

Progress

MUTUAL FUND

P R O S P E C T U S

**for the public offering
of units**

**THE UNITS ARE DEMATERIALISED FINANCIAL INSTRUMENTS,
REGISTERED BY NAME WITH THE CENTRAL DEPOSITORY
AND DENOMINATED IN EURO**

This Prospectus contains the information necessary for investors to make an informed assessment of the proposed investment, including of the risks associated with it. The Prospectus contains information on the risk profile of the mutual fund, as well as information on 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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1. INFORMATION ON THE MANAGEMENT COMPANY

Home Member State

(Amended by BoD decision of 20.09.2019) MF “Progress” and the management company that organises and manages the mutual fund originate from the Republic of Bulgaria.

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

“Compass Invest” JSC, referred to for brevity in this Prospectus as the “management company” or “MC”. Registered office and address of management: Republic of Bulgaria, Sofia 1000, 36 Alabin Street, floor 4.

1.2. Date of registration, licence, term

(Amended by BoD decision of 25.10.2016) The Financial Supervision Commission has issued a licence to “Compass Invest” JSC to carry out activity as a management company No. 56-UD/28.06.2017. The date of registration of the management company in the Commercial Register is 05.09.2008. The management company has been established for an indefinite term.

1.3. (Amended by BoD decision of 09.04.2024, 17.06.2024 and 11.08.2025) Other managed collective investment schemes

MF Eurostability, MF Strategy, MF Compass Global Trends, MF Active Euro Deposit, MF Compass Funds Select-21.

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

Milena Ivanova Aleksandrova – Chair of the Board of Directors and legal representative

Ivaylo Krasimirov Angarski – Executive Director

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

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

(New, by BoD decision of 12.06.2026) Armin Bogner – member of the Board of Directors

Information on activity carried out outside the management company

(Amended by BoD decision of 22.02.2017, 16.06.2021, 20.12.2022, 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 of and is Executive Director of “COMPASS CAPITAL” JSC; manager and owner of 100% of the capital of Harvest Capital Ltd, and 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” Ltd, “Kranfors” Ltd and “Triple G” Ltd.

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

(New, by BoD decision of 16.06.2021, 20.12.2022, 02.08.2023, 08.02.2024, 29.08.2024 and 14.11.2025) Dragomir Hristov Velikov owns 64.239% of the capital of, and is a member of the Board of Directors of, Compass Capital JSC.

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

(New, by BoD decision of 12.06.2026) Armin Bogner is a partner and manager in Kapitalia Ltd, London.

Other information concerning the participation of the members of the Board of Directors of the management company in other commercial companies as unlimitedly liable partners, the 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 members of boards, is disclosed in the annual activity report of the company as part of the annual financial statements.

1.5. (Amended by BoD decision of 31.03.2026) Amount of subscribed capital, indicating the paid-up portion

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

2. INFORMATION ON THE MUTUAL FUND

2.1. Name

(Amended by BoD decision of 20.09.2019) MF “Progress” is the name of the mutual fund, referred to for brevity in this Prospectus as the “mutual fund” or “the Fund”.

(Amended by BoD decision of 20.09.2019) MF “Progress” is a collective investment scheme within the meaning of the Act on the Activities of Collective Investment Schemes and Other Undertakings for Collective Investment (ZDKISDPKI), which publicly issues (sells) units and invests the raised funds in transferable securities, units of collective investment schemes and bank deposits.

2.2. Date of establishment, licence, term

(Amended by BoD decision of 22.05.2018) The Fund was established upon its entry in the register of the Financial Supervision Commission as an issuer under Article 30(1)(4) of the Financial Supervision Commission Act (ZKFN), by virtue of decision No. 538-DF of 11.04.2007. The Fund is established for an indefinite term.

2.3. The place where the fund rules, the periodic reports and additional information may be obtained

(Amended by BoD decision of 20.09.2019, 06.04.2023 and 02.08.2023) Investors interested in the units offered by MF “Progress” may obtain free of charge a copy of the Prospectus, the Key Information Document, the Fund Rules, the latest published annual and semi-annual financial statements of the fund, details of the current remuneration policy of the management company, the procedure for the submission of complaints by investors in accordance with the complaints-handling policy, as well as additional information, at the office of the management company “Compass Invest” JSC, every business day from 9:00 to 17:00, at the address: Sofia 1000, 36 Alabin Street, floor 4.

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

Contact telephone: 02/4219517, e-mail: 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 provides information on the general tax regime applicable to the fund that is relevant to unit holders, and concerns the taxation of their income from transactions with units of the fund under the tax legislation in force as of the date of this Prospectus.

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

Investors’ capital gains are exempt from tax pursuant to:

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

“Disposal of financial instruments” for the purposes of Article 196 ZKPO and Article 13(1)(3) ZDDFL means transactions:

a) (Amended by BoD decision of 22.05.2018) in units of collective investment schemes, shares and rights, carried out on a regulated market within the meaning of Article 152(1) and (2) of the Markets in Financial Instruments Act (ZPFI); for the purposes of the first sentence, “rights” means securities entitling the holder to subscribe for a certain number of shares in connection with a decision to increase capital;

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

Accordingly, the income of unit holders from transactions carried out under the terms and procedure for the redemption of units of the fund is not subject to tax. No tax is withheld at source on a positive capital gain paid by the mutual fund to unit holders, nor is corporate tax due on the profit of the mutual fund.

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

- inheritance tax is not payable by the surviving spouse or by lineal descendants, without limitation (Article 31(2) of the Local Taxes and Fees Act);
- assets acquired by way of gift between lineal relatives and between spouses are not subject to tax (Article 44(6) of the Local Taxes and Fees Act).
- Pursuant to Article 37(1)(12) and Article 46(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, not resident in Bulgaria, who are established for tax purposes in a Member State or another EEA Member State, is subject to a final tax at a rate of 10% on the taxable income.

Foreign unit holders of the fund should note that, where an agreement for the avoidance of double taxation has been concluded between the Republic of Bulgaria and the relevant foreign state of which the recipient of the income is a resident, its provisions take precedence over Bulgarian domestic legislation, whereby the Procedure for the application of 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 Insurance Procedure Code shall apply.

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

2.5. Accounting dates and dates of income distribution

The management company is required to submit to the Financial Supervision Commission and to the public the following reports on the fund’s activity:

1. an annual report within 90 days of the end of the financial year;

2. a semi-annual report, covering the first six months of the financial year, within 30 days of the end of the reporting period.

3. (New, by BoD decision of 17.01.2017) by the 10th day of the relevant month, the management company discloses on its website summary information on the structure of the portfolio of the mutual fund as at the last date of the preceding month, containing at least data on the percentage of the fund's assets invested in the various types of financial instruments.

By 31 March each year, the Board of Directors of the management company draws up, for the past calendar year, a financial statement and a report on the activity of the mutual fund, and submits it for review to the registered auditor selected by the management company.

(Amended by BoD decision of 20.09.2019) Under the Rules of MF "Progress", the mutual fund does not distribute the profit generated as income among unit holders. The management company reinvests the profit of the mutual fund, as a result of which the net asset value of the fund's assets increases, in the interest of the fund's unit holders.

2.6. Auditors

(Amended by BoD decision of 22.05.2018, 03.05.2019, 22.11.2019, 16.06.2021, 08.02.2022, 08.02.2024, 04.04.2025 and 14.11.2025) By decision of the Board of Directors of Compass Invest JSC of 26.11.2012, 27.11.2013, 01.12.2014, 01.12.2015, 06.09.2016 and 15.05.2017, Mariyana Petrova Mihaylova, reg. No. 0203, was elected auditor of the fund for 2012, 2013, 2014, 2015, 2016 and 2017. 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, the audit firm RSM BG No. 173 was elected auditor of the fund for 2018, 2019, 2020, 2021, 2022, 2023, 2024 and 2025.

2.7. Stock exchanges or markets on which the units are traded

(Amended by BoD decision of 20.09.2019) The units of MF "Progress" are not admitted to trading on the Bulgarian Stock Exchange – Sofia, or on any other stock exchange.

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

3.1. Nature of the rights of unit holders

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

Right of redemption of units of the fund

Every investor in the mutual fund is entitled, at any time, within business days and business hours, to submit an order for the redemption of the units held by them, which shall be executed under the terms provided for in the Fund Rules and the Prospectus, except where redemption has been suspended in the cases provided for by law or the Fund Rules. A redemption order may relate to part or all of the units held by the investor.

Right to subscribe for units of the fund

Every investor in the mutual fund is entitled, at any time, within business days and business hours, to submit an order to subscribe for units, including new units, without any limitation on value, except in cases where applicable legislation prescribes a maximum size of a unit investment in a mutual fund, which order shall be executed under the terms provided for in the Fund Rules and the Prospectus, except where redemption has been suspended in the cases provided for by law or the Fund Rules.

Right to information (Amended by BoD decision of 20.12.2022, 06.04.2023 and 02.05.2023)

Every investor is entitled to the information contained in the Prospectus, the Key Information Document and the periodic reports of the mutual fund, as well as to other public information regarding the fund. The management company shall provide, free of charge, at investors' request, the Prospectus, the Key Information Document, and the latest published annual and semi-annual reports of the fund.

Right to a liquidation share

Upon liquidation of the fund, every investor is entitled to a proportionate share of the fund's assets, corresponding to the units held by them.

(New, by BoD decision of 22.05.2018) Right to file complaints

Investors have the right to file complaints free of charge; information on the Policy for accepting and reviewing complaints is provided to investors free of charge and is published on the website of the management company.

3.2. Characteristics of the units as financial instruments

The units of the fund are dematerialised, registered financial instruments, recorded in individual sub-accounts of investors under the account of the management company with "Central Depository" JSC.

3.3. Documents certifying the right of ownership

"Central Depository" JSC maintains the register of unit holders and issues depository receipts as documents certifying ownership.

3.4. Circumstances in which a decision to wind up the mutual fund may be taken, and the winding-up procedure, in particular as regards the rights of unit holders

The mutual fund shall be 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 withdrawal by the Commission of the management company's authorisation to organise and manage the mutual fund;

3. (Amended by BoD decision of 17.01.2017) in the cases under Article 35(7) of the Fund Rules, if the management company is not replaced; 4. on the grounds of Article 363, letters “a” and “b” of the Obligations and Contracts Act.

Except in the case under item 2, winding-up of the mutual fund shall be carried out with the authorisation of the Commission, under the terms and procedure laid down in Chapter Fourteen, Section V of ZDKISDPKI, and Chapter Four, Section V of Ordinance No. 44. The persons proposed as liquidators of the fund, as well as the winding-up plan – which must provide for measures to protect unit holders, including a prohibition on transactions with the fund’s assets unless required by the winding-up – shall be approved with the authorisation of the Commission. The mutual fund shall be deregistered upon its removal from the register of the Financial Supervision Commission.

(New, by BoD decision of 17.01.2017) After deduction of the fund’s liabilities and determination of the fund’s net assets, the liquidator shall disclose, in the manner set out in Article 19(3) of the Fund Rules, a notice regarding the terms, procedure and time limits for payment by the depositary bank of the portions of the fund’s net assets due to investors, in proportion to the units held by them.

4. TERMS AND PROCEDURE FOR THE ISSUANCE (SALE) AND REDEMPTION OF THE UNITS

(Amended by BoD decision of 26.04.2016 and 20.09.2019) The mutual fund is obliged to offer its units to investors continuously (every business day) at an issue value based on the net asset value of one unit, increased by the issuance costs (where such are provided for), and, at the request of unit holders, to redeem them at a redemption price equal to the net asset value of one unit, reduced by the redemption costs. Where, upon redemption of units of Progress, the net proceeds of the redemption are invested in one or more of the other collective investment schemes managed by Compass Invest JSC, no redemption costs shall be charged. In such cases, issuance and redemption orders shall be executed at the net asset value of one unit.

The purchase of units is carried out against payment of their full issue value.

(Amended by BoD decision of 22.05.2018) The net asset value of the mutual fund and the net asset value of one unit are calculated twice weekly, on Wednesday and Friday, on the basis of the fund’s assets as at the preceding Tuesday and Thursday, by the management company under the control of the depositary bank. On the day the valuation is carried out, the management company discloses the issue value and the redemption price of one unit of the mutual fund on the website of the management company, at the office of the management company, and at all places where orders for the sale and redemption of units are accepted and contacts with investors in the fund take place.

The management company executes a purchase or redemption order for units of the mutual fund at the issue value, respectively the redemption price, determined for the nearest day following the day on which the order was submitted.

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

The activity of issuing (selling) and redeeming units of the mutual fund is carried out through the management company on the basis of a written agreement with the client. The written form shall be deemed to have been observed if the agreement is concluded by electronic statements signed with an electronic signature within the meaning of the Electronic Document and Electronic Certification Services Act.

The agreement may be concluded without the parties being present, through the exchange of the necessary documents signed by the parties, provided that the client holds a bank account opened with a credit institution meeting the requirements described below. The client, or their representative, shall send to the management company the signed agreement, an original document issued by the relevant credit institution certifying that the client holds a bank account, and a certified copy of their identity document, and, for corporate clients, also a certified copy of documents on commercial registration containing data on incorporation and representation, as well as other documents described in detail in the Prospectus of the fund. Certification shall be effected by affixing the words “True copy of the original”, the date and the client’s signature. The management company may require other additional information related to client identification, having regard to the specific case and/or the requirements of applicable legislation.

The bank account must be opened with a credit institution licensed in a Member State, or a State party to the Agreement on the European Economic Area. The credit institution issuing the document may be domiciled in a Member State of the Financial Action Task Force (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 the purchase and redemption of units of the fund by a client under an agreement concluded without the parties being present shall be made only from and to a payment account held by the client with a credit institution under this paragraph.

Conclusion of an agreement without the parties being present, through a proxy, is not permitted.

Orders (Amended by BoD decision of 14.04.2020, 23.06.2025 and 17.12.2025)

Subscription for and redemption of units of the fund is carried out by submitting a written order. An order for the purchase of units shall be submitted in person by the applicant or by their proxy. The applicant or their proxy must be identified by an official identity document. Orders may also be submitted without the parties being present, in which case the exchange of documents is carried out by electronic mail, ordinary mail, or courier with acknowledgement of receipt.

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

1) **“Order by value”** – the investor deposits into the collection account of the fund the amount for which they wish to acquire units. Once the issue value has been calculated, the amount is divided by the issue price to determine the number of units.

2) **“Order by number of units”** – under this type of order, the investor states the number of units they wish to purchase. The amount to be deposited into the collection account at the time the order is submitted is equal to 110% of the value of the number of units requested, calculated at the last announced issue value. If a surplus remains, it is refunded within three business days to an account indicated by the client. If the issue price rises and there is a shortfall of funds for execution of the order, the investor is notified immediately and is obliged to pay the additional amount required to execute the order.

In addition, the client may, by a special instruction entered in the order, state a wish to acquire only a whole number of units.

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

1) Redemption order by number of units – the investor states the number of units they wish to sell.

2) Redemption order by value – the investor states the amount they wish to receive as a result of the sale.

When submitting this type of order, the following two conditions must both be met:

- the amount stated, divided by the last calculated net asset value per unit, forms no more than 90% of the units under each client agreement, and
- the residual value of the units, obtained by multiplying by the last net asset value per unit, must not be less than EUR 51.13 per agreement.

Where the client wishes to sell all of their units, an order by number of units shall be submitted and executed.

4.2. Documents required upon conclusion of the agreement

▪ **from an applicant – natural person**

- an official identity document of the investor/proxy/legal representative, of which a copy is taken, certified by the person and by the employee of the management company who verified their identity;
- the original of a notarised power of attorney, or a notarised copy thereof, containing authority to carry out administrative or disposal acts with financial instruments;

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- an official document certifying the right of legal representation (birth certificate, act appointing a guardian or custodian), of which a copy is taken, certified by the legal representative and by the employee of the management company who verified their identity.
 - (new, by BoD decision of 22.05.2018) a declaration for the purposes of the automatic exchange of financial information under Article 142t(1) of the Tax and Social Insurance Procedure Code (DOPK);
 - (new, by BoD decision of 22.05.2018; amended by BoD decision of 03.05.2019) a declaration under Article 42(2)(2) of the Measures Against Money Laundering Act (ZMIP) regarding the holding of a senior public office.
 - **from an applicant – legal entity and sole trader**
 - an official identity document of the legal representative/proxy, of which a copy is taken, certified by the person and by the employee of the management company who verified their identity;
 - an original or notarised copy of an official excerpt from the relevant register showing current status, where the person is not registered with the Commercial Register at the Registry Agency;
 - a certified copy of the memorandum of association or articles of association, where the person is not registered with the Commercial Register at the Registry Agency;
 - a copy of the BULSTAT identification card, for those registered under the BULSTAT register and not registered with the commercial register – legal entities that are not traders, trade representative offices, unincorporated partnerships under the Obligations and Contracts Act, foreign legal entities, branches, and other persons under Article 3 of the BULSTAT Register Act;
 - a copy of the relevant licence, permit or certificate of registration, for persons carrying out transactions and operations in connection with an activity subject to licensing, authorisation or registration;
 - for foreign persons – comparable documents certifying their registration, choice of legal representative and address;
 - the original of a notarised power of attorney, or a notarised copy thereof, containing authority to carry out administrative or disposal acts with financial instruments;
 - (amended by BoD decision of 22.05.2018) a declaration under Article 59(1)(3) ZMIP regarding the beneficial owners of the legal entity, and a certificate or other valid document under the legislation of the jurisdiction where the applicant is registered, issued by a central register or a registration agent, showing the beneficial owners (down to natural persons) of the legal entity;
 - (new, by BoD decision of 22.05.2018) a declaration for the purposes of the automatic exchange of financial information under Article 142t(1) DOPK;

- (new, by BoD decision of 22.05.2018; amended by BoD decision of 03.05.2019) a declaration under Article 42(2)(2) ZMIP regarding the holding of a senior public office by the representative(s) of the legal entity.

4.3. Documents required upon submission of an order for purchase/redemption of units

- **from an applicant – natural person**

- an official identity document of the investor/proxy/legal representative, for identity verification; a copy, certified by the person and by the employee of the management company who verified their identity, is retained only where the data on the identity document attached to the agreement has changed;
- the original of a notarised power of attorney, or a notarised copy thereof, containing authority to carry out administrative or disposal acts with financial instruments; provided and retained only if not already attached to the agreement or if it has changed.

- **from an applicant – legal entity and sole trader**

- an official identity document of the legal representative/proxy; a copy, certified by the person and by the employee of the management company who verified their identity, is retained only where the data on the identity document attached to the agreement has changed;
- an original or notarised copy of an official excerpt from the relevant register showing current status, provided in the event of a change in the circumstances certified upon conclusion of the agreement; in the absence of a change, a printout from the register is made, certified by the person and by the employee of the management company who carried out the check in the Commercial Register;
- the original of a notarised power of attorney, or a notarised copy thereof, containing authority to carry out administrative or disposal acts with financial instruments; provided and retained only if not already attached to the agreement or if it has changed.

4.4. Place for submitting orders (Amended by BoD decision of 14.04.2020, 23.09.2021 and 02.08.2023)

The place for submitting orders is as follows:

- Sofia, 36 Alabin Street, floor 4;
- without the parties being present: by e-mail, ordinary mail, or courier with acknowledgement of receipt.

Business hours

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

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

An order for the purchase or redemption of units may be cancelled up to 17:00 on the nearest day (Tuesday or Thursday) preceding the day for determination of the net asset value (Wednesday or Friday).

4.6. Payment of the value of the units upon purchase of units (Amended by BoD decision of 20.09.2019, 14.04.2020 and 19.08.2026)

At the time of submitting the purchase order for units, the applicant deposits an amount equal to the value at which they wish to acquire units. The amount is deposited as follows:

to the account of MF "Progress" IBAN BG65UBBS80021016661520, BIC UBBSBGSF, held with "United Bulgarian Bank" JSC, with payment description – subscription for units of MF "Progress".

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

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

- by bank transfer, to the account indicated by the client.

4.8. Time limit for executing orders from the date of submission

Purchase orders for units – up to 7 days.

Redemption orders – up to 10 days.

4.9. Provision of confirmation

The management company is required, at the earliest opportunity but no later than the end of the first business day following execution of the order, to provide the person who submitted the order with written confirmation of execution, by the means indicated by the applicant: at the office of the management company, by post, by fax, or by e-mail.

4.10. Circumstances in which redemption may be suspended

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

1. where, on a regulated market on which a material part of the assets of the mutual fund are admitted to trading or traded, the conclusion of transactions has been discontinued, suspended, or made subject to restrictions – for the duration of the suspension or restriction;
2. where the assets or liabilities of the mutual fund cannot be correctly valued, or the management company cannot dispose of the fund's assets without prejudicing the interests of unit holders – for as long as the impossibility persists;
3. from the moment a decision is taken to wind up or transform the mutual fund by merger or consolidation – until completion of the procedure;

4. where other circumstances exist such that, if redemption were not suspended, it is anticipated that the interests of the unit holders of the mutual fund would be prejudiced.

The management company shall immediately discontinue the issuance of units for the duration of the temporary suspension of redemption, respectively for the period by which the temporary suspension of redemption is extended. The management company shall notify unit holders via the website of the fund. Where it becomes necessary to extend the suspension period, the management company is obliged to notify unit holders thereof via the website of the fund no later than 7 days before expiry of the originally determined period. If the suspension period is shorter than seven days, including where redemption was suspended for technical reasons, the management company shall carry out the notification under the preceding sentence by the end of the business day preceding the date on which redemption was due to resume.

(Amended by BoD decision of 17.01.2017 and 11.04.2022) Orders submitted after the last announcement of the redemption price prior to the start date of the temporary suspension period shall not be executed. The management company shall refund the amounts to investors who submitted purchase orders for shares or units, to their bank account or at the cash desk of the company, by the end of the business day following the day on which the decision to suspend the 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, respectively in the decision to extend the suspension period. Unit holders shall be notified of the resumption via the website of the fund. The issue value and the redemption price after resumption of redemption must be announced on the day preceding resumption.

4.11. Rules for determining and using income

Under the Fund Rules, 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, the issue value, and the redemption price increase, in the interest of the fund's unit holders.

5. INVESTMENT OBJECTIVES, INVESTMENT POLICY, RESTRICTIONS OF THE INVESTMENT POLICY, THE TECHNIQUES AND INSTRUMENTS FOR THE USE OF LOANS

5.1. Investment objectives

The Fund's principal investment objective is to provide investors with:

- growth in the value of investments in units of the fund through the realisation of the maximum possible return while assuming a moderate to high level of risk;
- liquidity of investments in units of the fund.

The Fund's objective is to provide investors with a significant increase in the value of their investments through the realisation of high returns, based predominantly on capital gains, at a set moderate to high level of risk.

(Amended by BoD decision of 16.06.2021) The selection of financial instruments is based on fundamental and technical parameters, whereby the instruments selected are those with the greatest potential for growth in market prices and realisation of capital gains. The Fund invests predominantly in shares traded on the regulated markets in Bulgaria.

(Amended by BoD decision of 20.09.2019 and 16.06.2021) With a view to achieving the investment objectives of Progress, the management company will invest the funds raised by the fund predominantly in liquid shares and tradable rights admitted to trading on Bulgarian regulated markets. Investments in debt securities and fixed-income instruments will be made mainly for the purpose of maintaining liquidity and at times of market turmoil.

There is no assurance that MF "Progress" will achieve its investment objectives.

5.2. (Amended by BoD decision of 10.03.2021, 16.06.2021, 09.12.2021 and 21.12.2022) Investment policy

The Fund's objective is to provide investors with a significant increase in the value of their investments through the realisation of high returns, based predominantly on capital gains, at a set moderate to high level of risk. The selection of financial instruments is based on fundamental and technical parameters, whereby the instruments selected are those with the greatest potential for growth in market prices and realisation of capital gains. The Fund invests predominantly in shares traded on regulated markets in the country.

The Fund may use techniques and instruments relating to transferable securities and money-market instruments for the efficient management of the portfolio, comprising agreements for the purchase or sale of financial instruments with a provision for the repurchase of the financial instruments (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 achieve 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 level of risk consistent with its risk profile and the risk-diversification rules.

Use of the techniques may not result in a change to the investment objectives and restrictions, or in an increase in the Fund's risk profile, as set out in the Prospectus and the Fund Rules approved by the Commission, respectively the deputy chair.

The Fund may enter into repo transactions only where the counterparties thereto are credit or financial institutions subject to prudential supervision by a competent authority of a Member State or another State party to the Agreement on the Organisation for Economic Co-operation and Development.

The Fund may enter into repo transactions only in respect of financial instruments in which it is permitted to invest under the Prospectus and the Fund Rules, as approved by the FSC.

The Fund shall provide the Financial Supervision Commission, in its financial statements, with separate information on all financial instruments purchased, respectively sold, under repo transactions, disclosing also the total amount of agreements in effect as of the date the report is prepared.

Upon conclusion of repo transactions, the Fund's risk exposure to any single counterparty may not exceed 10 per cent of its assets, where the counterparty is a bank under Article 38(1)(6) ZDKISDPKI, and 5 per cent of assets in other cases.

The Fund may enter into repo transactions for the purchase of financial instruments with a provision for their repurchase by the seller at a price and within a term specified in the agreement between the two parties, or reverse repo transactions, subject to the following restrictions:

1. the agreement must expressly provide for the possibility of its early termination by the collective investment scheme, whereby it would repurchase the financial instruments lent under the agreement, or receive back the full cash amount;

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

Term repo transactions and reverse repo transactions whose duration does not exceed seven days shall be regarded as transactions whose terms allow the collective investment scheme to redeem the assets at any time.

The financial instruments that may be the subject of a transaction under paragraph 1 are:

1. money-market instruments within the meaning of Article 38(1)(9) ZDKISDPKI;

2. bonds issued or guaranteed by a Member State or another State party to the Agreement on the Organisation for Economic Co-operation and Development, their central banks, their local self-government authorities, the European Central Bank, the European Investment Bank, or a public international organisation of which at least one Member State is a member, 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 under Regulation (EC) No 1060/2009;

3. shares or units issued by a collective investment scheme under Article 38(1)(5) ZDKISDPKI;

4. bonds traded on a regulated market in a Member State or another State party to the Agreement on the Organisation for Economic Co-operation and Development, the trading in which is sufficiently liquid;

5. shares traded on a regulated market in a Member State or another State party to the Agreement on the Organisation for Economic Co-operation and Development, provided that such shares are included in an index maintained by that market.

The Fund may enter into repo transactions for the sale of financial instruments with a provision for their repurchase by the Fund at a price and within a term specified in the agreement between the parties, whereby, on the maturity date, it must have sufficient funds available to pay the amount agreed for the repurchase of the financial instruments.

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

The management company “COMPASS INVEST” JSC does not consider the adverse impacts of investment decisions on sustainability factors, in respect of:

- the mutual funds managed by the company;
- client portfolios in respect of which the company has concluded an agreement for the management of portfolios of financial instruments;
- the process of providing investment advice (consultations).

The reasons for not considering the adverse impacts of investment decisions on sustainability factors at present are as follows:

- the specifics of the mandatory provisions of sectoral legislation – in providing services, the company is guided by the principle of acting in the client’s best interest, having regard to the risk profile and investment policy applicable to each of them. In this connection, failure to follow these principles and specifics could expose the company to claims for lost benefit resulting from improperly made or omitted investment decisions or advice given accordingly. The company commits all of its available resources to achieving its clients’ objectives, which at present do not include requirements for sustainable investments;
- the current absence of regulated, generally accessible means by which public companies can disclose the presence or absence of ESG data that would make it possible to form an objective view of sustainability factors or the absence thereof;

- the costs of the technical and software infrastructure needed to take ESG factors into account in investment decision-making and in managing the associated risks significantly exceed the possible benefits to investors, having regard to the scale of the company's activity;
- the potential effect of any lost benefit resulting from decisions taken or advice given on investments in so-called more sustainable products would need to be capable of quantification through statistical analysis, having regard to compliance with the investment policy and risk profile of the relevant mutual fund, respectively portfolio of financial instruments, and the achievement of its objectives for an optimal return/risk ratio;
- considerations as to whether a sufficient volume of information or the necessary data can be provided by all public companies in a comparable format, together with the absence of any guarantee that misleading information will not be published;
- the ongoing process of developing a uniform European legal framework concerning the disclosure of information on sustainability risks for participants in the financial markets.

Notwithstanding that the company does not, at present, consider the adverse impacts of investment decisions and investment advice on sustainability factors, it will keep the statutory requirements and client preferences under continuous review and, should the reasons for not considering such impacts cease to apply and clients' investment policies change, will analyse and assess whether considering the 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/the funds.

5.3. Types of assets in which the mutual fund may invest

Pursuant to the statutory requirements, the investments of the mutual fund shall consist only of:

1. (amended by BoD decision of 16.09.2014 and 22.05.2018) transferable securities and money-market instruments admitted to or traded on a regulated market under Article 152(1) and (2) of the Markets in Financial Instruments Act (ZPFI);

2. (amended by BoD decision of 22.05.2018) transferable securities and money-market instruments traded on a regulated market other than that referred to in Article 152(1) and (2) ZPFI, in the Republic of Bulgaria or another Member State, operating regularly, recognised and open to the public, as well as securities and money-market instruments issued by the Republic of Bulgaria or another Member State;

3. (Amended by BoD decision of 26.04.2016) transferable securities and money-market instruments admitted to trading on an official market of a stock exchange or traded on another regulated market in a third country, operating regularly, recognised and open to the public, included in a list approved by the deputy chair of the Financial Supervision Commission heading the "Supervision of Investment Activity" Directorate, or provided for in the Fund Rules;

4. (Amended by BoD decision of 26.04.2016) recently issued transferable securities, the terms of issue of which include an undertaking to seek admission and which will, within a period no

longer than one year from their issuance, be admitted to trading on an official market of a stock exchange or another regulated market, operating regularly, recognised and open to the public, included in a list approved by the deputy chair of the Financial Supervision Commission heading the “Supervision of Investment Activity” Directorate, or provided for in the Fund Rules;

5. units of collective investment schemes and/or other undertakings for collective investment satisfying the conditions of Article 4(1) ZDKISDPKI, regardless of whether they are seated in a Member State, provided that:

a) the other undertakings for collective investment satisfy the following conditions:

aa) they have been authorised to carry out their activity under a law pursuant to which they are subject to supervision which the deputy chair of the Financial Supervision Commission heading the “Supervision of Investment Activity” Directorate deems equivalent to the supervision under European Union law, and cooperation between the supervisory authorities is sufficiently ensured;

bb) the level of protection of unit holders in them, including the rules on the allocation of assets, on the borrowing and lending of transferable securities and money-market instruments, and on the sale of securities and money-market instruments which the undertakings for collective investment do not own, is equivalent to the protection afforded to holders of units of collective investment schemes;

cc) they periodically disclose information by preparing and publishing annual and semi-annual reports enabling an assessment of the assets, liabilities, income and operations carried out during the reporting period, and

b) no more than 10 per cent of the assets of the collective investment schemes or other undertakings for collective investment whose acquisition is contemplated may, under their constitutive documents or rules, be invested in aggregate in units of other collective investment schemes or other undertakings for collective investment;

6. bank deposits, repayable on demand or which may be withdrawn at any time, with a maturity not exceeding 12 months; credit institutions in a third country must comply with rules and be subject to supervision which the deputy chair of the Financial Supervision Commission heading the “Supervision of Investment Activity” Directorate deems equivalent to those under European Union law;

7. derivative financial instruments, including instruments equivalent thereto whose liabilities may be settled in cash, traded on regulated markets under items 1–3 above;

8. derivative financial instruments traded on OTC markets, provided that:

a) their underlying assets are transferable securities and money-market instruments referred to in item 1 above, financial indices, interest rates, currencies or exchange rates, in which the mutual fund may invest in accordance with its investment policy set out in the Fund Rules;

b) the counterparty to the transaction in such derivative financial instruments is an institution subject to prudential supervision, satisfying requirements approved by the deputy chair of the Financial Supervision Commission heading the “Supervision of Investment Activity” Directorate;

c) they are subject to reliable and verifiable daily valuation, and may, at the mutual fund’s initiative, be sold, liquidated or closed out at any time by an offsetting transaction at fair value;

9. money-market instruments other than those traded on a regulated market and referred to in §1(6) of the Additional Provisions of ZDKISDPKI, where the issue or the issuer of such instruments is subject to supervision for the purpose of protecting investors or savings, and satisfying the following conditions:

a) they are issued or guaranteed by central, regional or local authorities in the Republic of Bulgaria or another Member State, by the Bulgarian National Bank, by the central bank of another Member State, by the European Central Bank, the European Union or the European Investment Bank, by a third country, or, in the case of a federal state, by one of the members of the federation, or by a public international organisation of which at least one Member State is a member;

b) they are issued by an issuer whose securities are traded on a regulated market under items 1–3 above;

c) they are issued or guaranteed by an entity subject to prudential supervision under criteria defined by European Union law, or by an entity subject to and complying with rules adopted by the relevant competent authority which are at least as strict as the requirements determined by the law of the European Union;

d) they are issued by issuers other than those under letters “a”, “b” and “c” above, meeting criteria approved by the deputy chair of the Financial Supervision Commission heading the “Supervision of Investment Activity” Directorate, guaranteeing that:

aa) the investments in these instruments are subject to investor protection equivalent to the protection to which the investments under letters “a”, “b” and “c” above are subject;

bb) (amended by BoD decision of 17.12.2025) the issuer is a company whose capital and reserves amount to not less than EUR 10,000,000, which presents and publishes annual financial statements in accordance with the Fourth Council Directive of 25 July 1978, adopted on the basis of Article 54(3)(g) of the Treaty on the annual accounts of certain types of companies (78/660/EEC), or with Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of 19 July 2002 on the application of International Accounting Standards, and is a person financing a group of companies in which one or more companies admitted to trading on a regulated market participate, or a person financing securitisation companies benefiting from a bank line for the provision of liquidity.

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

Table 1. Asset structure (Amended by BoD decision of 25.10.2016, 22.05.2018 and 03.01.2020)

1.	A) bonds, other debt securities and money-market instruments admitted to trading or traded on a regulated market under Article 152(1) and (2) ZPFI or traded on another regulated market in the Republic of Bulgaria, operating regularly, recognised and publicly accessible, or another Member State, or admitted for trading on an official market of a stock exchange or traded on another regulated market in a third country, operating regularly, recognised and publicly accessible, which is included in a list approved by the deputy chair and/or is specified in Article 7(2) of the Fund Rules; B) transferable securities and money-market instruments issued or guaranteed by the Republic of Bulgaria, another Member State or a third country, their regional and local authorities, or a public international	up to 70% of the Fund's assets
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	organisation in which at least one Member State participates, admitted to or traded on a regulated market under Article 152(1) and (2) ZPFI or traded on another regulated market in the Republic of Bulgaria, operating regularly, recognised and publicly accessible, or another Member State, or admitted for trading on an official market of a stock exchange or traded on another regulated market in a third country, operating regularly, recognised and publicly accessible, which is included in a list approved by the deputy chair and/or is specified in Article 7(2) of the Fund Rules; C) recently issued debt securities, if the terms of the issue include an undertaking to apply for admission and to be admitted, within a term no longer than one year from their issuance, to trading on an official market of a stock exchange or	
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	another regulated market, operating regularly, recognised and publicly accessible, which is included in a list approved by the deputy chair and/or is specified in Article 7(2) of the Fund Rules;	
2.	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(1) and (2) ZPFI or traded on another regulated market in the Republic of Bulgaria or a Member State, operating regularly, recognised and publicly accessible, as well as admitted for trading on an official market of a stock exchange or traded on another regulated market in a third country, operating regularly, recognised and publicly accessible, which is included in a list approved by the deputy chair and/or is	up to 100% of the Fund's assets

	specified in Article 7(2) of the Fund Rules; B) recently issued shares or other transferable securities equivalent to shares, if the terms of the issue include an undertaking to apply for admission and to be admitted, within a term no longer than one year from their issuance, to trading on an official market of a stock exchange or another regulated market, operating regularly, recognised and publicly accessible, which is included in a list approved by the deputy chair and/or is specified in Article 7(2) of the Fund Rules;	
3.	(Amended by BoD decision of 17.01.2017) Units of collective investment schemes and/or other undertakings for collective investment satisfying the conditions of Article 4(1) ZDKISDPKI, regardless of whether they are seated in a Member State,	up to 10% of the Fund's assets;

	provided that the other undertakings for collective investment satisfy the conditions of Article 38(1)(5), letters “a” and “b” ZDKISDPKI;	
4.	(Added by BoD decision of 11.08.2014) derivative financial instruments, including instruments equivalent thereto whose liabilities may be settled in cash, traded on a regulated market in the Republic of Bulgaria, operating regularly, recognised and publicly accessible, another Member State or a third country, operating regularly, recognised and publicly accessible, included in a list approved by the deputy chair and/or specified in Article 7(2) of the Fund Rules, as well as derivative financial instruments traded on OTC markets satisfying the statutory requirements under Article 38(1)(8) ZDKISDPKI	up to 25% of the Fund's assets

5.	bank deposits satisfying the statutory requirements of Article 38(1)(6) ZDKISDPKI	up to 100% of the Fund's assets
6.	transferable securities and money-market instruments other than those under items 1–5 above	up to 10% of the Fund's assets

5.4. Investment restrictions (Amended by BoD decision of 16.06.2021 and 20.12.2022)

(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 a single entity.

(2) The management company may not invest more than 20 per cent of the Fund's assets in deposits with a single credit institution under Article 38(1)(6) ZDKISDPKI.

(3) The Fund's risk exposure to the counterparty under a transaction in derivative financial instruments traded on OTC markets may not exceed 10 per cent of assets, where the counterparty is a credit institution under Article 38(1)(6) ZDKISDPKI, and 5 per cent of assets in other cases.

(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 a single entity, provided that the total value of investments in entities 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 does not apply to deposits with credit institutions subject to prudential supervision, nor to transactions in OTC-traded derivative financial instruments with such institutions.

(5) (Amended by BoD decision of 30.06.2021) Notwithstanding the restrictions under paragraphs 1–3, the Fund may not combine investments in transferable securities or money-market instruments issued by a single entity, deposits with that entity, and exposure to that same entity arising from transactions in OTC-traded derivative financial instruments, where such combination would result in the total value of these investments exceeding 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 a single entity, 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 of which at least one Member State is a member.

(7) (Amended by BoD decision of 30.06.2021 and 20.12.2022) The management company may invest up to 25 per cent of the Fund's assets in covered bonds. The total value of investments under the first sentence exceeding the restriction under paragraph 1 for exposures to a single issuer may not exceed 80 per cent of the collective investment scheme's assets.

(8) (Amended by BoD decision of 30.06.2021) The transferable securities and money-market instruments under paragraphs 6 and 7 shall not be taken into account for the purposes of the restriction under paragraph 4.

(9) (Amended by BoD decision of 30.06.2021) The investment restrictions under paragraphs 1–7 may not be combined where such combination would result in the total value of the collective investment scheme's investments in transferable securities or money-market instruments issued by a single entity, deposits with that entity, and exposure to that same entity arising from transactions in derivative financial instruments under paragraphs 1–7, exceeding 35 per cent of its assets.

(10) (Amended by BoD decision of 30.06.2021) Companies belonging to a single group for the purposes of preparing consolidated financial statements under recognised accounting standards shall be regarded as a single entity for the purposes of applying the restrictions under the preceding paragraphs.

(11) (Amended by BoD decision of 30.06.2021) The total value of investments in transferable securities or money-market instruments issued by companies within a single group may not exceed 20 per cent of the value of the collective investment scheme's assets.

(12) The mutual fund may not acquire more than:

1. ten per cent of the non-voting shares issued by a single entity;
2. ten per cent of the bonds or other debt securities issued by a single entity;
3. twenty-five per cent of the units of a single collective investment scheme or other undertaking for collective investment satisfying the requirements of Article 4(1) ZDKISDPKI;
4. ten per cent of the money-market instruments issued by a single entity.

(13) The restrictions under paragraph 12, points 2, 3 and 4 do not apply where, at the moment of acquisition of the said instruments, the management company cannot calculate the gross amount of the debt securities, of the money-market instruments, or the net value of the issued securities.

(14) (Amended by BoD decision of 30.06.2021) The Fund may invest no more than 10 per cent of its assets in units of one and the same collective investment scheme or other undertaking for collective investment under Article 38(1)(5), regardless of whether it is seated in a Member State or not.

(15) (Amended by BoD decision of 30.06.2021) 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 with which its management company is related through common management or control, or through significant direct or indirect participation, its management company or the other company may not charge fees to the investing collective investment scheme upon the sale and redemption of the units of the collective investment schemes or the other undertakings for collective investment in which it invests.

(16) The restrictions under the preceding paragraphs do not apply where subscription rights arising from securities and money-market instruments that are part of the Fund's assets are exercised.

(17) In the event of a breach of the investment restrictions for 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, by sale transactions, bring the Fund's assets into compliance with the investment restrictions, taking into account the interests of the unit holders. The management company is obliged, within a 7-day term from the commission of the breach, to notify the Commission, providing information on the reasons for its occurrence and on the measures taken for its remedy.

(18) (Amended by BoD decision of 20.12.2022) The total value of the Fund's exposure related to derivative financial instruments may not be greater than the net value of its assets.

The MC calculates the total risk exposure of the fund using the commitment approach.

(19) The mutual fund may invest in derivative financial instruments in compliance with the restrictions under paragraphs 8, 10 and 11 and provided that the exposure of the underlying assets cumulatively does not exceed the restrictions under paragraphs 1–11.

5.5. Procedure for raising loans by the fund (Amended by BoD decision of 22.05.2018)

The mutual fund, as well as the management company and the depositary bank, when acting on behalf of the mutual fund, may not use loans. These rules permit the conclusion of a loan agreement only after obtaining the prior authorisation of the FSC upon a proposal by the deputy chair and subject to the simultaneous observance of the following conditions:

1. the loan is necessary to cover the obligations under the redemption of units of the mutual fund;
2. the loan does not exceed 10 per cent of the fund's assets;
3. the term of the loan is no longer than 3 months;
4. the terms of the loan agreement are no less favourable than those customary for the market;
5. the lender under the loan is a bank, with the exception of the depositary bank.

Use of a loan without the prior authorisation of the FSC upon a proposal by the deputy chair shall be void as against the unit holders. The loan shall not be taken into account when calculating the net asset value of the mutual fund.

6. RULES FOR THE VALUATION OF ASSETS

The rules for the valuation of assets are attached to the Prospectus and form an integral part thereof (Annex No. 1).

6.1. Determination of the net asset value

The net asset value of the collective investment scheme is calculated by deducting the value of liabilities from the value of all assets, calculated in accordance with the Rules for the Valuation of the Portfolio and Determination of the Net Asset Value.

6.2. Frequency of calculation of unit prices

1) The net asset value, the issue value and the redemption price of one unit are calculated and disclosed twice weekly, on Wednesday and Friday, on the basis of the fund's assets for the preceding Tuesday and Thursday.

2) If the relevant day for determination and disclosure of the valuation is a non-business day, determination and disclosure of the above values and prices shall be carried out for the next business day.

3) In cases where no trading takes place on trading venues on the valuation day, a subsequent valuation of the assets shall be carried out for the day of the last trading session preceding the valuation day.

6.3. Fees related to the issuance and redemption of units

(Amended by BoD decision of 16.06.2021 and 23.09.2021) Upon the purchase of units of the fund through the management company, investors do not pay transaction costs.

(Amended by BoD decision of 26.04.2016 and 20.09.2019) Upon the redemption of units of the fund through the management company, investors pay transaction costs, which are included in the redemption price, whereby the net asset value of one unit is reduced by a mark-up of 1.5% of the net asset value of one unit. Where, upon redemption of units of Progress, the net proceeds of the redemption are invested in one or more of the other collective investment schemes managed by Compass Invest JSC, no redemption costs shall be charged. In such cases, issuance and redemption orders shall be executed at the net asset value of one unit.

Unit holders also bear the costs of bank transfers, as well as of additional services such as the issuance of a depository receipt, the sending of purchase/redemption confirmations, reports and other documents by post. These costs are not included in the issue value of the units purchased, respectively in the redemption price.

Where the amount of the costs of issuance and redemption of units of the mutual fund changes, resulting in an increase in the issue value, respectively a decrease in the redemption price, the management company shall notify unit holders by publication on the website of the management company, including by updating the Prospectus, immediately after the deputy chair of the FSC approves the relevant amendments to the Fund Rules.

6.4. The manner, places and frequency of publication of these prices (Amended by BoD decision of 11.04.2022, 18.04.2022, 20.12.2022 and 02.05.2023)

By the end of the business day on which the issue value and the redemption price are calculated, the management company shall disclose information on the valuation carried out through:

- entry of data on the websites of the management company/the mutual fund, including, but not necessarily, the websites of the BAUD [Bulgarian Association of Asset Management Companies]/a financial media outlet or agency;
- an information board at the office of the management company.
- In addition, the management company shall submit to the Financial Supervision Commission, once a month, summary information on the issue values and redemption prices of the units of the mutual fund announced, within three business days of the end of the month. The same information shall be published on the website of the management company; it shall contain the data specified in Article 77 of FSC Ordinance No. 44 on the requirements for the activities of collective investment schemes, management companies, national investment funds, alternative investment funds, and persons managing alternative investment funds (Ordinance No. 44).

7. REMUNERATION PAYABLE BY THE MUTUAL FUND

7.1. (Amended by BoD decision of 22.11.2019 and 11.04.2022) Method of calculating the management company's remuneration

The annual remuneration of the management company is determined by decision of the Board of Directors. By decision of the Board of Directors of "Compass Invest" JSC of 09.03.2022, the annual remuneration of the management company is equal to 2.00% of the Fund's average annual net asset value.

The management company accrues the agreed remuneration daily, on the basis of the officially announced preceding net asset value. At its own discretion, the management company may, on certain days, accrue no remuneration or accrue less than the permitted remuneration. The daily remuneration accrued during a month is paid to the management company in aggregate for the entire month, on the first business day of the following month. The redemption costs, which reduce the net asset value of one unit of the fund and are accordingly included in the redemption price of one unit, are costs incurred by the management company, for which reason the corresponding proceeds accrue to the management company in addition to the agreed remuneration.

Where 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 with which the management company is related through common management or control, or through significant direct or indirect participation, the

management company or the other company may not charge fees on the sale and redemption of units of that collective investment scheme.

(New, by BoD decision of 25.10.2016) Other than the remuneration under item 7.1 above, no remuneration, incentives, bonuses or other benefits shall be paid, in any form, to employees of Compass Invest JSC out of the assets of the mutual fund.

The Remuneration Policy of Compass Invest JSC is available on the website of the management company www.compass-invest.eu, in the Documents section.

Compass Invest JSC, the management company, declares that it will provide a hard copy of its Remuneration Policy free of charge to any person upon request.

7.2. Method of calculating the depositary bank's remuneration

The remuneration of the depositary bank is determined as fees and commissions for depositary services under the agreement, as follows: fees for the safekeeping of financial instruments, fees for the transfer of financial instruments, and a monthly fee for confirmation of the net asset value, with no commission for account maintenance or opening.

The management company pays, for the account of the fund, fees and commissions for the performance of other banking operations, in accordance with the depositary bank's current Tariff of Terms, Interest Rates, Fees and Commissions.

The remuneration is paid by the 5th day of the month following the month for which it is due.

7.3. Operating expenses

(Amended by BoD decision of 20.09.2019) Operating expenses for a year may not exceed 1.50% of the Fund's average annual net asset value. These expenses are deducted from the assets of MF "Progress" and are thus indirectly borne by all unit holders. They are the second component of the costs that investors should bear in mind when investing in the mutual fund.

"Operating expenses" include the principal foreseeable operating expenses, such as: consultants' remuneration; the depositary bank's remuneration; the remuneration and fees of investment intermediaries, banks, the Exchange and the Central Depository, and similar expenses related to the investment of the mutual fund's assets; the auditors' remuneration for the audit of the mutual fund's annual financial statements; advertising and marketing expenses for the fund and for investor relations; ongoing supervisory and membership fees and similar amounts payable to the Commission, the Exchange, the Central Depository and other state authorities and institutions connected with the fund's activity; other expenses specified in the Fund Rules as being for its account; litigation and other costs relating to the protection of the interests of unit holders in the mutual fund; as well as other extraordinary expenses related to the fund's activity.

7.4. Reimbursement of expenses

Operating expenses for a year may not exceed 1.50% of the Fund's average annual net asset value. If, according to the monthly balance, the amount of operating expenses exceeds 1.50% of the Fund's average annual net asset value, the difference shall be reimbursed to the fund at the expense of the management company.

8. RISK PROFILE AND RISK FACTORS

(Amended by BoD decision of 20.09.2019) It is important to bear in mind that an investment in units of the mutual fund is not a bank deposit and is therefore not guaranteed under the Bank Deposit Guarantee Act. Although the leading investment objective of MF "Progress" is growth in the value of the investment in units, there is no absolute assurance that investors in units of the fund will not lose money.

8.1. Risk appetite and risk profile

In investment theory and practice, it has been established that, over a long period, there is a relationship between the level of risk and the return that may be expected. As a rule, higher risk implies higher expected return. In this connection, it is necessary to determine investors' risk appetite. As a consequence of this appetite, the risk profile of the investment portfolio should be determined.

The Fund's core target group of investors comprises persons (individuals, companies, institutions) who:

- a) are willing to assume a moderate to high investment risk with a view to achieving a higher return;
- b) wish to have secure and prompt liquidity, without this impairing the return achieved on the investment;
- c) are willing to invest funds on a long-term basis;
- d) wish to diversify the risk of their own portfolio;
- e) wish to have their money managed by financial-market professionals.

Two factors affect investors' risk tolerance:

- the financial capacity to assume the risk;
- the willingness to accept variability in the return on the investment.

Having regard to these two factors of investors' risk tolerance, the Fund also builds its own risk profile.

The Fund's risk profile is set within the confident-to-high range. This implies that investors in the Fund understand that a high return implies variability, and are willing to tolerate a decline in the value of the portfolio of 20% or more within a one-year period.

8.2. Risk factors

In the dynamic and chaotic environment of the financial markets, investors need to correctly identify risk factors and their characteristics in order to assess them accurately and manage them prudently. Risk under Modern Portfolio Theory is defined as the possible deviations from the expected return. The principal motive of investors in the Fund is the professional management of risk. For this reason, the management company monitors and analyses all groups of factors that affect the return on the Fund's investments.

8.3. Types of risks and risk assessment

The principal risks to which the Fund's investments are exposed are:

Market risk – Market risk is the risk of loss of value of on-balance-sheet and off-balance-sheet positions, arising from changes in the 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. Under Modern Portfolio Theory, and in particular the Capital Asset Pricing Model (CAPM), this risk is divided into two components:

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

Unsystematic (specific) risk relates to the share of a given instrument's volatility attributable to the specific characteristics of the company. Only unsystematic risk can be eliminated through diversification.

However, owing to the specific features of the Bulgarian market, monitoring these two types of equity risk is not sufficiently effective. This is due to the market's character as an emerging market. In emerging markets it has been established that the sensitivity of assets to market levels is not clearly defined; it is highly variable and uncertain in magnitude. This circumstance necessitates the application of other models for assessing equity risk that go beyond the capabilities of CAPM.

For this reason, the management company monitors, in addition to systematic and unsystematic risk, the overall risk and the change in risk of each individual asset included in the Fund's portfolio. Of particular importance is monitoring the variability of overall risk (i.e., the risk of the risk).

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

Interest-rate risk comprises two components:

Price risk – the risk of deviations in the market prices of debt securities. Owing to changes in the principal price-forming factor in the bond market – the interest rate – the values of the assets in which the Fund has invested may change. Thus, owing to a change in interest rates as at the investment horizon date, investors will experience a change in the value of their investment.

Reinvestment risk – the risk arising from a change in the interest rate at which the interim cash income from bonds held is reinvested until they mature. The Fund's portfolio of debt securities is exposed to reinvestment risk, since it is not known at what interest rate the coupons will be reinvested. If, after the bonds are purchased, interest rates fall, the coupons will be reinvested at a lower rate than expected, which will be reflected in a final portfolio value below that expected.

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

C. Currency risk – represents the risk of losses associated with adverse movements in exchange rates. Given the Fund's ability to invest in foreign shares, monitoring this risk is important for 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 the change in exchange rates, currency risks may be classified as follows:

Current currency risk – the risk of a random change in floating-rate currencies. Most countries have floating currencies, the fluctuations of which reflect both fundamental and technical factors.

Devaluation risk – the risk of a sharp decline in exchange rates relative to 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 linked to macroeconomic factors, the immediate decline in the rate depends on decisions of the national regulatory authorities. Such decisions may include an official lowering of the fixed rate, abandonment of the maintenance of the exchange rate, or abandonment of pegging the exchange rate to the currencies of other countries.

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

Credit risk

Credit risk is the risk that the issuer of debt securities, or the person providing collateral, will be unable to meet its obligations, in particular to pay the principal and/or interest due on time.

Under repurchase agreements, if the Fund's counterparty is unable to fulfil its obligation to repurchase 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, where that price is fixed. Where the specific securities carry a credit rating, credit risk includes the possibility of a downgrade in 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 associated with errors or shortcomings in the organisational system, insufficiently qualified personnel, and adverse external events of a non-financial nature.

Operational risk is classified into several types.

Personnel risk is the risk of losses associated with the possibility of errors, fraud, insufficient qualification, or adverse changes in labour legislation.

Technological risk is the risk of losses caused by shortcomings in the technologies used – inadequacy of the operations carried out, lack of precision in data-processing methods, or poor quality of the data used.

Environmental risk relates to possible losses associated with changes in the non-financial environment in which the Fund operates – changes in legislation, political changes, or changes in the tax system.

Risk of physical interference is associated with losses resulting from direct physical interference with the Fund's activities – robbery, terrorist act, or unauthorised intrusion into the information system of the fund or the management company.

Liquidity risk

Liquidity risk is the possibility that the Fund will fail to meet its obligations owing to an inability to obtain adequate financing or liquid assets.

Political risk

Political risks are associated with the possibility of adverse domestic political upheavals and changes in economic legislation.

This risk is related to the possibility that the government of a state may suddenly change its policy, as a result of which the environment in which companies operate changes unfavourably and investors incur losses. The governments of certain countries may take measures, including increases in taxation and restrictions on the repatriation of profit, among others, which may adversely affect the Fund.

(New, by BoD decision of 16.09.2014) Risk of investments in derivative financial instruments

The management company enters into transactions in derivative instruments for the purpose of hedging other financial instruments and/or with a view to achieving the investment objectives, in accordance with the company's investment policy. The management company concludes, on behalf of the Fund (as buyer or seller), only derivative contracts satisfying certain criteria described in the risk-management rules. The derivative financial instruments in which the management company invests for the account of the investment company are:

- interest-rate futures;
- futures on debt securities;
- forward rate agreements;
- forward commitments for the 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 principal risks associated with the above derivative instruments relate to the risks characteristic of the underlying instruments on which they are constructed. The main risks characteristic of the derivative instruments referred to are price risk, interest-rate risk and currency risk. In addition, in managing the mutual fund's assets, the management company observes 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 the transaction is concluded, that the Fund holds in its portfolio.

For the purpose of calculating total risk exposure, the commitment approach is used.

(New, by BoD decision of 20.12.2022) Risks related to the use of efficient portfolio management techniques

The use of repo transactions is associated with certain risks, such as the risk of default by the counterparty on its obligation. In such a 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 will yield less than the cash amount provided, whether owing to inaccurate pricing of the collateral, adverse market movements, deterioration in the credit rating of the issuer of the collateral, or illiquidity of the market on which the collateral is traded. Similarly, if the collateral is in the form of cash, there is

a risk that it will prove insufficient to purchase the same number of securities 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.

(Amended by BoD decision of 20.09.2019) In conclusion, you should bear in mind that the value of the units of the mutual fund and the income therefrom may decrease, that profit is not guaranteed, and that, as an investor, you assume the risk of not recovering your investment in full. Investments in units of “Progress” are not guaranteed by a guarantee fund or in any other way. The mutual fund’s past performance is not indicative of its future performance.

9. INFORMATION ON THE DEPOSITARY BANK

9.1. (Amended by BoD decision of 17.01.2017 and 03.05.2019) Identification details of the depositary bank and description of its duties and of the conflicts of interest that may arise

Name, registered office and address of management

Commercial Bank “United Bulgarian Bank” JSC, referred to for brevity in this Prospectus as the “depositary bank”. Registered office and address of management: Republic of Bulgaria, Sofia, Stolichna Municipality, 89B Vitosha Boulevard.

Principal activity of the depositary bank

The depositary bank provides depositary services to the mutual fund by safekeeping and exercising oversight over the fund’s assets, including by:

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

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

c) carrying out regular checks for consistency between the records kept by the management company and the depositary in respect of the collective investment scheme’s assets, and, in the cases under Article 37a of Ordinance No. 44, also the records kept by the third party;

d) ensuring that all cash due to the collective investment scheme arising from transactions with its assets is transferred within customary time limits;

e) ensuring that the fund’s income is distributed in accordance with the law and the Fund Rules;

f) reporting to the management company at least once a month on the assets entrusted to it and the operations carried out with them, including by providing a complete inventory of the fund’s assets, by the 5th day of the following month;

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

(Amended by BoD decision of 20.09.2019) 1. are opened in the name of Progress 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 letter “h” below.

h) manages the fund’s cash, by:

1. maintaining records and accounts in a manner that allows the assets held for the fund to be immediately distinguished, at any time, from assets held for another client, and from the depositary bank's own assets;

2. maintaining records and accounts in a manner that ensures their accuracy;

3. carrying out regular checks for consistency between the records kept by the management company and the depositary bank in respect of the fund's assets, and, in the cases under Article 37a ZDKISDPKI, also the records kept by a third party;

4. taking 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, by means of individual accounts of the holders maintained by the third party, or through equivalent measures achieving the same level of protection;

5. taking the necessary measures to ensure that the fund's cash in accounts held with an entity under letter "g", item 2 above is held in a separate individual account, or in accounts separate from all accounts used to hold the cash of the entity in whose name the fund's assets are held;

6. implementing appropriate organisational arrangements and taking the necessary steps to minimise the risk of loss or diminution resulting from misuse, fraud, poor administration, improper record-keeping, or negligence.

i) verifies that the management company's remuneration is calculated and paid in accordance with ZDKISDPKI and these rules.

j) assists the mutual fund in obtaining information and participating in the general meetings of issuers whose financial instruments the fund has invested in, and undertakes other obligations relating to the assets entrusted to it, in accordance with the agreement concluded and the provisions of applicable legislation.

k) (new, by BoD decision of 11.04.2022) verifies whether the management company has adopted and implemented procedures for conducting liquidity stress tests for the collective investment scheme.

Conflicts of interest

The depositary bank, and the members of its management and control bodies, may not be one and the same or a related person with the management company, with the members of its management or control bodies, or with another person performing management functions.

The depositary bank shall exercise the diligence of a good trader, performing its duties honestly, fairly, professionally, independently and solely in the interest of the Fund and the Fund's unit holders.

(Amended by BoD decision of 20.09.2019) The depositary bank may not carry out any activity 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, its investors, the management company and the

depository itself, unless there is functional and hierarchical separation between the depository bank's functions performed for the Fund and its other functions, and unless any conflicts of interest that may arise have been appropriately identified, managed, monitored and disclosed to investors in Progress.

9.2. (New, by BoD decision of 17.01.2017) Description of all safekeeping functions delegated by the depository bank, list of persons to whom functions have been delegated or sub-delegated, and any conflicts of interest that may arise from such delegation

As of the date of this update to the Prospectus, the management company has no information that the Fund's depository bank, United Bulgarian Bank JSC, has delegated any safekeeping functions.

9.3. (New, by BoD decision of 17.01.2017) Declaration by the management company

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

10. INFORMATION ON THE CONSULTANCY FIRMS OR EXTERNAL CONSULTANTS WHO PROVIDE ADVICE UNDER A CONTRACT AND WHOSE REMUNERATION IS PAID OUT OF THE FUND'S ASSETS.

As of the date of this update to the Prospectus, no agreements have been concluded with consultancy firms or external consultants.

11. RESULTS OF THE MUTUAL FUND'S ACTIVITY FOR PREVIOUS YEARS

a) Selected financial information

Selected financial information for 2011:

- net asset value per unit at the beginning of the year – BGN 0.2622
- net asset value per unit as at the end of the period – BGN 0.2644
- total return per unit – 0.61 %

Selected financial information for 2012:

- net asset value per unit at the beginning of the year – BGN 0.2639
- net asset value per unit as at the end of the period – BGN 0.2749
- total return per unit – 4.17 %

Selected financial information for 2013:

- net asset value per unit at the beginning of the year – BGN 0.2760
- net asset value per unit as at the end of the period – BGN 0.2864
- total return per unit – 3.78 %

Selected financial information for 2014:

- net asset value per unit at the beginning of the year – BGN 0.2881

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- net asset value per unit as at the end of the period – BGN 0.2897
 - total return per unit – 0.56 %

Selected financial information for 2015:

- net asset value per unit at the beginning of the year – BGN 0.2901
- net asset value per unit as at the end of the period – BGN 0.2860
- total return per unit – -1.41 %

Selected financial information for 2016:

- net asset value per unit at the beginning of the year – BGN 0.2869
- net asset value per unit as at the end of the period – BGN 0.2824
- total return per unit – -1.57 %

Selected financial information for 2017:

- net asset value per unit at the beginning of the year – BGN 0.2833
- net asset value per unit as at the end of the period – BGN 0.3006
- total return per unit – 6.11 %

Selected financial information for 2018:

- net asset value per unit at the beginning of the year – BGN 0.3003
- net asset value per unit as at the end of the period – BGN 0.2907
- total return per unit – -3.20 %

Selected financial information for 2019:

- net asset value per unit at the beginning of the year – BGN 0.2990
- net asset value per unit as at the end of the period – BGN 0.2968
- total return per unit – -0.74 %

Selected financial information for 2020:

- net asset value per unit at the beginning of the year – BGN 0.3047
- net asset value per unit as at the end of the period – BGN 0.3066
- total return per unit – 0.62 %

Selected financial information for 2021:

- net asset value per unit at the beginning of the year – BGN 0.3052
- net asset value per unit as at the end of the period – BGN 0.3044
- total return per unit – -0.26 %

Selected financial information for 2022:

- net asset value per unit at the beginning of the year – BGN 0.3045
- net asset value per unit as at the end of the period – BGN 0.3089
- total return per unit – 1.45 %

Selected financial information for 2023:

- net asset value per unit at the beginning of the year – BGN 0.3067
- net asset value per unit as at the end of the period – BGN 0.3206
- total return per unit – 4.53 %

Selected financial information for 2024:

- net asset value per unit at the beginning of the year – BGN 0.3372
- net asset value per unit as at the end of the period – BGN 0.3555
- total return per unit – 5.42 %

Selected financial information for 2025:

- net asset value per unit at the beginning of the year – BGN 0.3546
- net asset value per unit as at the end of the period – BGN 0.3732
- total return per unit – 5.25 %

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

For the year 2011

- minimum issue value – BGN 0.2622
- maximum issue value – BGN 0.2842
- weighted-average issue value – BGN 0.2716
- minimum redemption price – BGN 0.2583
- maximum redemption price – BGN 0.2799
- weighted-average redemption price – BGN 0.2759

For the year 2012

- minimum issue value – BGN 0.2584
- maximum issue value – BGN 0.2749
- weighted-average issue value – BGN 0.2686
- minimum redemption price – BGN 0.2545
- maximum redemption price – BGN 0.2701
- weighted-average redemption price – BGN 0.2629

For the year 2013

- minimum issue value – BGN 0.2686
- maximum issue value – BGN 0.2864
- weighted-average issue value – BGN 0.2752
- minimum redemption price – BGN 0.2646
- maximum redemption price – BGN 0.2821
- weighted-average redemption price – BGN 0.2712

For the year 2014

- minimum issue value – BGN 0.2843
- maximum issue value – BGN 0.3016
- weighted-average issue value – BGN 0.2876
- minimum redemption price – BGN 0.2800
- maximum redemption price – BGN 0.2971
- weighted-average redemption price – BGN 0.2861

For the year 2015

- minimum issue value – BGN 0.2848
- maximum issue value – BGN 0.2968
- weighted-average issue value – BGN 0.2939
- minimum redemption price – BGN 0.2805
- maximum redemption price – BGN 0.2923

For the year 2016

- minimum issue value – BGN 0.2784
- maximum issue value – BGN 0.2946
- weighted-average issue value – BGN 0.2827
- minimum redemption price – BGN 0.2742
- maximum redemption price – BGN 0.2902
- weighted-average redemption price – BGN 0.2751

For the year 2017

- minimum issue value – BGN 0.2782
- maximum issue value – BGN 0.3066
- weighted-average issue value – BGN 0.2960
- minimum redemption price – BGN 0.2742
- maximum redemption price – BGN 0.3020
- weighted-average redemption price – BGN 0.3001

For the year 2018

- minimum issue value – BGN 0.2893
- maximum issue value – BGN 0.3092
- weighted-average issue value – BGN 0.3023
- minimum redemption price – BGN 0.2850
- maximum redemption price – BGN 0.3046
- weighted-average redemption price – BGN 0.2978

For the year 2019

- minimum issue value – BGN 0.2906
- maximum issue value – BGN 0.3024
- weighted-average issue value – BGN 0.2968
- minimum redemption price – BGN 0.2862
- maximum redemption price – BGN 0.2979
- weighted-average redemption price – BGN 0.2924

For the year 2020

- minimum issue value – BGN 0.2868
- maximum issue value – BGN 0.3096
- weighted-average issue value – BGN 0.3013
- minimum redemption price – BGN 0.2825
- maximum redemption price – BGN 0.3050
- weighted-average redemption price – BGN 0.2968

For the year 2021

- minimum issue value – BGN 0.2969
- maximum issue value – BGN 0.3223
- weighted-average issue value – BGN 0.3095
- minimum redemption price – BGN 0.2924
- maximum redemption price – BGN 0.3175
- weighted-average redemption price – BGN 0.3048

For the year 2022

- minimum issue value – BGN 0.2975
- maximum issue value – BGN 0.3174
- weighted-average issue value – BGN 0.3059
- minimum redemption price – BGN 0.2930
- maximum redemption price – BGN 0.3126
- weighted-average redemption price – BGN 0.3013

For the year 2023

- minimum issue value – BGN 0.3037
- maximum issue value – BGN 0.3293
- weighted-average issue value – BGN 0.3151
- minimum redemption price – BGN 0.2991
- maximum redemption price – BGN 0.3244

- weighted-average redemption price – BGN 0.3104

For the year 2024

- minimum issue value – BGN 0.3137
- maximum issue value – BGN 0.3555
- weighted-average issue value – BGN 0.3355
- minimum redemption price – BGN 0.3090
- maximum redemption price – BGN 0.3502
- weighted-average redemption price – BGN 0.3305

For the year 2025

- minimum issue value – BGN 0.3440
- maximum issue value – BGN 0.3838
- weighted-average issue value – BGN 0.3635
- minimum redemption price – BGN 0.3388
- maximum redemption price – BGN 0.3788
- weighted-average redemption price – BGN 0.3583

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

For the year 2011

- number of units in circulation at the beginning of the period – 520,503
- number of units in circulation as at the end of the period – 7,949,102

For the year 2012

- number of units in circulation at the beginning of the period – 2,097,376.01
- number of units in circulation as at the end of the period – 17,144,424.6612

For the year 2013

- number of units in circulation at the beginning of the period – 17,144,424.6612
- number of units in circulation as at the end of the period – 20,920,524.8965

For the year 2014

- number of units in circulation at the beginning of the period – 20,920,524
- number of units in circulation as at the end of the period – 26,367,046

For the year 2015

- number of units in circulation at the beginning of the period – 26,367,047
- number of units in circulation as at the end of the period – 33,121,889

For the year 2016

- number of units in circulation at the beginning of the period – 33,121,889
- number of units in circulation as at the end of the period – 77,757,209

For the year 2017

- number of units in circulation at the beginning of the period – 77,757,209
- number of units in circulation as at the end of the period – 117,343,376

For the year 2018

- number of units in circulation at the beginning of the period – 117,343,376
- number of units in circulation as at the end of the period – 130,948,595

For the year 2019

- number of units in circulation at the beginning of the period – 130,948,595
- number of units in circulation as at the end of the period – 148,965,475

For the year 2020

- number of units in circulation at the beginning of the period – 148,965,475,595
- number of units in circulation as at the end of the period – 177,965,342

For the year 2021

- number of units in circulation at the beginning of the period – 177,945,342
- number of units in circulation as at the end of the period – 186,211,084

For the year 2022

- number of units in circulation at the beginning of the period – 186,211,084
- number of units in circulation as at the end of the period – 187,652,632

For the year 2023

- number of units in circulation at the beginning of the period – 187,652,632
- number of units in circulation as at the end of the period – 198,699,005

For the year 2024

- number of units in circulation at the beginning of the period – 198,699,005.7269
- number of units in circulation as at the end of the period – 211,352,011.4656

For the year 2025

- number of units in circulation at the beginning of the period – 211,352,011.4656
- number of units in circulation as at the end of the period – 213,209,964.7139

Warning: The value of the units and the income from them may decrease, the profit is not guaranteed and investors bear the risk of not recovering their investments in full, as well as the investments in the Fund are not guaranteed by a guarantee fund or in any other way, and the mutual fund's past performance is not indicative of its future performance.

12. INVESTOR TYPE PROFILE

(Amended by BoD decision of 20.09.2019) The investment product of Mutual Fund Progress has been created for persons (individuals, companies, institutions) who: a) are willing to assume

a moderate to high investment risk with a view to achieving a higher return; b) wish to have secure and prompt liquidity, without this impairing the return achieved on the investment; c) are willing to invest funds on a long-term basis; d) wish to diversify the risk of their own portfolio; e) wish to have their money managed by financial-market professionals.

The units of Mutual Fund “Progress” are suitable for Bulgarian and foreign natural persons, companies and institutions who wish to invest part of their funds in the financial markets, in a diversified product structured predominantly from shares, at a medium-to-high level of risk and with the potential to achieve a higher return.

The investment in units of the Fund is intended for individual investors seeking to realise a high return on the investments made, expressed predominantly as capital gains, who are willing to assume moderate to high risk. The typical investor is a person seeking a significant increase in their investment over the long term, while at the same time being able, when in need of funds, to take advantage of the liquidity of their investment in units of the Fund by presenting them for redemption.

The investment in units of the Fund is also suitable for institutional investors that follow a moderate-to-risk-tolerant policy in the management of their funds and have a long-term investment horizon. Investing a small percentage of an institutional investor’s assets in units of the Fund would allow diversification of the investment portfolio, while also providing the opportunity to achieve a higher return across the investor’s entire portfolio.

13. ECONOMIC INFORMATION

13.1. Transaction costs

Fees on the purchase and redemption of units are the costs paid directly by investors/unit holders and are described in detail in item 6.3.

13.2. (Amended by BoD decision of 22.11.2019 and 18.04.2022) 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 costs that investors should bear in mind when investing in the Fund. The Fund’s annual operating expenses include the remuneration of the management company, of the depositary bank, and other operating expenses described in detail in item 7, the amount of which does not exceed 3.50% of the Fund’s average annual net asset value.

13.3. (New, by BoD decision of 20.12.2022) Description of the policy on direct and indirect operating expenses and fees arising from the use of efficient portfolio management techniques.

The net income (gross income less direct and indirect operating expenses) generated as a result of the use of efficient portfolio management techniques remains with the Fund. Information on the direct and indirect expenses that may arise in this connection will be available in the Fund's annual reports.

14. COLLATERAL POLICY (New, by BoD decision of 17.01.2017, amended by BoD decision of 22.02.2017 and 17.12.2025)

All assets received by the Fund as a result of the use of efficient portfolio management techniques shall be regarded as collateral and shall satisfy the criteria set out below. In calculating the thresholds under Articles 45 and 46 ZDKISDPKI, the Fund's risk exposure to a counterparty resulting from transactions in OTC-traded derivative instruments and efficient portfolio management techniques shall be included. The management company monitors compliance with the restrictions in the Fund's portfolio. Where the Fund receives collateral amounting to not less than 30 per cent of its assets, the management company is obliged to develop and apply a policy ensuring the performance of stress tests under both normal and exceptional liquidity conditions, so as to make it possible to assess the liquidity risk of the Fund associated with the collateral. In cases where OTC financial-derivative transactions 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 risk exposure to the counterparty shall, at all times, satisfy the following criteria: liquidity; valuation; issuer creditworthiness; correlation; diversification of the collateral; risks related to management of the collateral; upon transfer of a unit, the collateral received shall be held by the depositary of the collective investment scheme; the collective investment scheme may enforce the collateral received at any time without reference to, or approval from, the counterparty; non-cash collateral may not be sold, reinvested or pledged; cash collateral may only be:

- a) placed on deposit with an entity under Article 38(1)(6) ZDKISDPKI;
- b) invested in high-quality government securities;
- c) used for reverse repo transactions, provided that the transactions are with credit institutions subject to prudential supervision, and that the Fund is able to recall the full cash amount, together with any accrued interest, at any time;
- d) invested in short-term money-market funds.

Cash collateral shall be invested in compliance with the diversification principles applicable to non-cash collateral. Cash collateral shall be invested only in banks for which there is no information indicating that, over the preceding 3 calendar years, they have required liquidity support from their home governments.

The Fund may exceed the diversification limits where the collateral consists of various transferable securities and money-market instruments issued by any of the entities under Article 38(1)(9), letter “a” ZDKISDPKI, subject to compliance with the requirements of Article 47(4) ZDKISDPKI.

The Fund may accept as collateral financial assets exceeding 20 per cent of its net asset value where they are issued by any of the EU Member States, as well as by any regional or local authorities in the Member States that issue or guarantee securities. The Fund may accept as collateral financial assets exceeding 20 per cent of its net asset value that are instruments issued by public international organisations with an investment-grade credit rating from at least one of the three major rating agencies – Standard & Poor’s, Fitch, or Moody’s. Where the Fund acquires cash collateral, it shall dispose of it in accordance with its investment strategy under the Prospectus and its rules.

The valuation of potential losses on deposits in euro is carried out by reducing the nominal value of the collateral by any potential costs of disposing of it. The valuation of potential losses on deposits in euro is carried out by converting the collateral amount at the purchase rate of the bank holding the collateral and reducing it by any potential costs of disposing of it.

The valuation of potential losses on deposits in a foreign currency other than euro is carried out as follows:

- a) the current purchase rate of the bank holding the collateral is taken;
- b) the standard deviation of the exchange rate against the euro is taken on a monthly basis for the preceding 12 months;
- c) in assessing the potential loss on the collateral, an exchange rate is used, calculated according to the formula: current exchange rate (buy) minus standard deviation on an annual basis;
- d) the valuation of the collateral under letter “b” is reduced by any potential costs of disposing of it.

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

The valuation of potential losses on debt instruments provided as collateral is carried out by assessing the risk of changes in the interest-rate levels of the same. Where the instruments carry a credit rating, the management company assesses the likelihood that changes in the credit rating will lead to changes in the prices of the collateral. The valuation of potential losses on shares provided as collateral is carried out having regard to the volatility of their prices. Shares are valued by reducing the last price at which transactions in the shares concerned were concluded

on a regulated market by the standard deviation of the price of the same shares on a monthly basis, calculated for the preceding 12-month period. Where the instruments carry a credit rating, the management company assesses the likelihood that changes in the credit rating will lead to changes in the prices of the collateral.

15. (New, by BoD decision of 22.02.2017) INFORMATION ON THE MUTUAL FUND'S INTENTION TO USE THE RAISED DIVERSIFICATION LIMITS SET OUT IN ARTICLE 46(1) ZDKISDPKI

The mutual fund has no intention of using the raised diversification limits set out in Article 46(1) ZDKISDPKI.

16. (Amended by BoD decision of 27.05.2020, 08.02.2022 and 31.01.2023) DETAILS OF THE CURRENT REMUNERATION POLICY OF THE MANAGEMENT COMPANY

The management company adopts and applies a remuneration policy for the purpose of determining the principles for structuring 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 drawing up the policy, account was taken of the nature, scale and complexity of the management company's activity, the structure of its internal organisation, and the scope of the investment services and activities it carries out. MC "Compass Invest" JSC applies the policy in compliance with the following core principles:

- a) promoting prudent and effective risk management, and not incentivising the assumption of risks exceeding the acceptable level;
- b) alignment with the company's business strategy (activity programmes, rules and policies), objectives, values, and the long-term interests of MC "Compass Invest" JSC;
- c) applying measures to avoid conflicts of interest;
- d) compliance with the principles and good practices for protecting the interests of the clients of MC "Compass Invest" JSC and of investors in the mutual funds managed;
- e) gender neutrality;
- f) prevention of any form of discrimination (on grounds of sex, age, race, religion, etc.) and unequal treatment of employees.

The management company applies the remuneration policy when preparing, concluding, amending and supplementing individual employment or civil contracts, as well as when determining remuneration under the management agreements of the Board of Directors by the General Meeting of Shareholders of the management company.

Remuneration at the management company is, in principle, structured on the basis of the following core elements: the level of the position, the level of competencies, and results achieved. At present, remuneration at the management company has only a fixed component, with no variable component dependent on results achieved.

The Executive Director and the Chair of the Board of Directors of the management company determine the specific amount of remuneration for all employees at all levels of the company's internal organisational structure.

In determining and paying the employment remuneration of persons working under contract for the management company, the Labour Code and the secondary legislation on its application are applied. Upon termination of an employee's employment relationship, compensation is paid in the cases, procedure and amounts determined by the Labour Code.

As regards the structure of remuneration at the management company, it should be noted that, at present, only fixed remuneration is formed, 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 in the payment of remuneration. Integrating sustainability risks is appropriate where they are relevant to the positive results of clients' investments, since this would have a positive effect both on clients and on the company's employees. The management company pays mandatory social-security and health-insurance contributions. The management company does not determine any variable remuneration. The management company does not provide for any pension-related benefits. The current remuneration policy shall be amended without delay should the possibility arise of establishing variable remuneration or providing pension-related benefits. Any amendment must include criteria for assessing the management company's financial condition, criteria for assessing the performance of the relevant organisational unit and the contribution of specific individuals, as well as the beneficial effect of the qualifications and experience of the various categories of staff, and 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-recurring remuneration in the exceptional cases provided for in the Labour Code, such as for overtime work. The management company may pay additional non-recurring remuneration in the form of one-off remuneration for annual results achieved, or targeted bonuses for the performance of additionally assigned or successfully completed additional tasks. Remuneration at MC "Compass Invest" JSC may include a non-cash compensation package – funds for health prophylaxis, funds for improving working conditions, technical/computer equipment, funds for enhancing professional qualifications, and food vouchers, up to the amounts specified in Article 209 of the Corporate Income Tax Act, provided in the manner and procedure determined by order of the Executive Director. The non-cash compensation package does not include free clothing or insurance. The management company does not make use of extraordinary state aid.

The management company does not establish a Remuneration Committee, having regard to its current internal organisation. Should the scope and complexity of its activity increase, the management company will establish such a committee in compliance with the requirements of Ordinance No. 48 and other applicable legislation.

The Executive Director of the management company, Ivaylo Angarski, and the Chair of the Board of Directors, Milena Aleksandrova, are jointly responsible for preparing policy decisions and for determining specific remuneration, taking into account their impact on risk and the management of risk, capital and liquidity at the management company. In taking decisions, they take into account not only the interests of staff but also the long-term interests of the company's shareholders and of the unit holders in the mutual funds managed.

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 possessing the necessary qualifications and functional independence, with a view to ensuring an objective assessment of the appropriateness of the remuneration policy, including of the consequences of risk management.

The members of the Board of Directors of the management company to whom management functions have not been delegated, and who have experience in risk and remuneration management, carry out a periodic review of compliance with the requirements of this policy and the statutory requirements, at least once a year, but not later than 30 days after the end of the calendar year to which the review relates.

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; where the need for amendment is established, a corresponding report is prepared for the Board of Directors. The policy is updated in accordance with market developments and the company's financial condition.

The management company discloses to interested parties, in its prospectuses, information regarding the remuneration policy and any subsequent amendment thereto, in a clear and accessible manner, without disclosing information constituting a secret protected by law. The management company shall provide, in its annual financial statements, summary quantitative information regarding remuneration paid. The mutual fund's annual financial statement shall contain information regarding the remuneration policy, comprising:

- a) the total amount of remuneration for the financial year, broken down into fixed and variable remuneration paid by the management company to its staff, the number of beneficiaries and, where applicable, any amounts paid directly by the collective investment scheme itself, including any performance fee;
- b) the aggregate amount of remuneration, broken down by categories of employees or other members of staff under Article 108(1) ZDKISDPKI;
- c) a description of the methods used to calculate remuneration and benefits;

d) (Amended by BoD decision of 02.05.2023) the outcome of the reviews under Article 108(7) and (8) ZDKISDPKI, including any irregularities identified;

e) material changes to the adopted remuneration policy.

Other than the remuneration under item 7.1 of the management company, no remuneration, incentives, bonuses or other benefits shall be paid, in any form, out of the assets of the mutual fund to persons working under contract for MC “Compass Invest” JSC.

The management company declares that a hard copy of the Remuneration Policy of Compass Invest JSC will be provided free of charge to every investor upon request.

17. (New, by BoD decision of 20.12.2022) INFORMATION ON THE METHOD USED TO CALCULATE THE TOTAL RISK EXPOSURE, WHERE THE INVESTMENT POLICY OF THE FUND EXPRESSLY PROVIDES FOR THE POSSIBILITY OF INVESTING IN DERIVATIVE FINANCIAL INSTRUMENTS.

The management company applies the commitment approach consistently to all positions in derivative financial instruments, including embedded derivative instruments, regardless of whether they are used as part of the Fund’s overall investment policy for the purpose of reducing risk or for the purpose of efficient portfolio management.

When applying the commitment approach, the value of each position in a derivative financial instrument is converted 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 “Progress”:

Milena Aleksandrova,
Chair of the Board of Directors

Ivaylo Angarski,
Executive Director

18. ANNEX No. 1

RULES

**FOR THE VALUATION OF THE PORTFOLIO AND FOR THE DETERMINATION OF THE
NET ASSET VALUE OF
MUTUAL FUND “PROGRESS”**

(Amended by BoD decision of 13.08.2019) These rules govern the principles and methods for the valuation of assets and liabilities and for calculating the net asset value of Mutual Fund “Progress” (“the mutual fund” or “the Fund”), organised and managed by Management Company “Compass Invest” JSC (“the management company”). They also govern the principles and methods for avoiding conflicts of interest and for ensuring protection against the disclosure of inside information.

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

- determining the net asset value per unit, and determining the issue value and the redemption price of units of the Fund;
- compliance with the investment policy, the investment restrictions and the allocation of assets 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 ZDKISDPKI, the secondary legislation for its implementation, and all other statutory requirements.

The rules for the valuation of the mutual fund’s assets, containing the principles and methods for asset valuation, as well as the system for organising this activity, are based on:

- 1) the use of a uniform and consistent system for valuing the assets/portfolio, for decision-making and control;
- 2) a system for gathering information relevant to the determination of the net asset value – sources of information and types;
- 3) rules for avoiding conflicts of interest and for ensuring protection against the disclosure of inside information;
- 4) recording of the discussions, decisions and sources of information relating to the determination of the net asset value, and attachment of the relevant documents to the minutes;
- 5) technological and software support for determining the net asset value;
6. (Amended by BoD decision of 21.01.2026) a system for the storage and protection of the documentation relating to the determination of the net asset value, in hard-copy or electronic form.

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

The methodology is based on the Fund Rules and the legislation relating to its activity. The methodology includes the principles and methods for the valuation of the Fund's assets and liabilities.

A. Valuation of assets

(Amended by BoD decision of 13.08.2019) Basic principles for the valuation of the assets of Mutual Fund "Progress"

(Amended by BoD decision of 25.04.2012 and 30.11.2012) The valuation of the assets and liabilities of the mutual fund is carried out in accordance with International Accounting Standards – at fair value upon initial recognition, and at fair value upon subsequent valuation. Transactions in financial instruments concluded for the account of the Fund are recognised as of the trade date.

(Amended by BoD decision of 13.08.2019) Methods for the valuation of the assets of Mutual Fund "Progress"

The value of the assets includes the value of each of the assets held by the collective investment scheme, per the balance sheet as at the date on which the valuation is prepared. Their value is calculated as follows:

1. (Repealed by BoD decision of 23.11.2022).

2. (Amended by BoD decision of 12.09.2016; formerly item 3, amended by BoD decision of 23.11.2022) The fair value of securities and money-market instruments issued by the Republic of Bulgaria, as well as of securities and money-market instruments issued by another Member State and by a third country, traded on trading venues in an active market, is determined:

a) at the "bid" price at market close for the day as at which the valuation is carried out, as announced in an electronic price-information system.

b) at the "bid" price at market close for the last business day, as announced in an electronic price-information system, if the trading venue is not operating on the day as at which the valuation is carried out.

c) if there are no "bid" quotes on the valuation day, the valuation is carried out at the "bid" price or another comparable indicator for the nearest day within the 30-day period preceding the valuation day.

d) in cases where no trading takes place on trading venues on the business days of the country, the valuation is carried out on the basis of the "bid" price for the day of the last trading session preceding the valuation day. If there are no announced "bid" prices on the day of the last trading session preceding the valuation day, the fair value of these instruments is determined at the "bid" price or another comparable indicator publicly disclosed by the trading venue for the nearest day within the 30-day period preceding the valuation day.

e) if the price under letters “a”–“d” is a gross (“dirty”) price, it is used directly for revaluation. Where the price is a clean price, it is converted to a gross price on the basis of the interest characteristics as to frequency and level of the interest coupons, and is then used for revaluation.

3. (New, by BoD decision of 12.09.2016) Where the valuation methods under items 1 and 2 cannot be applied, fair value is determined by applying the relevant methods:

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

3.2. (Amended by BoD decision of 03.10.2016 and 23.11.2022) the discounted-cash-flow method, as follows: the prices of the most recently issued issues of the relevant maturity, which the primary dealers are required to quote, are used as the basis for the calculations. These most recent issues of the relevant maturity are hereinafter referred to for brevity as “benchmark issues”. The issue whose price is to be determined is referred to as the “target issue”.

For the purposes of the calculation, the prices of the benchmark issues are calculated in accordance with item 2 above.

Calculation of the prices of the relevant issues by the linear-interpolation method comprises the following steps:

- a) A yield curve is constructed on the basis of the average prices of the benchmark issues;
- b) Depending on the remaining term to maturity of the target issue, its position is determined relative to the nearest preceding and the nearest following benchmark issue by term;
- c) The difference (in days) between the term to maturity of the two benchmark issues, and the difference in their yield to maturity, is determined;
- 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 benchmark issue is determined;
- f) The resulting difference is multiplied by the multiplier from the preceding step, to calculate the difference in yield to maturity between the target issue and the benchmark issue;
- g) The yield to maturity of the target issue is obtained by adding the difference in yields calculated in the preceding step to the yield of the benchmark issue preceding the target issue;
- h) On the basis of the yield to maturity obtained for the target issue, its gross price is calculated using the following formula:

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

Where:

P – the price of the security

F – the principal amount of the security

C – the annual coupon of the bond

n – the number of interest payments per year

N – the total number of interest payments

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

i – the sequential number of the interest payment

$w = (\text{days to the next interest payment}) / (\text{total number of days between two interest payments})$

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

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

4.2. (Amended by BoD decision of 21.01.2026) at the closing price or another analogous indicator, publicly announced as at the valuation day by the trading venue on which, for the respective day, the largest volume of transferable securities and money-market instruments was traded, in cases where they are admitted to trading on more than one trading venue. When reporting the volume, the management company will take prices from the markets on which it has the right to trade in accordance with the regulatory framework, namely: markets under Article 152(1) and (2) ZPFI in the European Union, markets from third countries included in a list approved by the Financial Supervision Commission upon a proposal by the deputy chair heading the “Supervision of Investment Activity” Directorate, and markets specified in the Rules of the mutual fund;

4.3. (Amended by BoD decision of 21.01.2026) at the closing price or another analogous indicator, publicly announced by trading venues for the last business day, if the trading venue does not operate on the day to which the valuation relates.

4.4. (New, by BoD decision of 21.01.2026) if items 4.1 to 4.3 cannot be applied, the price of the shares, respectively of the rights, is the closing price or another analogous indicator for the nearest day within the last 30-day period preceding the valuation day for which transactions have been concluded.

4.5. (New, by BoD decision of 21.01.2026) Where, during the preceding 30-day period, a capital increase or a share split of the issuer took place, or the payment of a dividend was announced, the closing price or the other analogous indicator under the preceding item is adjusted by the ratio of the capital increase, respectively the share split, or the amount of the dividend, if the nearest day within the last 30-day period before the valuation date for which transactions have been concluded precedes the day after which shareholders are no longer entitled to participate in the capital increase, respectively the day of the split, or the day as of which shareholders are no longer entitled to the dividend.

5. (Amended by BoD decision of 12.09.2016) Where the methods of valuation of shares under item 4 cannot be applied, as well as for shares that are not traded on regulated markets or other trading venues, fair value is determined by the successive application of the following methods:

- the net book value of assets method;
- the price/earnings ratio of comparable companies method,

and

- the discounted net cash flows method.

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

5.1. (Amended by BoD decision of 12.09.2016; formerly item 5.2) The net book value of assets method consists of calculating the value of the shares of the company being valued by dividing the company's equity (based on the latest financial statement) by the total number of shares outstanding.

$$P = (A - L - PS) / N$$

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

A – assets

L – liabilities

PS – value of the preferred shares

N – total number of ordinary shares outstanding

5.2. (Amended by BoD decision of 12.09.2016; formerly item 5.1) The price/earnings ratio of a comparable company method consists of:

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 the 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 nearest one-year period, counted from the latest published financial statement. Earnings per share is determined by dividing the company's net profit by the total number of shares.

c) The multiple is calculated on the basis of the weighted-average price of the transactions concluded on the last business day in the shares of the comparable company, if the volume of transactions concluded in them for the day is not less than 0.02 per cent of the volume of the relevant issue. If a price cannot be determined under the preceding sentence, the price of the shares of the comparable company is determined as the arithmetic mean of the highest "bid" price from the orders valid at the time the regulated market closes on the last business day, and the weighted-average price of the transactions concluded in the relevant securities on the same day. The price of the shares of the comparable company is determined in this manner only where there are concluded transactions and submitted orders with a "bid" price.

d) The source of the primary information for carrying out the calculations referred to is the financial statements of public companies from the FSC and BSE register, 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 a company that provides a sufficiently good basis for comparison against the investment characteristics of the company being valued.
- The choice of comparable companies must be substantiated by a comparative analysis and assessment of their characteristics and the degree of similarity to the characteristics of the company being valued.
- The comparable company is chosen, in accordance with the criteria specified, from among companies traded on a trading venue in an active market for securities in the country of the issuer's registered office.

The criteria that the comparable company must necessarily satisfy are:

- the economic sector in which the company operates;
- a similar product range;
- published financial statements enabling the nearest one-year period to be covered;
- concluded transactions in the company's shares during the current business day.
- Other criteria used in substantiating the choice of a comparable company are a comparable share capital and similar financial indicators.

5.3. The discounted net cash flows method is used to determine the value of one ordinary share of the company, whereby the value of the capital of the holders of ordinary shares is divided by the number of ordinary shares outstanding.

The value of the capital of the holders of ordinary shares is calculated in one of two ways:

5.3.1. Discounted net cash flows for ordinary shareholders method (Free Cash Flows to Equity)

by discounting the net cash flows remaining for shareholders after covering all expenses, financial obligations, necessary investments and changes in working capital:

a) This method uses the net cash flows remaining after covering all expenses, servicing financial obligations (including principal and interest on the company's debt), necessary investments, and changes in working capital.

b) Net cash flows are calculated as follows: the projected net profit after interest and taxes on profit:

- is increased by projected depreciation expenses,
- is decreased / increased by the absolute value of the projected change in net working capital,
- is increased by the projected value of new debt, as well as proceeds from the issuance of preference share issues,

- is decreased by projected investments in fixed assets,
- is decreased by projected repayments on the principals of the debt,
- is decreased by projected dividends for preference shares.

The following formula is used:

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

Where:

FCFE – net cash flows for the ordinary shareholders

NI – net profit

Dep – depreciation

FCInv – investments in fixed assets

$\Delta WCIInv$ – change in net working capital

PP – repayments on principals

PD – dividends for preference shares

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

c) With 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 of the ordinary shareholders and is defined in the following ways:

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

$$ke = kRF + RP$$

Where

ke – the cost of equity financing

kRF – the risk-free interest rate

RP – risk premium.

- through the Capital Asset Pricing Model (CAPM):

$$ke = kRF + (km - kRF) \times \beta$$

Where

ke – the cost of equity financing

kRF – the risk-free interest rate

$(km - kRF)$ – the market risk premium

km – the expected return of the market

β – beta coefficient.

- through the discounted cash flows method:

$$ke = D1 / P0 + g$$

Where

k_e – the cost of equity financing

$D1$ – the expected next dividend per ordinary share

$P0$ – price of one ordinary share

g – expected growth rate.

5.3.2. Discounted cash flows for 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 used are those for all investors in the firm – holders of shares, debt and preference shares. The net cash flows are calculated in one of two ways:

a) Under the first method, the net cash flows are calculated as follows: the projected profit before interest and after taxes on profit:

- is increased by projected depreciation expenses,
- is decreased by the projected change in net working capital,
- is decreased by projected investments in fixed assets.

The following formula is used:

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

Where:

$FCFF$ – net cash flows for the firm

$EBIT$ – profit before interest and taxes

TR – the tax rate for the firm

Dep – depreciation

$FCInv$ – investments in fixed assets

$\Delta WCIInv$ – change in net working capital

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

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

Where

$FCFF$ – net cash flows for the firm

$FCFE$ – net cash flows for the ordinary shareholders

Int – interest expenses

TR – the tax rate for the firm

PP – repayments on principals

PD – dividends for preference shares

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

c) The net cash flows are discounted at the weighted-average cost of capital of the company. In determining the relative shares of the various sources of capital, their market values are used.

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

$$WACC = k_e \times [E / (E+D+PS)] + k_d \times (1-t) \times [D / (E+D+PS)] + k_{ps} \times [PS / (E+D+PS)]$$

Where:

WACC – the 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 expenses is taken into account

t – is the tax rate for the firm

k_{ps} – is the cost of financing with preference shares

E – the market value of the company's shares

D – the market value of the company's debt

PS – the market value of the company's preference shares.

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

5.3.3. Discounting models

Each of the methods for determining the value of the share capital may use one of two discounting models:

a) Constant growth rate, under which it is assumed that the growth of the firm is constant and stable.

The formula used is:

$$P_0 = FCF_1 / (r - g)$$

Where:

P_0 – the present value of the free cash flows;

FCF – is either FCFE or FCFF;

r – is the relevant rate of discounting;

g – is the constant growth rate of the company.

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

The formula used is:

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

Where:

P_0 – the present value of the free cash flows;

FCF_t – is either FCFE or FCFF during year t ;

r – is the relevant rate of discounting during the first period;

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

$$P_n = FCF_{n+1} / (r_n - g_n)$$

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

5.4. Subsequent valuation of shares acquired as a result of a capital increase using the funds of the issuing company, or from a split of existing shares, is carried out as follows:

a) In cases of acquisition of (new) shares of a given company as a result of a capital increase using the company's funds, a receivable is recognised from the date as of which the holders of shares of the company are no longer entitled to shares from the capital increase – the date after which concluded transactions in the shares no longer affect the right to acquire new shares – until the date of registration of the capital increase and its entry with the depository institution.

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

$$R = N_n \times P_n$$

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 "old" share.

$$P_n = P_0 / (N_r + 1)$$

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 with the depository institution until the date of their admission to trading on a regulated market or trading venue, the new shares are recognised at a price calculated using the following formula:

$$P_n = P_0 / (N_r + 1)$$

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

b) In cases of acquisition of (new) shares of a given company as a result of a split of already existing shares (a “split”), a receivable is recognised from the date as of which the new shares are already separated from the existing shares – the date after which concluded transactions in the shares no longer affect the right to acquire the new shares – until the date of registration of the new number of shares with the depository 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.

$$R = Nn \times P0 \times (1/Nr)$$

R – receivable,

Nn – number of new shares,

P0 – last valuation price of one “old” share,

Nr – the split ratio.

From the date of entry of the new shares with the depository institution until the date of their admission to trading on a regulated market or other trading venue, the new shares are recognised at a price calculated using the following formula:

$$P = P0 \times 1/Nr$$

where

P – price of a new share,

P0 – last valuation price of one “old” share,

Nr – the split ratio.

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

5.5.(Amended by BoD decision of 12.09.2016) The above-listed methods under items 5.1, 5.2, 5.3 and 5.4 for determining the fair value of the securities may be adjusted by coefficients, substantiated on the basis of data and circumstances constituting, respectively, duly disclosed inside information.

6. (Amended by BoD decision of 21.01.2026) In cases of acquisition of rights of a given company upon a capital increase through an issue of shares or the issuance of convertible bonds, a receivable (in rights) is recognised from the date as of which the holders of shares in the company are no longer entitled to receive rights to subscribe for shares from the capital increase (the date after which concluded transactions in the shares no longer affect the right to acquire rights), until the date of registration of the rights with the depository institution.

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

$$Rr = N \times Pr$$

where

Rr – receivable

N – number of rights

Pr – price of a right

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

$$Pr = Pl - (Pl + Pi \times Nr) / (Nr + 1)$$

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 one right

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

(New, by BoD decision of 20.09.2018, amended by BoD decision of 05.02.2026) Where the receivable calculated under the formula above has a negative value, until the rights are admitted to trading they are valued at the indicative reference price for the first trading session, published by the regulated market.

6.1. (Amended by BoD decision of 20.09.2018) Where the methods of valuation under item 4 cannot be applied, the subsequent valuation of rights is carried out through the successive application of the following methods:

6.1.1. (New, by BoD decision of 20.09.2018) for rights issued in connection with a capital increase through an issue of shares:

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 in accordance with 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 in one right.

6.1.2. (New, by BoD decision of 20.09.2018) for rights issued in connection with an issue of convertible bonds – 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 in one right and adjusted by the conversion factor, using the following formula:

$$Pr = Pl - (Pl + Pi \times Nr) / (Nr \times C + 1)$$

where:

Pr – the price of the right;

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

Pi – the issue value of the new bonds;

Nr – the number of bonds in one right.

C – conversion factor

6.2. (Amended by BoD decision of 30.11.2012) From the date shares are subscribed for as a result of the exercise of rights until the date the capital increase is registered and entered with the depository institution, the subscribed shares are recognised as a receivable, formed by multiplying the number of subscribed shares by the sum of the issue value of a share and the value of one right at its last valuation before the shares were subscribed for, divided by the number of shares in one right.

$$R = Nn \times (Pi + Pr/Nr)$$

where

R – receivable,

Nn – number of shares subscribed,

Pi – issue value of a share,

Pr – value of one right,

Nr – number of shares in one right.

6.2a (New, by BoD decision of 20.09.2018) From the date the convertible bonds are subscribed for as a result of the exercise of rights until the date the issue of convertible bonds is registered and entered with the depository institution, the subscribed convertible bonds are recognised as a receivable, formed by multiplying the number of subscribed convertible bonds by the sum of the value of one right at its last valuation before the convertible bonds were subscribed for, divided by the number of convertible bonds in one right, and the issue value of one convertible bond. From the date the convertible bonds are subscribed for as a result of the exercise of rights until the date their issue value is paid, a liability of the mutual fund to the issuer arises.

6.3. From the date the new shares are entered with the depository institution until the date they are admitted to trading on the regulated market, or trading venue, the new shares are recognised at a price calculated using the following formula:

$$P = Pi + Pr/Nr$$

Where:

P – the price of the share

Pi – the issue value of a share

Pr – the value of one right

Nr – the number of shares in one right

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

6.3a (New, by BoD decision of 20.09.2018) From the date the new convertible bonds are entered with the depository institution until the date they are admitted to trading on the relevant trading venue, the convertible bonds are recognised at the price calculated using the formula contained in the Valuation Rules, whereby interest is also accrued daily for the convertible bonds in accordance with the prospectus of the issue; after admission to trading on the relevant trading venue, their subsequent valuation is carried out in accordance with the methods for the valuation of securities admitted to or traded on a regulated market or other 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 with the depository institution (from the date the shares are subscribed for until the date of their registration with the depository institution, the subscribed shares are recognised as a receivable in an amount equal to the issue value paid). The subsequent valuation of the shares, from the date of their registration with the depository institution until the date the shares are admitted to trading on the relevant trading venue, is carried out at a price equal to the issue value of one share. After the shares are admitted to trading on the relevant trading venue, their subsequent valuation is carried out in accordance with the methods for the valuation of securities admitted to or traded on a regulated market or another trading venue.

The preceding rules apply accordingly also to the subscription of shares of a non-public joint-stock company for which no subsequent registration for trading on a regulated market or other trading venue is envisaged, whereby, from the date the shares are subscribed for until the capital increase is entered in the commercial register, the subscribed shares are recognised as a receivable in an amount equal to the issue value paid, and, after the date the capital increase is entered 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 incorporation of a new joint-stock company, the shares are valued at their issue value until the date the shares are admitted to trading on the relevant trading venue. After the shares are admitted to trading on the relevant trading venue, their subsequent valuation is carried out in accordance with the methods for the valuation of securities admitted to or traded on a regulated market or another trading venue in an active market. Where shares are subscribed for upon the incorporation of a new joint-stock company for which no subsequent registration for trading on a regulated market or other trading venue is envisaged, they are valued at their issue value until the date the company is entered in the commercial register. After entry, the subsequent valuation of the shares is carried out in accordance with item 5 above.

6.6. In cases of acquisition of rights of a given company upon an issue of warrants with an underlying asset consisting of a future issue of the company's shares, a receivable (in rights) is

recognised from the date as of which the holders of shares in the company are no longer entitled to receive rights to subscribe for warrants (the date after which concluded transactions in the shares no longer affect the right to acquire rights), until the date of registration of the rights with the depository institution.

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

$$Rr = N \times Pr,$$

Where:

Rr – the receivable;

N – the number of rights;

Pr – the price of the right.

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

$$Pr = Pl - [Pl + (Pi + Pw) \times Nr] / (Nr + 1)$$

Where:

Pr – the price of the right;

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

Pi – the issue value of the shares of the underlying asset (the exercise price of the warrants);

Pw – the issue value of the warrants;

Nr – the number of warrants per one right.

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

6.6.1. Where the methods of valuation under item 4 cannot be applied, the fair value of rights upon an issue of warrants is determined at a price representing the difference between the price of the company's existing shares, determined in accordance with the requirements of item 4, respectively item 5, and the sum of the issue value of the shares of the underlying asset and the issue value of the warrants, multiplied by the ratio of the number of warrants in one right.

6.6.2. From the date the warrants are subscribed for as a result of the exercise of rights until the date the warrants are registered and entered with the depository institution, the subscribed warrants are recognised as a receivable, formed by multiplying the number of subscribed warrants by the sum of the issue value of one warrant and the value of one right at its last valuation before the warrants were subscribed for, divided by the number of warrants in one right.

$$R = Nn \times (Pw + Pr/Nr),$$

where:

R – the receivable;

Nn – the number of warrants subscribed for;

P_w – the issue value of one warrant;

P_r – the value of one right;

N_r – the number of warrants in one right.

From the date the warrants are subscribed for as a result of the exercise of rights until the date their issue value is paid, a liability to the issuer arises.

6.6.3. From the date the warrants are entered with the depository institution until the date they are admitted to trading on the relevant trading venue, the warrants are recognised at a price calculated using the following formula:

$$P = P_w + P_r/N_r,$$

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 in one right.

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

(New, by BoD decision of 21.01.2026) 6.6.4. Where a decision is taken to exercise the warrants, a receivable in respect of new shares is formed, representing the sum of the value of the warrants at their last valuation and the issue value of the new shares.

7. (1) (Amended by BoD decision of 12.09.2016 and 21.01.2026) The fair value of units of open-ended collective investment schemes authorised to carry out activity under Directive 2009/65/EC of the European Parliament and of the Council and/or of other undertakings for collective investment under Article 38(1)(5) ZDKISDPKI is determined at the last redemption price announced by the end of the business day preceding the day on which the net asset value of one unit is calculated. 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 of one unit. Where the temporary suspension of redemption of the units is for a period longer than 30 days, their subsequent valuation is carried out at the fair value of one unit by applying the net asset value method.

7.1. (Repealed, by BoD decision of 23.11.2022)

7.2. (Amended by BoD decision of 12.09.2016; formerly item 7.1) 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(1)(5) ZDKISDPKI, in respect of which restrictions exist on purchase and redemption for a certain class of investors and/or a certain order size, and as a result of which restrictions the mutual

fund/investment company cannot purchase the shares and units directly from the issuer and accordingly present its units held for redemption – these financial instruments are valued:

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

b) where a) cannot be applied, the units and shares of ETFs, ETNs and ETCs are valued at the last calculated and announced indicative net asset value of one unit (iNAV – indicative net asset value) from the relevant regulated market.

c) where the valuation method under the preceding item cannot be applied, and also in the event that redemption of units/shares of ETFs, ETNs and ETCs is suspended for a period longer than 30 days, they are valued at the last net asset value per unit/share determined and announced by the relevant issuer.

8. (Amended by BoD decision 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 BoD decision of 21.01.2026) at the closing price or another analogous indicator, publicly announced as at the valuation day by trading venues;

aa) (New, by BoD decision of 21.01.2026) at the closing price or another analogous indicator, publicly announced as at the valuation day by the trading venue on which, for the respective day, the largest volume of transferable securities and money-market instruments was traded, in cases where they are admitted to trading on more than one trading venue. When reporting the volume, the management company will take prices from the markets on which it has the right to trade in accordance with the regulatory framework, namely: markets under Article 152(1) and (2) ZPFI in the European Union, markets from third countries included in a list approved by the Financial Supervision Commission upon a proposal by the deputy chair heading the “Supervision of Investment Activity” Directorate, and markets specified in the Rules of the mutual fund;

ab) (New, by BoD decision of 21.01.2026) at the closing price or another analogous indicator, publicly announced by trading venues for the last business day, if the trading venue does not operate on the day to which the valuation relates;

b) (Amended by BoD decision of 21.01.2026) If a price cannot be determined under subparagraph a), the price of the bonds is the closing price or another analogous indicator for the nearest day within the last 30-day period preceding the valuation day for which transactions have been concluded.

c) In cases where the fair value is determined for bonds on which an interest payment is pending, and the price of concluded transactions published in the exchange bulletin, or the “bid” price, is net, the subsequent valuation is formed by adding the interest coupon due as of the date the valuation is carried out to the price announced in the bulletin:

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

$$AccInt = F \times (C/n) \times (A/E)$$

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 in the year

A – the interest days elapsed from the beginning of the interest period to the date of the calculations. The days are calculated on the basis of 30 days per month, or the 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. The days are calculated on the basis of 360, 364, 365 or 366 days in the year, or the actual number of days, depending on the regulation in the prospectus for the relevant issue.

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

9. (Amended by BoD decision of 12.09.2016 and 11.11.2019) Where the procedure under item 8, letters “a” – “b” cannot be applied in forming the fair value of bonds admitted to or traded on a regulated market or other trading venue in an active market, as well as for determining the fair value of bonds that are not traded and are not admitted to trading on regulated markets or other trading venues, the discounted net cash flows method is applied, using the formula below, with a rate of discounting of:

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

b) the discounted cash flows method uses the following formula:

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

Where:

P – the price of the security

F – the principal amount of the security

C – the annual coupon of the bond

n – the number of interest payments per year

N – the total number of interest payments

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

i – the sequential number of the interest payment

w = (days to the next interest payment) / (total number of days between two interest payments)

10. The fair value of Bulgarian and foreign securities admitted to or traded on trading venues in an active market abroad is carried out:

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

a) (Amended by BoD decision of 12.09.2016 and 23.11.2022) at the closing price publicly announced as at the valuation day by trading venues;

b) (Repealed, by BoD decision of 17.01.2022; New, by BoD decision of 21.01.2026) at the closing price or another analogous indicator, publicly announced as at the valuation day by the trading venue on which, for the respective day, the largest volume of transferable securities and money-market instruments was traded, in cases where they are admitted to trading on more than one trading venue. When reporting the volume, the management company will take prices from the markets on which it has the right to trade in accordance with the regulatory framework, namely: markets under Article 152(1) and (2) ZPFI in the European Union, markets from third countries included in a list approved by the Financial Supervision Commission upon a proposal by the deputy chair heading the "Supervision of Investment Activity" Directorate, and markets specified in the Rules of the mutual fund.

c) (Repealed, by BoD decision of 17.01.2022)

d) (New, by BoD decision of 23.11.2022) at the closing price, publicly announced by trading venues for the last business day, if the trading venue does not operate on the day to which the valuation relates;

e) (New, by BoD decision of 21.01.2026) if subparagraphs a, b and d cannot be applied, the price of the securities is the closing price or another analogous indicator for the nearest day within the last 30-day period preceding the valuation day for which transactions have been concluded.

10.2. (Amended by BoD decision of 21.01.2026) If a price cannot be determined under the procedure of item 10.1, the valuation of the specific type of securities is carried out through the corresponding application of items 5, 6 and 9.

11. The fair value of derivative financial instruments with an underlying asset of securities admitted to or traded on regularly operating, recognised and publicly accessible regulated markets in the Republic of Bulgaria is determined in accordance with items 4.1–4.3.

11a. The fair value of derivative financial instruments with an underlying asset of securities admitted to or traded on regularly operating, recognised and publicly accessible regulated markets abroad is determined in accordance with item 10.1.

12. Where items 11 and 11a cannot be applied in forming the fair value for options traded on regulated markets or other securities trading venues, the subsequent valuation is carried out by using the Black-Scholes approach for determining the price of an option. The Black-Scholes model treats the valuation of call options; for this reason, the value of a put option will be formed as a function of the price of a call option on 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 under the Black-Scholes model.

X – the exercise price of the option (strike price).

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

r – the risk-free interest rate.

T – the term to maturity of the option, in years.

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

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

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

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

Where

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

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

and where

C_0 – the current value of the call option

S_0 – the current price of the underlying asset

$N(d)$ – the probability that a random draw on the standard normal distribution has a value smaller than d . The corresponding values may 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 – the risk-free interest rate.

T – the 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 annualised (continuously compounded) rate of return of the underlying asset (volatility).

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

$$\sigma = \sqrt{[n/(n-1) \times \sum_{t=1..n} (r_t - \bar{r})^2 / n]}$$

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

12a. Where items 11 and 11a cannot be applied in forming the fair value of warrants admitted to or traded on regulated markets or other trading venues in an active market, or traded on OTC markets, the fair value is determined by using the formula under item 12 for calculating the price of call options.

13. Where item 11 cannot be applied in forming the fair value of futures traded on regulated securities markets or other trading venues, the subsequent valuation is carried out by the following method:

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

Where:

- F – price of a futures contract;
- S – spot price of the underlying asset;
- PV(D,0,T) – present value of the expected dividend
- Rf – risk-free interest rate;
- T – number of days of the contract, divided by 365.

13a. The fair value of derivative financial instruments traded on OTC markets is determined at the “bid” price of the market-maker at market close on the business day preceding the valuation date. Where the said rule cannot be applied:

13a.1. The fair value of options traded on OTC markets is determined by using the formula under item 12;

13a.2. The fair value of foreign-exchange forward agreements is determined by using the formula below. Where the term to maturity of the foreign-exchange forward agreements is shorter than 1 month and, where there are insignificant differences with respect to interest-rate values, owing to the short term and the negligibly small effect of the discount factors, the forward exchange rate as at the date of determining the fair value (t) is assumed to be equal to the current spot exchange rate.

$$Vt = N \times [C/(1+iA)^{(T-t)} - P/(1+iB)^{(T-t)}]$$

where:

Vt – value of the forward agreement;

N – amount of the forward agreement;

C – the current spot rate between the two currencies;

P – forward exchange rate, agreed upon conclusion of the forward agreement;

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

iA – risk-free interest rate for currency A;

iB – risk-free interest rate for currency B;

T – maturity date of the forward agreement;

t – current date.

13a.3. The fair value of forwards other than those referred to in item 13a.2 is determined by using the formula under item 13;

13b.(Repealed, by BoD decision of 19.01.2026)

14. (Amended by BoD decision of 12.09.2016, 20.09.2018 and 23.11.2022, amended by BoD decision of 21.01.2026)

The fair value of the transferable securities and money-market instruments admitted to or traded on trading venues, in cases where no trading is conducted on trading venues on business days of the country, is the closing price for the day of the last trading session preceding the day to which the valuation relates. Where there are no concluded transactions on the day of the last trading session preceding the day to which the valuation relates, the fair value of these instruments is determined at the closing price or another analogous indicator, publicly announced by trading venues for the nearest day of the 30-day period preceding the day to which the valuation relates. 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. The rule is also applied when reporting the volumes under items 10.1.b.b), 8.b.aa) and 4.2.

14a. (new, by BoD decision of 23.11.2022) The fair value of financial instruments of companies that have been declared insolvent uses a coefficient of zero, respectively their fair value is assumed to be zero.

15. (Amended by BoD decision of 25.04.2012) The fair value of deposits in banks, cash on hand and short-term receivables is valued as at the day of the valuation, as follows:

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

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

17. The subsequent valuation of money-market instruments admitted to or traded on a regulated market or other trading venue is determined in accordance with item 10.1. Where item 10.1 cannot be applied, as well as for money-market instruments that are not traded on a regulated market or other trading venue, the following formulas are used:

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

$$PCD = MV / [1 + (i \times d/365)]$$

where:

$$MV = N \times [1 + (c/100 \times d/365)]$$

PCD – 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 sum, stated on the certificate.

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

$$PTb = N \times [1 - (i \times d/365)]$$

PTb – 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 formulas above is determined in accordance with item 9 a) or item 9 b) of these rules.

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

The value of the Fund's liabilities is equal to the sum of the carrying amounts of the short-term and long-term liabilities per the balance sheet. Liabilities denominated in a foreign currency are calculated in euro at the central rate of the BNB as at the date of the valuation. The liabilities are valued in accordance with the accounting practices in effect at the time the valuation is carried out.

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 per the balance sheet, calculated in accordance with these rules.

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

The role of the auditors for the valuation of the portfolios and determination of the NAV is to give an audit opinion, in accordance with the Independent Financial Audit Act and the professional requirements of the 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 an examination, on a test basis, of the evidence regarding the amounts and disclosures presented in the Fund's financial statements and an assessment of the accounting principles applied and the material estimates made by management, as well as the overall presentation in the financial statements.

II. (Amended by BoD decision of 13.08.2019) Procedure for determining the net asset value, the net asset value per unit, the issue value and the redemption price of the units of Mutual Fund “Progress”

This procedure is based on the requirements of the law and the Fund Rules. The depositary bank exercises overall control over compliance with the law, the Fund Rules and these rules in determining the net asset value, the net asset value per unit, the issue value and the redemption price of the units of the Fund. The management company carries out the activity of gathering and analysing all documents and information that will be used to determine the net asset value, the net asset value per unit, the issue value and the redemption price of the units of the mutual fund, as well as carrying out all necessary accounting operations in connection with this activity.

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

The net asset value, the net asset value per unit, the issue value and the redemption price of the units of the Fund are calculated by the management company under the control of the depositary bank, in compliance with these rules. It is the management company's obligation to publish the issue value and the redemption price.

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

2.1. (Amended by BoD decision of 12.09.2016) 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 terms and procedure of these rules, in accordance with the applicable legislation, the Fund Rules and the Prospectus for the public offering of units. The valuation is carried out on the basis of the assets held by the Fund on the preceding Tuesday and Thursday and the corresponding prices of financial instruments on those days. The management company values the Fund's portfolio, determines the Fund's net asset value and the net asset value per unit, and calculates the issue value and the redemption price, under the control of the depositary bank.

2.2. (Amended by BoD decision of 30.11.2012, 12.09.2016, 20.09.2018, 05.09.2019, 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 9:00 and 12:30 on Wednesday and Friday, the following is carried out:

- the assets and the price of the assets are determined in accordance with these rules;
- all of the Fund's transactions are entered into the accounts, and cash and liabilities denominated in a currency are revalued;
- the net asset value and the net asset value per unit are determined, and a decision is taken regarding the issue value and the redemption price of the units of the Fund. The net asset value per unit is determined by dividing the Fund's net asset value by the number of units in circulation at the time of this determination.

- The issue value is equal to the net asset value per unit, increased by the issuance costs, if such are provided for in the Fund Rules and Prospectus.
- The redemption price of one unit is equal to the net asset value per unit, reduced by the redemption costs, if such are provided for in the Fund Rules and Prospectus;
- 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 the units of the Fund are sent to the depositary bank, together with all information relating to their determination, including the number of units sold and redeemed with completed settlement;
- every Wednesday and Friday, no later than 14:30, confirmation is awaited from the depositary bank as to the correctness of the net asset value, net asset value per unit, issue value and redemption price of the units of the Fund so calculated (where irregularities are found, corrections are made to the discrepancies);
- by 14:30 every Wednesday and Friday, the process of determining the net asset value is complete.

(Amended by BoD decision of 20.12.2016) By the end of the business day on which the issue value and redemption price of the units of the Fund are calculated, the management company announces this data:

- (Amended by BoD decision of 20.12.2016) at the office of the management company, where orders for the sale and redemption of units are accepted and contacts with investors and unit holders in the Fund take place;
- on the website of the management company.
- (New, by BoD decision of 20.12.2016, amended by BoD decision of 23.11.2022) The issue value and the redemption price of the units of the mutual fund may also be disclosed, upon each calculation but without this being mandatory, on the website of the BAUD, or through a financial media outlet or agency.

The management company keeps minutes of the discussions, decisions and sources of information relating to the determination of the Fund's net asset value. The information and documentation used in reaching the decisions are attached to the minutes. The minutes are kept for a minimum of five years. The full documentation and information relating to the determination of the Fund's NAV and the net asset value per unit are stored on a magnetic medium.

The head of the "Regulatory Compliance" department of the management company is responsible for keeping the documents relating to the calculation of the Fund's NAV and determination of the net asset value per unit.

Control over the process of keeping the documents relating to the calculation of the Fund's NAV and determination of the net asset value per unit is exercised by the executive member of the Board of Directors (Executive Director) of the management company.

(Amended by BoD decision of 18.09.2019 and 28.01.2022) The sources of information relevant for calculating the NAV are the official bulletin of “Bulgarian Stock Exchange” JSC, primary dealers in government securities, Reuters, Bloomberg, CEDEL, EUROCLEAR, and others.

The management company systematises, classifies and identifies the sources of information used.

The management company uses a software product for 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 templates to be set for recording the various operations and the subsequent automatic generation of accounting entries, which are accepted into the accounting system. This type of connectivity eliminates double entry of information and helps avoid errors from re-entry. The software reads the daily files of “Bulgarian Stock Exchange” JSC and the other trading venues and includes them in the information array of the system. On the basis of this data, the market price of the positions traded on the BSE and the other trading venues is calculated every Wednesday and Friday, having regard to the volume held of the relevant positions in the portfolio of the mutual fund and in compliance with the criteria set out in these rules for the existence of a market price, and is included in the net asset value. Market prices of other assets will be imported electronically. The software product has different levels of access, which guarantees data protection when calculating the NAV. The programme stores the data relating to the calculation of the NAV, the issue value and the redemption price, and allows them to be checked for prior periods.

The full documentation and information used to determine the net asset value, the issue value and the redemption price are stored on a magnetic medium by the management company for a minimum of 5 years. Owing 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 mutual fund's net asset value

1. The management company is responsible for the adoption, amendment and supplementation of these rules. The management company exercises control over compliance with and application of the rules by all persons participating in the calculation of the net asset value, including the depositary bank.

The management company has the following powers and responsibilities in controlling the activity of valuing the assets of the Fund's portfolio and determining the net asset value:

- The management company reviews, at least once a month, the reports of the depositary bank and all documents and information relating to the performance of the agreements with the depositary bank, and may request additional documents, information and clarifications from the depositary bank. If the additional documents, information and clarifications requested are not provided, the management company immediately notifies the Financial Supervision Commission;

- The management company reviews the procedure for determining the value of the Fund's assets once a year, or upon the occurrence of circumstances relating to the securities market that require this.

2. The management company takes the decisions relating to determination of the NAV, the NAV per unit, the issue value and the redemption price in accordance with the applicable legislation, the Fund Rules and Prospectus, and these rules. The management company determines the value of the assets, and gathers and analyses the data necessary for carrying out 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 the assets.

3. (Amended by BoD decision of 12.09.2016) The depositary bank controls the calculation of the issue value and the redemption price of the units of the Fund in accordance with ZDKISDPKI, the acts on its implementation, the Fund Rules and Prospectus, and these rules. The depositary bank checks the valuation carried out and the net asset value determined and notifies the management company in writing of the outcome of the check by 14:30 on the day of the valuation. Where an irregularity is found, the depositary bank notifies the management company by 14:00 on the day of the valuation and requires the discrepancies to be remedied. Where irregularities or errors are found in the calculation of the issue value and the redemption price of the units, the depositary bank notifies the management company and makes corrections to the issue value and the redemption price.

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

- The management company adopts and applies the Policy for Avoiding Conflicts of Interest that may arise in the process of valuing the assets of the collective investment scheme it manages. The Policy includes rules and measures to ensure protection against the disclosure or use of inside information relating to the valuation of the assets prior to its disclosure.
- (Amended by BoD decision of 12.09.2016 and 03.10.2016) Requirements for the persons working under a contract for the management company:
 - they may not invest the funds of the collective investment scheme in financial instruments issued by themselves or by persons related to them;
 - they may not be a party to transactions with the collective investment scheme, other than in their capacity as unit holders;
 - they disclose information on personal transactions in financial instruments by the end of the business day following the day on which confirmation of the concluded transaction is received;
 - they may not disclose, unless authorised to do so, or use for their own benefit or that of other persons, facts and circumstances concerning the balances and operations on the accounts of the collective investment scheme, as well as any other facts and circumstances

constituting a trade secret that they have learned in the performance of their official and professional duties.

- Orders for the subscription and redemption of units of the collective investment scheme are executed after disclosure of the issue value and the redemption price of one unit.
- The management company ensures the fair treatment of unit holders by applying the principles of protecting their interests, of not favouring one person at the expense of another, of equal treatment under equal conditions, and of full disclosure of the information necessary for making an investment decision.
- The “Regulatory Compliance” department at the management company, within the powers granted to it by law and by internal rules, monitors the lawful and proper conduct of the management company’s activity, and, in the event of a risk of harm to the interests of unit holders, the head of the department immediately notifies senior management, which is obliged to convene a meeting of the Board of Directors within a reasonable time to consider the matter and take specific measures.

(Amended by BoD decision of 08.10.2018 and 28.01.2022) These rules may be amended, supplemented or replaced by decision of the Board of Directors of the management company, which takes effect upon approval by the deputy chair heading the “Supervision of Investment Activity” Directorate of the Financial Supervision Commission.

These rules were adopted by the Board of Directors of the management company “Compass Invest” JSC by decision of 24.10.2008 and amended by decisions of the Board of Directors of 30.08.2011, 06.04.2012, 25.04.2012, 21.05.2012, 30.11.2012, 12.09.2016, 03.10.2016, 20.12.2016, 20.09.2018, 08.10.2018, 13.08.2019, 05.09.2019, 18.09.2019, 11.11.2019, 17.01.2022, 28.01.2022, 23.11.2022, 21.01.2026 and 05.02.2026, whereby the management company acts for the account of Mutual Fund “Progress”.

(Amended by BoD decision of 08.10.2018) The changes adopted by decision of the Board of Directors of 30.11.2012 took effect as of 01.01.2013, and following approval by the Financial Supervision Commission upon a proposal by the deputy chair heading the “Supervision of Investment Activity” Directorate of the Financial Supervision Commission.

These rules were amended by decision of the Board of Directors of Compass Invest JSC of 17.12.2025, whereby the changes were made in connection with the requirements of the Act on the Introduction of the Euro in the Republic of Bulgaria and take effect as of 01.01.2026.

for MC “Compass Invest” JSC,
acting for the account of MF “Progress”:

Milena Aleksandrova,
Chair of the Board of Directors

Ivaylo Angarski,
Executive Director