law and the Rules of the Fund. The Depositary Bank of the Fund exercises overall control of compliance with the law, the Rules of the Fund and these Rules in determining the net asset value, the net asset value per unit, the issue value and the redemption price of units of the Fund. The Management Company carries out the activity of collecting and analysing all documents and any information that will serve for determining the net asset value, the net asset value per unit, the issue value and the redemption price of units of the Mutual Fund, as well as for carrying out all necessary accounting operations in connection with this activity.

1. Persons determining and exercising control in the determination of NAV, NAV per unit, issue value and redemption price

The net asset value, the net asset value per unit, the issue value and the redemption price of units of the Fund are calculated by the Management Company under the control of the Depositary Bank of the Fund in compliance with these Rules. It is the obligation of the Management Company to publish the issue value and the redemption price.

2. Technology for determining NAV, NAV per unit, issue value and redemption price

2.1. *(Amended by Decision of the BoD of 16.05.2018)* The net asset value of the Mutual Fund and the net asset value per unit are determined every Wednesday and Friday no later than 14:30, under the conditions and procedure of these Rules, in accordance with the legislation in force, the Rules of the Fund and the Prospectus for public offering of units. The valuation is made on the basis of the assets the fund has on Tuesdays and Thursdays and with the corresponding prices of financial instruments from those days. The Management Company performs the valuation of the Fund's portfolio, determines the net asset value of the Fund, the net asset value per unit, and calculates the issue value and the redemption price under the control of the Depositary Bank of the Fund.

2.2. *(Amended by Decision of the BoD of 16.05.2018, 17.01.2022 and 21.01.2026)* Procedure for determining the net asset value of the Fund, the net asset value per unit, the issue value and the redemption price:

- Between 09:00 and 12:30 on Wednesdays and Fridays the following is carried out:
- the assets and the price of the assets are determined, in accordance with these rules;

- the accounting of all operations of the Fund and the revaluation of cash and liabilities denominated in foreign currency is carried out;
- the net asset value, the net asset value per unit are determined and a decision is taken regarding the issue value and the redemption price of units of the Fund. The net asset value per unit is determined by dividing the net asset value of the Fund by the number of units in circulation at the moment of this determination.
- The issue value is equal to the net asset value per unit, increased by the costs of issuance, if such are provided for in the Rules and the Prospectus of the fund
- The redemption price per unit is equal to the net asset value per unit, reduced by the redemption costs, if such are provided for in the Rules and the Prospectus of the fund;
- every Wednesday and Friday no later than 12:30 the calculated net asset value, net asset value per unit, issue value and redemption price of units of the Fund, as well as all the information for their determination, including the number of units sold and redeemed with completed settlement, is sent to the Depositary Bank;
- every Wednesday and Friday no later than 14:30 confirmation is awaited from the Depositary Bank for the correctness of the net asset value, net asset value per unit, issue value and redemption price of units of the Fund thus calculated (in case of identified violations, corrections of inconsistencies are made); of units of the Fund thus calculated (in case of identified violations, corrections of inconsistencies are made);
- by 14:30 on every Wednesday and Friday the process of determining the net asset value is completed.

By the end of the working day on which the calculation of the issue value and the redemption price of units of the Fund is made, the Management Company announces this data:

- ❖ at the office of the Management Company, where orders for subscription and redemption of units are accepted and contacts with investors and unit holders of the Fund are carried out;
- ❖ on the website of the Management Company.
- ❖ (Amended by Decision of the BoD of 23.11.2022) The issue value and the redemption price of units of the mutual fund may be disclosed at each calculation, but not mandatorily, also on the BAAMC website or through a financial media or agency.

The Management Company keeps minutes of the discussions, decisions and sources of information related to the determination of the net asset value of the Fund. The information and documentation used to make the decisions shall be attached to the minutes. The minutes shall be kept for a minimum of five years. The complete

documentation and information related to the determination of the NAV of the Fund and the net asset value per unit shall be kept on magnetic media.

Control over the process of storage of documents related to the calculation of the NAV of the Fund and the determination of the net asset value per unit is exercised by the Executive Member of the Board of Directors (the Executive Director) of the Management Company.

(Amended by Decision of the BoD of 28.01.2022) The sources of information determining the calculation of NAV are the official bulletin of “Bulgarian Stock Exchange” JSC, the primary dealers of government securities, Reuters, Bloomberg, CEDEL, EUROCLEAR and others.

The Management Company systematises, classifies and indicates the sources of information used.

(Amended by Decision of the BoD of 28.01.2022) The Management Company uses a software product when calculating the net asset value, the issue value and the redemption price. The software product is linked to the accounting system of the Fund, which allows for templates to be set for the accounting of various operations and the subsequent automatic generation of accounting entries, which are accepted in the accounting system. This type of connection eliminates the double entry of information, and also contributes to avoiding errors during re-entry. The software reads the daily files of Bulgarian Stock Exchange JSC and includes them in the system’s information array. Based on this data, the market price of positions traded on the BSE is calculated in compliance with the volume held of the relevant positions in the Mutual Fund’s portfolio and in compliance with the criteria for the presence of a market price set out in these rules, and is included in the net asset value. The market prices of the other assets will be imported electronically. The software product has different access levels, which ensures data protection in the calculation of NAV. The program stores the data related to the calculation of NAV, the issue value and the redemption price and allows their verification for previous periods.

All documentation and information used to determine the net asset value, the issue value and the redemption price is stored on magnetic media by the management company for a minimum of 5 years. Due to the risk of loss for technical reasons, it is also stored on a second magnetic medium.

III. Organisation of the activity of portfolio valuation and determination of the net asset value of the Fund

1. The Management Company is responsible for the adoption, amendment and supplementation of these Rules. The Management Company exercises control over the compliance with and application of the Rules by all persons participating in the calculation of the net asset value.

2. The Management Company makes the decisions related to the determination of NAV, NAV per unit, the issue value and the redemption price in accordance with the legislation in force, the Rules and Prospectus of the Fund, and these Rules. The Management Company determines the value of the assets, and collects and analyses the data necessary for the performance of this activity. It is also responsible for obtaining the market quotations and the exchange rate for the purposes of calculating the net asset value. The Management Company also carries out all accounting operations in connection with the revaluation of assets.

3. The Depositary Bank of the Fund controls the calculation of the issue value and the redemption price of units of the Fund in accordance with ACISOUCL, the acts on its application, the Rules and Prospectus of the Fund and these Rules. The Depositary Bank of the Fund verifies the valuation made and the net value determined and notifies the Management Company in writing of the result of the verification by 14:30 on the day of valuation. In the event of an identified violation, the Depositary Bank of the Fund notifies the Management Company by 14:00 on the day of valuation and requests the elimination of inconsistencies.

IV. Basic rules for avoiding conflicts of interest and ensuring protection against the disclosure of insider information

- The management company has adopted and applies a Policy for avoiding conflicts of interest that may arise in the process of valuing the assets of the Fund. The policy includes rules and measures for ensuring protection against the disclosure or use of insider information related to the valuation of assets, before its disclosure.
- Requirements for persons working under contract for the Management Company:
 - disclose information about personal transactions with financial instruments by the end of the working day following the day of receipt of confirmation of the transaction concluded;
 - may not disclose, unless authorised to do so, and use for the benefit of themselves or others, facts and circumstances affecting the balances and operations on the accounts of the Fund, as well as all other facts and circumstances representing trade secrets, which they have learned in the performance of their official and professional duties.
 - Orders for subscription and redemption of units of the Fund are executed after disclosure of the issue value and the redemption price per unit.
- The Management Company ensures the fair treatment of unit holders by applying the principles of protecting their interests, non-favouring of one person at the expense of another, equal treatment under equal conditions, as

well as full disclosure of the information necessary for making an investment decision.

- The “Regulatory Compliance” department of the Management Company, within the powers granted to it by law and internal rules, monitors the lawful and proper conduct of the Management Company’s activity, and in the event of a danger of jeopardising the interests of unit holders, the head of the department immediately notifies the senior management, which is obliged to convene a meeting of the Board of Directors within a reasonable period to consider the issue and take specific measures.

(Amended by Decision of the BoD of 28.01.2022) These Rules may be amended, supplemented or replaced by decision of the Board of Directors of the Management Company, which enters into force after approval by the Deputy Chairperson, heading the “Investment Activity Supervision” Division.

These Rules were adopted by the Board of Directors of Management Company “Compass Invest” JSC by decision of 01.02.2018 as the Management Company acting for the account of Mutual Fund “**Compass Funds Select-21**” and were amended by decision of 16.05.2018, 11.11.2019, 17.01.2022, 28.01.2022, 23.11.2022, 21.01.2026 and 05.02.2026.

These Rules were amended by decision of the Board of Directors of Compass Invest JSC of 17.12.2025, with the changes made in connection with the requirements of the Act on the Introduction of the Euro in the Republic of Bulgaria and entering into force from 01.01.2026.

**for MC “Compass Invest” JSC,
acting for the account of MF “Compass Funds Select-21”:**

Milena Aleksandrova,
Chair of the BoD

Ivaylo Angarski,
Executive Director