

PROSPECTUS

03 January 2023

**“ACTIVA HIGH YIELD FUND ”
MUTUAL FUND**

**open – type collective scheme
for investing in shares and dept securities**

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1. INFORMATION REGARDING THE MANAGING COMPANY

1.1. Information regarding the managing company

As a mutual fund, Activa High Yield Fund is not a legal entity and does not have management bodies. The Fund is organized and managed by the Managing Company "Activa Asset Management" AD, with a permit issued by FSC. The main issues concerning the existence, functioning and termination of the Mutual Fund, the Fund's assets and the rights of the shareholders are determined by the Fund's Rules, which are adopted and amended by the Board of Directors of the Managing Company.

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

When carrying out the activity under Art. 4, para. 1 of the LACISPCI /Law on the activity of the collective investment schemes and of other collective investment enterprises/ concerning the public offering of the Fund's shares, as well as the redemption thereof, the Managing Company acts in the name and on behalf of the Fund.

1.2. Name, legal-organisational form, headquarters and contacts

"Activa Asset Management" AD, with headquarters and address of management: Sofia 1592, region "Iskar", 43 "Christopher Columbus" Blvd., correspondence address: Sofia 1592, region "Iskar", 43 "Christopher Columbus" Blvd., tel. 02/4621166, 02/4621167, 02/9651466, 0898122466, e-mail: office@activabg.com, web-site: www.activabg.com is the Managing Company of the Mutual Fund.

1.3. (Amended by decision of the BD on 19.06.2019 and 28.03.2022) Date of registration of the company

"Activa Asset Management" AD was established by decision of the Constituent Assembly held on 21.12.2006; holds License No 25 - УД/16.07.2007 and new License No 58-УД/25.07.2017 for carrying out activity as a managing company under Commission Decision No 469 - УД dated from 20.03.2007; entered in the Commercial Register of the Registry Agency, UIC 175263888.

"Activa Asset Management" AD holds License No ПГ-15-16 /04.02.2022 for carrying out activity of alternative investment fund management within the meaning of Art. 198, para. 1 of LACISPCI Article 198, and additional functions within the meaning of Art. 198, para. 2 of LACISPCI.

1.4. (Amended by decision of the BD on 11.03.2021 and 28.03.2022) Other funds, managed by the Managing Company

At the time of drafting of the prospectus, the Managing Company has organized and manages the following funds- Exchange traded fund "Activa Balanced ETF" and National Mutual Fund – "Activa".

1.5. (Amended by decision of the BD on 20.07.2020 and 05.05.2023) Names and positions in the company of the members of the administrative, managerial ment and supervisory bodies. Information on their main activities outside the company

Members of the Board of Directors

Members of the Board of Directors of the Management Company are *Olga Dimitrova Yordanova, Ivelina Stoycheva Vasileva and Bilyana Stoyanova Georgieva.*

Olga Dimitrova Yordanova (born 1966) is a member of the Board of Directors and Executive Director of the Managing Company.

Olga Yordanova has a Higher Education with acquired Master Degree in Physics at the Sofia University "St. Kliment Ohridski ", (1985-1991). Since 1995 Olga Yordanova has been working in a number of investment intermediaries and managing companies in Bulgaria, she has held positions as back office manager, securities broker, investment consultant and others. Since 1998, Olga Yordanova holds a securities broker license and since 2006 also holds an investment consultant license issued by the FSC.

Ivelina Stoycheva Vasileva is Chairwoman of the Directors' Board of the Managing Company.

Ivelina Vasileva has higher education with acquired Master Degree in law at VTU "St. Cyril and Methodius ", city Veliko Tarnovo. Since 2001 she has worked in the field of law. Since 2008 works as a leading investment intermediary, has held positions as a Legal Adviser and Director of "Legal" Directorate, etc. She speaks English and German.

Bilyana Stoyanova Georgieva is Deputy-chairwoman of the Directors' Board of the Managing Company.

Bilyana Georgieva has a Higher Economic Education – acquired Master Degree in "Forecasting and Planning of Economic Systems" at the University of National and World Economy, Sofia. Since 1993 she has worked as an expert in Bulgarian National Bank and in a leading investment intermediary. She speaks English and Russian.

Iva Krasimirova Mitkova is the Procurator of the Managing Company.

Iva Mitkova has higher education with acquired Master Degree in Financial Management from the University of National and World Economy, Sofia. In the period 2014 - 2016 she worked in the banking sector as a senior bank employee, and since 2016 she has been working in a management company.

Milen Asenov Minchev is the Procurator of the Management Company.

Milen Minchev has a higher education - with acquired a Bachelor's degree in "Finance and Accounting" from University of National and World Economy, Sofia. In the period 2020-2022 he worked in a leasing company, as a product manager, and since 2022 in a Management Company, as a financial analyst.

The Management Company is represented together by the Executive Director and one of the Procurators.

Investment Consultant

The decisions on investing the assets of Activa High Yield Fund will be taken by *Olga Dimitrova Yordanova*, Investment Consultant of the Managing Company.

Olga Yordanova has a Higher Education with acquired Master Degree in Physics at the Sofia University "St. Kliment Ohridski ", (1985-1991). Since 1995 Olga Yordanova has been working in a number of investment intermediaries and managing companies in Bulgaria, she has held positions as back office manager, securities broker, investment

consultant and others. Since 1998, Olga Yordanova holds a securities broker license and since 2006 also holds an investment consultant license issued by the FSC. Olga Yordanova is a licensed investment consultant, possessing certificate № 153-ИК/12.06.2006, issued by FSC.

1.6. Amount of the subscribed capital

The subscribed and deposited capital of the Managing Company to the date of this document amounts to BGN 300 000.

2. INVESTMENT OBJECTIVES, STRATEGIES AND POLICIES

2.1. Name

The name of the Mutual fund is “**Activa High Yield Fund**”

2.2. Date of establishing the Mutual Fund

Activa High Yield Fund is a mutual fund within the meaning of Art. 5, para. 2 of LACISPCI, established and registered in the register of the managing companies and the mutual funds managed by them, kept by the FSC, under Order № 1241 dated from 05.10.2007 under number 05-1378. The Managing Company “Activa Asset Management” AD has been authorized by the FSC to organize and manage the Mutual Fund No 1234 - MF from 26.09.2007. The Managing Company manages the Fund under the constant supervision FSC.

The Fund has UIC 175373078

2.3. Indicating the place where the Fund's rules can be obtained, if not applied, as well as the periodic reports

The Activa High Yield Fund’s rules are available for the investors at the following address:

- Sofia 1592, region “Iskar”, 43 “Christopher Columbus” Blvd., 5th floor, tel.: 02/4621166, 02/4621167, 02/9651466, 0898122466; contact person: Olga Yordanova, from 9:00 to 17:30;
- on the website of the Managing Company www.activabg.com .

2.4. A brief description of the conditions of the tax system applicable to the Mutual Fund that are relevant to the shareholders. Indication of the deductions at the source of income and the positive capital gains paid by the mutual fund to the shareholders

Corporate Taxation of Activa High Yield Fund

The profit of Activa High Yield Fund, as a mutual fund, is not subject to corporation tax.

Taxation of the income of shareholders of the Fund

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

Capital gain

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

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

It should be considered that in case of loss of share deals, the persons subject to taxation under the CITA will have to increase their accounting financial result with the negative difference

between the selling and the acquisition price of the shares. Where shares are acquired at different prices and subsequently a portion of them is sold, and it is not possible to prove which of them are sold, the share acquisition price is the weighted average price determined on the basis of the acquisition price of the shares held at the time of the sale.

This income is also not subject to withholding tax.

Exception for some categories of persons

Income from transactions with shares of the Fund (realized capital gains) and in general with financial assets received by physical persons from third countries other than the abovementioned are subject to a final tax of 10% on the taxable income.

Taxable income is the sum of profits made during the year determined for each particular transaction decreased by the sum of the losses realized during the year determined for each particular transaction. The realized profit / loss for each transaction is determined by the sale price decreased with the cost of acquisition of the shares. Where shares are acquired at different prices and subsequently a portion is sold, and it is not possible to prove which are sold, the share acquisition price is the weighted average price determined on the basis of the acquisition price of the shares held at the time of sale.

2.5. Accounting dates and income distribution dates

Activa High Yield Fund prepares and submits to the Commission and to the public an annual report within 90 days of the end of the financial year and a half-yearly report covering the first six months of the financial year within 30 days from the end of the reporting period with a content specified in Ordinance No 44.

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

2.6. (Amended by decision of the BD on 19.06.2019, 28.03.2022 and 19.01.2023) The names of the auditors responsible for the verification and validation of the accounting information

The financial reports of the Mutual Fund are audited by a registered auditor appointed by the Board of Directors. By decision of the General Meeting of Shareholders dated from 29.06.2022 "BRAIN STORM CONSULT-OD" OOD was elected as a registered auditor of the Fund for 2022. "Activa Asset Management" AD, signed on behalf of the Mutual fund a contract for checking and certifying the Fund's Annual report with "BRAIN STORM CONSULT-OD" OOD in accordance with the Accounting Act, the Independent Financial Audit Act and the International Accounting Standards.

2.7. (Amended by decision of the BD on 26.11.2018) Information on the types and main characteristics of the shares

- The property of the Mutual Fund is divided into shares. The nominal value of the shares of Activa High Yield Fund is BGN 10.00 (ten). The shares of the Mutual Fund are acquired at issue value. The number of shares of the Mutual Fund changes as a result of their sale or redemption.
- The Mutual Fund is considered to be the issuer of the shares to which it is divided. Shares shall be entitled to a relevant portion of the Fund's property, including in case of liquidation of the Fund, redemption right, right to information and right of appeal.

Redemption right. This is a special right that is characteristic of the shares of the mutual funds and of the shares of the open-type investment companies. When the net asset value

of the Mutual Fund reaches 500,000 (five hundred thousand) BGN, each shareholder of Activa High Yield Fund may at any time, within working days and time, have the right to claim its shares to be redeemed by the Mutual fund under the conditions provided in the Fund’s rules and the Prospectus, except when the redemption is suspended in the cases provided by law, in the Fund's rules and in this Prospectus. The redemption request may be for a part or for all shares possessed by the investor.

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

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

Right to lodge a complaint. The terms and procedure for submitting complaints by the investors are regulated in the Policy for acceptance and processing of claims of MC "ACTIVA ASSET MANAGEMENT" AD, available on the website of the Managing Company www.activabg.com.

- The Book of the shareholders of the Mutual fund is kept by the Central Depository. Upon request by the investors, a depository receipt may be issued by the Managing company, the depository institution or the investment intermediary on whose client's account are the shares, as a document certifying the right of ownership.
- The shares to which the net assets of the Mutual fund are divided are dematerialized financial instruments registered in accounts in the Central Depository. The nominal value of the shares of Activa High Yield Fund is BGN 10.00 (ten). The shares of the Mutual fund are acquired at issue value. The number of shares of the Mutual Fund changes as a result of their sale or redemption.
- The Mutual fund shall be terminated by a resolution of the Managing company, including in the case of redemption of all shares, upon withdrawal of the authorization of the Managing company for the organization and management of the Fund by the FSC, except for the revocation of the authorization pursuant to Art. 19, para. 2, item 3 LACISPCs. The Mutual Fund shall also be terminated upon withdrawal of the license of the Managing company, upon withdrawal of the permission for organising and management of the Mutual fund under Art. 19, para. 2, item 3 of LACISPCI, as well as upon winding up or opening of insolvency procedure of the Managing company, if there is no replacement of the Managing company, as well as in other cases provided by the law. Except for the withdrawal of the authorization for the organization and management of the Fund, the termination of the Mutual Fund shall be carried out with the permission of the FSC, under conditions and procedure determined by the law. The persons designated as liquidators of the Fund shall be approved by the FSC.

2.8. *(Repealed by decision on 11.04.2014)*

2.9. *(Ammended with resolution of the Board of Directors on 10.05.2018, 11.03.2021 and 31.03.2023)* **Terms and procedure for issue and sale of shares**

Investors may purchase shares of Activa High Yield Fund or sell their shares in return at a price based on the net asset value (NAV) of the Mutual Fund per share. When acquiring shares of Activa High Yield Fund by another entity, it is normal the price of those shares to be close to the

NAV per share. Therefore, the concept of NAV is a key to understanding the process of investing in the Mutual Fund.

(Amended by a decision of the BD on 10.05.2018 and 19.01.2023) Asset valuation rules

The rules for assessing the portfolio and determining the net asset value of Mutual Fund “Activa High Yield Fund” were adopted by decision on 30 March 2012 (*Appendix 1*) and repeal the adopted on 16 July 2007 rules. The rules were amended and supplemented by the Board of Directors’ Decisions on 04th May 2012, 30th August 2012, 24th September 2012, 07th March 2013, 01st April 2013, 11th April 2014, 05th June 2015, 10th February 2017, 26th March 2018, 10th May 2018, 19.01.2023, 07.03.2023 and 31.03.2023.

(Ammended with resolution of the Board of Directors on 19.01.2023) Purchase the shares directly from the Fund

As a rule, investors can buy shares of Activa High Yield Fund directly from the Fund through its Managing Company every working day. Investors should place a share purchase order with the Managing Company, together with the necessary appendices thereto, in the following offices provided by the Managing Company on a working day from 09:00 to 16:00:

- Sofia 1592, region “Iskar”, 43 Christofer Columbus Street, fl. 5, tel: 02/4621166, 02/4621167, 02/9651466, 0898122466.
- electronically, signed with a qualified electronic signature compliant with Regulation EU 910/2014. An electronic digitally signed purchase order application must be submitted to the e-mail address of the management company: office@activabg.com.

Forms of purchase orders and the necessary declarations are available at the designated offices provided by the Managing company and on the website of the Managing company - <http://www.activabg.com>.

When submitting orders to buy shares, the investors must identify themselves with a document for identification (ID card). When submitting an order on behalf of a legal entity or in other cases of representation, the representative must certify his/her representative authority by documents in accordance with the law (eg with a certificate of actual status of the represented company issued no more than 3 months before the submission or by data from the website of the Commercial Register of the Registry Agency together with an identity document). If the investor, either a physical person or a legal entity, is represented by an attorney when submitting the order, the latter should apply to the order a notarized power of attorney (original or a notary certified copy). The power of attorney must include empowerment for acquisition (to execute transactions) with financial instruments. The management company keeps the original power of attorney, respectively a notarized copy of it. If the power of attorney has multiple effects, the management company keeps a copy of it, certified by the power of attorney and by the person accepting the order. The certification is carried out with the inscription "true to the original", date and signature of the persons. The power of attorney shall not be applied in the case of an investment intermediary's submission of the order. In summary, identification and representation documents when submitting orders to acquire shares from the Fund, including in more specific situations (representation of minors, etc.) are available in the Procedure for Legitimation and Representation to the Regulations of “Central Depository” AD. Additional information in this respect can be obtained in the offices where the orders are accepted, as well as from the website of the Managing company.

The investor may withdraw (canceled) the submitted order for the purchase of shares from the Fund no later than 16:00 on the nearest day (Monday or Wednesday), preceding the day to determine the net asset value (Tuesday or Thursday).

Issuing value (purchase price)

The issue value for the purchase of shares of the FUND is equal to the net asset value of the Mutual Fund per share. It is calculated twice a week (on Tuesdays and Thursdays) and is announced as share issue value. The orders for subscription of shares submitted on a working day are executed at issue price, respectively redemption price, on the nearest working day following the day of the announcement of the price:

- a) Orders submitted on Thursday, Friday, and Monday are issued at issue price calculated on Tuesday.
- b) Orders submitted on Tuesday and Wednesday are issued at issue price calculated on Thursday.

When the day of calculation of an issue value is a non-working day, the value is calculated and announced on the next working day.

The amount for the acquired shares is transferred by bank transfer to the special account at the Depository opened by the Managing company in favor of the Fund. The amount can also be paid in cash at the counters provided by the Managing company. The order is executed up to the amount of the sum paid by the investor, divided by the determined issue value per share, and the number of the bought shares is rounded to the lower integer, and a partial share is credited to the remainder of the amount deposited, according to the rules of the Central Depository.

(Amended by a decision of the BD on 10.05.2018) Additional costs.
None

Execution of an order for purchase and acquisition of shares.

The order is executed not later than 7 days after the date of submission of the order, by certifying the securities account of the investor in “Central Depository” AD with the number of purchased shares. The Managing company shall provide confirmation about the execution of the order as soon as possible but not later than the end of the working day following the execution of the order.

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

Other ways to buy shares of the Fund

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

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

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

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

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

The conclusion of transactions with the shares of the Mutual Fund (as with the shares of any public or investment company) is regulated strictly and in detail by the provisions of the LACISOUCI, the LPOS / Law on Public Offering of Securities/, the LMFI/Law on Market and Financial Instruments/ and the regulations for their implementation, and the Regulations of “Central Depository” AD.

2.10. (Amended by a decision of the BD on 11.03.2021 and 19.01.2023) Terms and conditions for redemption of shares and circumstances in which redemption may be suspended

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

Shareholders are required to submit a redemption order, together with the necessary applications, in the offices where subscription orders are received each working day from 09:00 to 16:00:

- Sofia 1592, region “Iskar”, 43 Christofer Columbus Blvd., fl. 5, tel.: 02/4621166, 02/4621167, 02/9651466, 0898122466.
- Or electronically, signed with a qualified electronic signature compliant with Regulation EU 910/2014. An electronic digitally signed redemption order application must be submitted to the e-mail address of the management company: office@activabg.com.

Forms of redemption orders and the necessary declarations are available at the designated offices provided by the Managing company or on the website of the Managing company - <http://www.activabg.com>.

When submitting redemption orders, shareholders must identify themselves with a document for identification (ID card). When submitting an order on behalf of a legal entity or in other cases of representation, the representative should certify its representative authority according to the law (eg with a certificate of actual status from the Commercial Register of the Registry Agency, issued at the latest 3 months before its submission or by data from the website of the Commercial Register of the Registry Agency and the identity document of the representative or a declaration for the data in the identity document). If the investor is a physical person or a legal

entity represented by a proxy, the latter should attach a notarized power of attorney (original or a notary certified copy) to the order. The power of attorney must include authorization for dealing with financial instruments (share sale). The management company keeps the original power of attorney, respectively a notarized copy of it. If the power of attorney has multiple effects, the management company keeps a copy of it, certified by the power of attorney and by the person accepting the order. The certification is carried out with the inscription "true to the original", date and signature of the persons. The requirement for PoA does not apply when placing an order through an investment company. In summary, identification and representation documents when submitting redemption orders for Fund shares, including in more specific situations (representation of minors, etc.), are contained in the Procedure for Legitimation and Representation to the Regulations of “Central Depository” AD. Additional information can be obtained at the offices of the Managing company where the orders are accepted, as well as from the website of the Managing company.

The investor may withdraw (cancel) the redemption order of the Fund until 16:00 on the nearest day (Monday or Wednesday), preceding the day to determine the net asset value (Tuesday or Thursday).

Redemption Price.

Activa High Yield Fund redeems its shares at a redemption price equal to the net asset value of the Mutual Fund per share. The redemption price at which orders for the redemption of shares of the Fund are executed is calculated twice a week (on Tuesdays and Thursdays) and is announced as a redemption price. The redemption orders submitted on a given working day are executed at issue value, respectively redemption price, for the nearest working day following the day of the announcement of the price:

- (a) At redemption price calculated on Tuesday, orders placed on Thursday, Friday and Monday shall be executed.
- (b) At redemption prices calculated on Thursday, orders placed on Tuesdays and Wednesdays shall be executed.

When the day of calculation of a redemption price is a non-working day, the value is calculated and announced on the next working day.

Additional costs.

None

Execution of orders for redemption and transfer of redemption shares.

Orders for redemption are executed and the securities account of the investor in “Central Depository” AD is obliged to redeem the shares not later than 10 days after the day of the order submission.

The amount due against redemption is paid to the investor within three days from the date of execution of the order on a specified bank account or in cash at the counters of the Managing company.

The Managing company shall provide confirmation for the execution of the order as soon as possible but not later than the end of the working day following the execution of the order.

Temporary suspension of redemption.

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

Examples of cases where the redemption of the Fund's shares may be temporarily suspended are:

- where the contracting of transactions is terminated or suspended or subject to restriction on a regulated market of securities on which a considerable part, more than 20 % of the assets of the mutual fund are listed or traded – for the period of suspension or restriction;
- where it is impossible to properly assess the assets or the liabilities of the mutual fund or the MC is unable to undertake acts of disposition with them without injuring the interests of the shareholders - for the period while it is impossible;
-
- if a decision has been made in favour of dissolution or transformation through merger, division or separation of the Mutual fund – until termination of the procedure;
- **(Repealed, by decision of the BD on March 22, 2017)**
- in the event of revocation of the depository’s banking licence or imposition of other restrictions on its activity, the said revocation or restrictions either making it impossible for the depository to perform its obligations under the depository services contract or creating a possibility of the investors’ interests being injured – for the minimum necessary period, but not more than 2 months;
- in other cases regulated by LACISOUCI and / or Ordinance No. 44.

Upon temporary suspension of the redemption, the Managing company immediately suspends the issue of shares and informs about these circumstances the FSC and the relevant competent authorities of all the Member States in which it offers the shares of the Fund (if any, other than Bulgaria) and the Depository and "Central Depository" AD until the end of the working day. The temporary suspension of redemption is also announced in all the offices of the Managing company, where the Fund's shares are offered. The Managing company shall notify the shareholders of the Fund about suspension of the redemption, respectively for the extension of the suspension period of the redemption immediately after the decision has been taken, respectively not later than 7 days before the expiry of the initial period. If the suspension period is shorter than 7 days, including in cases where the redemption has been suspended for technical reasons, the Managing Company shall make the notifications under the preceding sentence until the end of the working day preceding the date on which the redemption should have been renewed.

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

Other ways to sell shares of the Fund.

Investors - physical persons may sell shares of the Mutual Fund directly to other physical persons by using the services of an investment intermediary - a registration agent.

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

2.11. Description of the rules for determining and using (allocating) income

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

2.12. A description of the investment objectives of the mutual fund, including its financial objectives (eg capital growth or realized income), investment policy (eg territorial or sectoral specialization), investment policy constraints and indication of techniques and instruments or borrowing powers may be applied to the management of the mutual fund

Investment objectives

The main objective of the Mutual Fund is to ensure the long-term growth of its investments as well as to increase the value of the shareholders' investments by realizing the maximum possible income taking a moderate to high risk and providing liquidity to the shareholders' investments. The growth is ensured by investing in high yield assets, and risk management - through diversification techniques and asset combining. Among the main objectives of the Fund is the provision of liquidity - both for its own investments and for investments in shares of the Fund. There is no certainty that Activa High Yield Fund will achieve its investment goals.

(Amended by decision of the BD on 10.05.2018 and 19.01.2023) Investment strategy and policy. Categories of assets in which the Fund may invest.

The main objectives of the Mutual Fund are to increase the value of the shareholders' investments by realizing the maximum possible income taking a moderate to high risk and providing liquidity of the shareholders' investments. The Fund invests predominantly in securities admitted to or traded on a regulated market in Bulgaria. The Fund will invest in fixed-income debt securities and instruments, primarily for the purpose of maintaining liquidity and in times of market turmoil. The investment strategy of the Mutual Fund envisages the realization of capital gains from securities, income from dividends / income from shared securities, as well as current income from debt securities and other financial instruments. To achieve the investment objectives, a strategy for active portfolio management of securities, financial assets and cash will be implemented. To achieve its investment objectives, the Fund may apply appropriate strategies protecting against market, currency and other risks (hedging): options, futures, swaps and other derivative transactions.

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

In particular, under the Mutual Fund Rules, its assets will be invested in the following groups of financial instruments and other financial assets and within the following maximum percentages:

1. shares in companies, tradable rights and other securities equivalent to shares in companies admitted to or traded on a regulated market under Art. 152, para. 1 and 2 of the MFIA /Financial Instruments Market Act/ or traded on another regulated market in Bulgaria - up to 90% of the Fund's assets;
2. shares in companies, tradable rights and other securities equivalent to shares in companies admitted to or traded on a regulated market under Art. 152, Art. 1 and 2 of the MFIA or traded on another regulated market in a Member State and admitted to trading on an official stock exchange market or traded on another regulated market in **a third country** which is included in

a list approved by the Commission on a proposal by the Vice-chairman - up to 90% of the Fund's assets;

3. shares of other collective investment schemes authorized to implement activity under Directive 2009/65 / EC of the European Parliament and of the Council and / or other collective investment schemes within the meaning of § 1 (10) LACISOUCI, **having its headquarter in Bulgaria, in another Member State or in a third country**, meeting the requirements of Art. 38, para. 1, item 5, b. "A" LACISOUCI, provided that in accordance with the statutes and rules of these collective investment schemes, they may invest not more than 10 per cent of their assets in other collective investment schemes - up to 10% of the Fund's assets;

4. deposits in banks, payable on request or with the right to be withdrawn at any time and with a maturity date of not more than 12 months, provided that the bank has its registered office in the Republic of Bulgaria or in another Member State; and if it is domiciled in a third country provided it is subject to prudential rules which the Commission, on a proposal by the Vice-President, considers equivalent to those under European Union law, up to 50% of the Fund's assets;

5. total up to 90% of the Fund's assets in:

(a) securities and money market instruments issued from the Republic of Bulgaria or another Member State and a third country;

(b) money market instruments **other than those dealt on a regulated market** if the issuer or the issuer of such instruments is supervised to protect the depositors or deposits guaranteed by the Republic of Bulgaria or another Member State, issued or guaranteed by the Bulgarian National Bank, from a central bank of another Member State, the European Central Bank, the European Union or the European Investment Bank, a third country, and, in the case of a federal state, one of the members of the federal state; a public international organization of which at least one Member State is a member,

(c) securities and money market instruments issued or guaranteed by the persons under b. "b" (excluding those under b."a") and admitted to or traded **on a regulated market** under Art. 152, para. 1 or 2 of the MFIA or traded on another regulated market in the Republic of Bulgaria or in another Member State or admitted to trading on an official stock exchange market or traded on another regulated market in a third country that is included in the list approved by the Commission by a proposal of the Vice-President;

6. covered bonds and other debt securities issued by Bulgarian or foreign banks admitted to or traded on a regulated market under Art. 152, para. 1 or 2 of MFIA or traded on another regulated market in the Republic of Bulgaria or another Member State or admitted to trading on an official market on a stock exchange or traded on another regulated market in a third country which is included in the list approved by the Commission by a proposal by Vice-Chairman - up to 40% of the Fund's assets;

7. corporate bonds (other than those under item 6), other debt securities and money market instruments admitted to or traded on a regulated market under Art. 152, para. 1 and 2 of the MFIA or traded on another regulated market in Bulgaria - up to 60% of the Fund's assets;

8. securities and money market instruments issued or guaranteed by **regional or local authorities** of the Republic of Bulgaria, a Member State or a third country admitted to or traded on a regulated market under Art. 152, para. 1 and 2 of the MFIA or traded on another regulated market in Bulgaria or another Member State or admitted to trading on an official market on a stock exchange or traded on another regulated market in a third country which is included in the list approved by the Commission by a proposal of Vice-Chairperson - up to 60% of the Fund's assets;

9. debt securities and money market instruments admitted to or traded on a regulated market under Art. 152, para. 1 and 2 of the MFI or traded on another regulated market in another **Member State** or admitted to trading on an official market on a stock exchange or traded on another regulated market in **a third country** that is included in the list approved by the Commission by a proposal Vice-Chairperson - up to 60% of the Fund's assets;

10. Recently issued securities if the conditions of the issue include an assumption of an

obligation to request admission and to be admitted not later than one year after their issuance for trading on “Bulgarian Stock Exchange – Sofia” AD or another official market on another stock exchange or another regulated market included in a list approved by the Commission by a proposal of the vice-chairperson - up to 60 per cent of the Fund's assets;

11. other eligible under Art. 38, para. 1 LACISOUCI securities and money market instruments - up to 30% of the assets of the Fund;

12. (Amended by decision of the BD on 19.01.2023) other eligible securities and money market instruments other than those specified in paragraphs 1 to 11, including those not admitted to and / or traded on a regulated market, to the extent permitted by law - up to 10 per cent of the assets of the Fund.

Activa High Yield Fund intends to invest mainly in shares and tradable rights traded in Bulgaria and other Member States. The Fund may also invest in third countries included in a list approved by the Commission on a proposal by the Vice-President. Under normal circumstances, approximately 80-90% of the Fund's portfolio is expected to consist of shares, as well as of tradable rights to acquire shares of new issues in the capital increase of the respective public companies.

The share of debt securities, including covered, other corporate and municipal bonds, government securities and money market instruments, will be around 30-40% of the portfolio. The specific asset structure will depend on the current market conditions and will be dynamic within the limits of the above restrictions.

Under a prolonged market downgrade, investment in the group of shares will be withdrawn and directed to low-risk assets. This will be done in order to protect investors' investments.

(Amended by decision of the BD of 31.03.2023) *Other investment strategies and techniques. Repo deals.*

Fund rules allow the application of appropriate strategies and techniques to protect against market, currency and other risks (hedging): options, futures, swaps and other derivative transactions. Derivative transactions are associated with different and higher risks than traditional investments (see “Risk Factors: Risks of Using Derivatives”). There is no certainty that such deals and techniques, if implemented, will be successful. The possibility to use these strategies and techniques may be restricted by the market conditions as well as by regulatory rules and requirements.

The Fund may use effective portfolio management techniques that are contracts for purchase or sale of financial instruments with a repurchase agreement (Repo deals), provided that the transactions are economically appropriate, the risks arising from them are adequately identified in the risk management process and provided they implement at least one of the following objectives:

1. reduction of the risk;
2. cost reduction;
3. generating additional earnings for the Fund at a level of risk that is consistent with its risk profile and risk diversification rules.

The use of repo deals may not result in a change in the investment objectives and restrictions or in an increase of the risk profile of the Fund as set forth in its Rules.

The collective investment scheme may only enter into repo deals if the counterparties are credit or financial institutions subject to prudential supervision by a competent authority of a Member State or another country, a party to the Organization for Economic Cooperation and Development Agreement.

The Mutual Fund may conclude repo deals only if:

- (a) (Amended by decision of the BD on 19.01.2023) the counterparties are subject to supervision by a financial regulator from a Member State or another country that is a party to the Organization for Economic Cooperation and Development Agreement;
- (b) they have financial instruments in which the Fund may invest in accordance with its Rules.

The Fund provides separately in its financial reports information about all financial instruments, purchased or sold under repo-deals, also disclosing the total amount of contracts existing to the date of preparation of the report as well as information about the contracts terminated during the reporting period.

Upon conclusion of repo deals, the risk exposure of the Fund to each counterparty can not exceed 10 per cent of its assets when the counterparty is a bank under Art. 38, para. 1, item 6 LACISOUCI and 5% of the assets in the other cases.

The Fund may conclude repo deals for purchase of financial instruments subject to repurchase them from the seller at a price and within the term specified in the contract between the two parties or reverse repo deals subject to the following limitations:

- (a) (Amended by decision of the BD of 19.01.2023) the contract expressly provides for the possibility of its early termination by the Fund, in which case the Fund will buy back the loaned financial instruments, the subject of the contract, or receive back the full amount of money;
- (b) The Fund must provide a repurchase value at a level that allows it at any time to meet its obligations to buy back its own shares at the request of their holders.
- (c) The financial instruments that may be the subject of a repurchase transaction are:
 1. money market instruments within the meaning of Art. 38, para. 1, item 9 LACISOUCI;
 2. bonds issued or guaranteed by a Member State or another country, a party to the Organization for Economic Cooperation and Development Agreement, their central banks, their local authorities, the European Central Bank, the European Investment Bank or a public international organization, where at least one Member State belongs, as well as qualifying debt securities issued or guaranteed by third countries with a credit rating of not less than an investment awarded by a credit rating agency, registered or certified in accordance with Regulation (EU) № 1060/2009;
 3. shares issued by a collective investment scheme calculating a net asset value at least twice a week whose registered office or the registered office of its managing company is in a Member State or another state, a party to the The Organization for Economic Cooperation Agreement;
 4. bonds traded on a regulated market in a Member State or another state, a party to the Organization for Economic Cooperation Agreement whose bond trade is sufficiently liquid;
 5. shares traded on a regulated market in a Member State or another country, a party to the Organization for Economic Cooperation Agreement provided that those shares are included in an official index on that market.

(Amended by decision of the BD of 19.01.2023) The Fund may enter into repurchase agreements /repo deals/ for the sale of financial instruments subject to repurchase by the Fund at a price and within a period specified in the agreement between the parties and upon maturity shall be required to have sufficient funds to repay the amount, agreed for the redemption of the financial instruments.

(New, adopted through a decision of the BD dated 19.01.2023) Term repo transactions and reverse repo transactions, the duration of which does not exceed seven days, are considered transactions, the terms of which allow the Fund to buy back its units at any time at the request of their holders.

Investment restrictions (Amended by decision of the BD on 28.04.2021, 19.01.2023 and 31.03.2023)

The management company does not have the right to invest more than 5 per cent of the assets of the Fund in transferable securities or money market instruments that are issued by the same person.

The management company is not allowed to invest more than 20 per cent of its assets in deposits with the same person under Art. 38, para. 1, subpara. 6 of the LACISOUCI.

The risk exposure of the Fund to the counter party under a transaction involving derivative financial instruments traded off-exchange may not exceed 10 per cent of the assets in those cases where the counter party is a credit institution under Art. 38, para. 1, item 6 of the LACISOUCI, while in all the other cases it may not exceed 5 per cent of the assets.

The management company is entitled to invest up to 10 per cent of the assets of the mutual fund into transferable securities or money market instruments that are issued by the same person, provided that the total value of these investments with persons in each one of which the Fund has invested more than 5 per cent of its assets does not exceed 40 per cent of its assets. The restriction under the first sentence shall not apply to the deposits in those credit institutions upon which prudential supervision is exercised, neither shall it apply to those transactions with these institutions which involve derivative financial instruments traded off-exchange. When calculating the total value of the assets under sentence one, the securities and the money market instruments under para. 6 and para. 18 are not taken into account.

Notwithstanding the restrictions above, the Fund may not combine investments in transferable securities or money market instruments issued by a single body, the deposits with that body and the exposure to the same body arising from transactions in OTC derivative financial instruments, where as a result of such combination the total value of said investments will exceed 20 per cent of the assets of the Fund.

The management company has the right to invest up to 35 per cent of the assets of the mutual fund in transferable securities and money market instruments that are issued by the same person, if the securities and money market instruments are issued or guaranteed by the Republic of Bulgaria, or by another Member State of the European Union, or by the regional or local authorities of a Member State, or by a third country or by a public international organisation that at least one Member State is a member of.

The management company has the right to invest up to 25 per cent of the assets of the mutual fund in covered bonds. The total amount of the investments under the first sentence in excess of the limit under Paragraph 1 for exposures to an individual issuer may not exceed 80 per cent of the assets of the collective investment scheme

The total value of all prior investment restrictions cannot be combined when, as a result of this combination, the total value of the investments of the Fund in transferable securities or money market instruments issued by the same person, together with the deposits with the said person, and the exposition to the said person arising as a result of transaction which involve derivative financial instruments will exceed 35 percent of the Fund's assets.

Those companies which are included in the same group for the purposes of drawing up a consolidated financial statement in accordance with the established accounting standards are regarded as one person in those cases where the above restrictions are applied.

The total value of the investments in transferable securities or money market instruments that are issued by the companies within the same group may not exceed 20 per cent of the value of the assets of the Fund.

The management company may invest no more than 10 per cent of the assets of the mutual fund in the shares of one enterprise for collective investment according to Art. 38, para. 1, item 5, regardless whether it has its headquarters in a Member State or not, provided that according to the statutes and rules of such collective investment schemes they may invest in aggregate not more than 10 per cent of their assets in other collective investment schemes.

In addition, the Mutual Fund may not acquire more than:

1. ten per cent of non-voting shares that are issued by the same person;
2. ten per cent of the bonds or other debt securities that are issued by the same person;
3. twenty-five per cent of the units in the same collective investment scheme or another undertaking for collective investments which fulfils the requirements set forth in Art. 4, para. 1 of the LACISOUCI;
4. ten per cent of the money market instruments that are issued by the same person.

These restrictions shall not apply where the exercised rights concern subscription and ensue from transferable securities and money market instruments which form part of the assets of the Fund.

In the event of a violation of the investment restrictions, this violation being due to reasons beyond the control of the management company or resulting from the exercise of rights to subscription, the management company shall give priority to bringing the assets of the Fund in line with the investment restrictions, giving consideration to the interests of the holders of units, doing so through sales transactions not later than six months following the commitment of the violation. In these cases it is within 7 days following the commitment of the violation that the management company shall have to notify the Commission, providing information about the reasons for the violation and the measures taken for the remedy thereof.

The total value of the Fund's exposure related to derivative instruments cannot be greater than the net value of its assets.

The Fund may invest in derivative financial instruments subject to the restrictions under Art. 12, para. 7 - 9 of the Fund's Rules and provided that the exposure to the underlying assets in general does not exceed the investment restrictions under Art. 12, para. 1-9 of the Rules of the Fund.

When the Fund invests in derivative financial instruments based on indices, these instruments are not combined for the purposes of the investment restrictions under Art. 12, para. 1-15 of the Rules of the Fund.

When transferable securities or money market instruments contain an embedded derivative instrument, the Fund's exposure to this derivative instrument is taken into account when calculating the total exposure under Art. 12, para. 14 of the Rules of the Fund. When a total return swap is carried out or an investment is made in other derivative financial instruments with similar characteristics, Art. 45 – 49 of LACISOUCI.

In the event of a violation of the investment restrictions set forth in this Chapter, this violation being due to reasons beyond the control of the management company or resulting from the exercise of rights to subscription, the management company shall give priority to bringing the assets of the Fund in line with the investment restrictions, giving consideration to the interests of the holders of units, doing so through transactions for sale not later than six months following the commitment of the violation.

In the course of managing the mutual fund, the management company shall implement the investment policy described above with a view to achieving the investment objectives of the Fund. The management company shall abide by the investment restrictions set out in the law and in the company's rules.

Requirements for the assets in which the Fund invests

1. Transferable securities in which the Mutual Fund may invest must meet the following conditions:
 - 1.1. the losses, that the Mutual Fund may bear from their holding, are limited to the amount of the price paid for them;
 - 1.2. their liquidity does not affect the ability of the Fund by the request of the shareholders to buy back their shares;
 - 1.3. have a reliable estimate:

- a) the securities admitted to or traded on a regulated market under Art. 38, para. 1, item 1 - 4 LACISCIPI, have accurate, reliable and regularly established prices, which are provided by the market or by rating systems that are not independent on the issuers;
 - b) the securities under Art. 38, para. 2 LACISCIPI have a periodic assessment carried out on the basis of information provided by the issuer or on the basis of a competent investment survey;
- 1.4. there is appropriate information:
- a) for the securities admitted to or traded on a regulated market under Art. 38, para. 1, item 1 - 4 LACISCIPI, accurate and detailed information is regularly provided to the securities market or, where applicable, to the security portfolio;
 - b) for the securities under Art. 38, para. 2 LACISCIPI accurate information to the Mutual Fund Fund is provided regularly or, where applicable, to the securities portfolio;
- 1.5. they are transferable;
- 1.6. their acquisition corresponds to the investment objectives and / or the investment policy of the Mutual Fund;
- 1.7. the risk associated with them is adequately identified in the Mutual Fund Risk Management Rules.
2. The requirements under items 1.2 and 1.5 are deemed to exist for transferable securities that are admitted to or traded on a regulated market under Art. 152, para. 1 or 2 of the MFIA, on another regulated market or on an official market of a stock exchange or another regulated market in a third country operating regularly, recognized and publicly available which is included in a list approved by the Vice-Chairperson, unless the Mutual Fund has information , which leads to another conclusion.
3. Money market instruments in which the Mutual Fund may invest must be liquid and of a value that can be accurately determined at any time.
4. Money market instruments, in which the Mutual Fund may invest shall, be considered as normally traded on the money market if they meet one of the following requirements:
- 4.1. have maturity for the issuance up to 397 days inclusive;
 - 4.2. have a residual maturity up to 397 days inclusive;
 - 4.3. are subject to regular yield adjustments under the conditions of the money market at least every 397 days;
 - 4.4. their risk profile, incl. in terms of their credit risk and the risk, related to the interest rate, corresponds to the risk profile of financial instruments maturing under items 4.1 and 4.2 or to yield adjustments under item 4.3.
5. Money market instruments in which the Mutual Fund may invest are liquid money market instruments that may be sold at limited costs and in a sufficiently short period of time in view of the Fund's obligation to repurchase its shares at the request of the holders of shares.
6. The money market instruments in which the Mutual Fund may invest shall have a value that can be accurately determined at any time if they are available with accurate and reliable rating systems that meet the following requirements:
- 6.1. allow the Mutual Fund to calculate its net asset value in EUR corresponding to the value at which the instrument included in the portfolio can be exchanged between informed and agreed parties in usual competitive conditions;
 - 6.2. based on market data or on evaluation models, including systems, based on amortization rates.
7. The requirements under items 5 and 6 are considered to be available for the money market instruments admitted to or traded on a regulated market under Art. 152, para. 1 and 2 of the MFIA, on another regulated market or on an official market of a stock exchange or other regulated market in a third country that operates regularly, recognized and publicly available and which is included

in a list approved by the Commission on a proposal made by the vice-chairperson, if the Mutual Fund does not have information that leads to another conclusion.

8. The Money Market Instruments under Art. 38, para. 1 (9), LACISCIPI must be freely transferable and appropriate information is available for them, including information necessary to make an appropriate assessment of the credit risks associated with investing in them.

9. Additional requirements regarding securities, money market instruments and other assets in which the Mutual Fund may invest are contained in Chapter Two, Section III of Ordinance No. 44.

Liquidity requirements

Not less than 5 per cent of the assets must be monetary funds, securities, money market instruments or other means of payment determined by an ordinance.

The Fund must maintain such a structure of assets and liabilities that enables it to meet at any time the redemption obligations of its shares.

Other restrictions (Amended by decision of the BD on 10.05.2018 and 28.04.2021)

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

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

When implementing its investment activity, Activa High Yield Fund can not sell securities, money market instruments and other financial instruments under Art. 38, para. 1, item 5, 7, 8 and 9 of the LACISCIPI, which the Mutual Fund does not own.

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

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

- the loan is necessary to cover the redemption obligations;
- the loan, respectively the total amount of loans in the same period, does not exceed 10 per cent of the Fund's assets;
- the term of the loan is not longer than 3 months;
- the conditions of the loan agreement are not less favorable than the usual conditions of the market

The management company acting on account of all collective investment schemes or other collective investment undertakings managed by it may not acquire voting shares which would enable it to exercise significant influence over the management of an issuing body. Significant influence within the meaning of sentence one shall exist in the cases of holding 20 per cent or more of the votes in the general meeting of an issuer, which shall be set in accordance with Articles 145 and 146 of the Public Offering of Securities Act.

Changes in investment strategy, policy and constraints

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

Notwithstanding the above, if a discrepancy arises between the investment strategy, policy and constraints of the Fund as set out in the Prospectus, and subsequent amendments to the LACISCIPI and its by-laws for its application regarding the requirements and restrictions on the composition and structure of the investments and to the activity of Activa High Yield Fund, its Rules provide for the application of the new regulations from their entry into force. In these cases, the Managing Company will bring the Mutual Fund Rules and Prospectus into compliance with the regulatory changes as soon as reasonably practicable.

Assignment of functions and activities to third persons

The management company is entitled to conclude a contract through which it delegates to a third party certain functions and actions under Art. 86, para. 1 of the LACISOUCI, in compliance with the terms and conditions set forth in Art. 106, para. 1, subparas 1 through 8 of the said Law.

Where the delegation of functions and actions concerns the management of the investments, the following additional requirements must be fulfilled as well:

1. the delegation must take place in compliance with the criteria for redistribution of the investments, these criteria being set regularly by the management company;
2. the third party to which the functions are delegated must be licensed or registered for the purposes of management of assets and must be subject to supervision as regards the fulfilment of the requirements concerning the carrying out of its activity;
3. cooperation must be ensured between the Commission and the body exercising the supervision over the third party in those cases where the delegated functions concern the management of the investments of a person from a third country.

(New, adopted through a decision of the BD dated 19.01.2023) When the management company delegates portfolio management functions to a third party, it should ensure that the third party complies with the independence requirements under Art. 45d of Ordinance 44, with a view to preventing dependence and excessive influence from the stress tests carried out by the third party.

2.13. Asset valuation rules

The methodology is based on the Rules of the Mutual Fund and the normative acts related to its activity.

As a mutual fund, Activa High Yield Fund has no capital within the meaning of the Commercial Law, which is entered in the Commercial Register. The Mutual Fund was established by its registration in the register kept by the FSC without raising money and without possessing properties (assets). The law requires the Net Asset Value (net assets) of the Mutual Fund to be not less than BGN 500,000. The net asset value is the value of the Mutual Fund's rights (assets) decreased with the value of its obligations (liabilities). Contributions to the Fund's property are made only in cash. The minimum amount of the Fund's net asset value must be reached within two years of receiving the FSC's authorization to organize and manage the Fund. If the net asset value of the Mutual Fund does not reach BGN 500,000 within the term of the second sentence of this paragraph or for 6 consecutive months the average monthly net asset value of the Mutual Fund is less than BGN 500,000 the Managing Company must within 10 working days to explain

the reasons for this, the measures it will take to attract new investors and the period within which these measures will be applied and in which the Mutual Fund is expected to restore the amount of its net asset value. The term of 10 working days shall begin to run from the expiry of the two-year period under sentence two of this paragraph, respectively from the expiration of 6 consecutive months under the third sentence of this paragraph. The disclosure shall be made on the web site of the Managing Company and in another appropriate manner in view of the established means for contact with the investors. The Managing Company shall provide the Commission with a copy of the disclosed information by the end of the next working day after its disclosure and with information on the results of the measures taken till the 10th day of each month until the minimum amount referred to in the first sentence of this paragraph is reached.

The net asset value of the Mutual Fund increases or decreases in accordance with the change in the number of issued and redeemed shares as well as as a result of the change in the market price of the Fund’s investments and its liabilities.

Asset valuation methods

The asset valuation methods are set out in Appendix 1 - Portfolio Valuation Rules and Net Asset Value determination.

2.14. Determination of the sale or issue price and the redemption or purchasing price of the shares and in particular:

2.14.1. method and frequency of calculation;

Assessment of the Fund's liabilities

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

Determination of net asset value

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

Procedure for determining the net asset value, the net asset value per share, the issue value and the redemption price of the shares of Mutual Fund “Activa High Yield Fund”

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

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

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

(Amended by resolution of the BD of 10.05.2018) Technology for determining the NAV, NAV per share, issue value and redemption price

The net asset value of the Mutual Fund and the net asset value per share are determined twice a week (Tuesday and Thursday) not later than 13:00 on the respective day under the terms and conditions of the Fund's Rules and Prospectus, and under the current legislation. The Managing Company assesses the Fund's portfolio, defines the net asset value of the Fund, the net asset value per share, and calculates the issue value and the redemption price under the control of the Depository.

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

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

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

- the assets and the cost of the assets are determined in accordance with the Prospectus, the Rules and Rules for portfolio valuation and the determination of the net asset value of the Fund;
- accounting of all operations of the Fund and the revaluation of the monetary funds and liabilities, denominated in foreign currency;
- the net asset value, the net asset value per share, and a decision is accepted on the issue value and the redemption price of the Fund's shares. The net asset value per share is determined by dividing the net asset value of the Fund by the number of shares in circulation at that time. The issue value is equal to the NAV per share. The redemption price is equal to the NAV per share. The issue value and the redemption price are rounded to the fourth digit after the decimal point.
- the calculated net asset value, the net asset value per share, the issue value and the redemption price of the Fund's shares as well as all the information on their determination, including the number of sold shares and redeemed shares with completed settlement; will be sent to the Depository by 11:00;
- confirmation from the Depository is waited until 12:00 about the correctness of the calculated net asset value, net asset value per share, issue value and redemption price of the Fund's shares (in case of detected discrepancies, corrections are made for the incompliances) ;
- until 13:00 on the day of determination of the net asset value and the net asset value per share, the process of determining the net asset value is completed.

The Managing Company keeps records of the discussions, decisions and sources of information related to the determination of the net asset value of the Fund. The information and documentation, used to make the decisions, shall be attached to the records. The protocols shall be kept for a minimum of five years. The complete documentation and information related to the determination of the NAV of the Fund and the net value per share are stored on a paper and/or magnetic carrier.

The control over the process of storing the documents related to the calculation of the NAV of the Fund and the determination of the net asset value per share is implemented by the Executive members of the Board of Directors (The Executive Directors) of the Managing Company.

The sources of information for calculating NAV are the official bulletin of “Bulgarian Stock Exchange” AD, the information systems of the foreign regulated markets and other trading venues, the primary dealers of the government securities, Bloomberg and others.

The managing company systemizes, classifies and indicates the used sources of information.

The Managing Company uses a software product to calculate the net asset value, the issue value and the redemption price.

The software product is associated with the Fund's accounting system, which allows for stacking of the models for accounting the various operations and the subsequent automatic generation of the accounting records accepted in the accounting system. This type of connectivity eliminates duplication of information, as well as promotes to avoid re-entry errors.

The program product has different levels of access, which guarantees data protection when calculating the NAV. The program stores the data related to the calculation of the NAV, the issue value and the redemption price, and allows for their check for prior periods.

All the documentation and information used to determine the net asset value, issue value and redemption price shall be kept on paper and / or magnetic bearer by the managing company for at least 5 years. Due to the risk of loss by technical reasons, it is also stored on a second magnetic carrier.

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

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

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

The Depositary controls the calculation of the issue value and the redemption price of the Fund's shares by the Managing Company in accordance with the LACISCIPI, the implementing instructions, the Fund's Rules and the Prospectus. The Depositary shall review the valuation and the specified net value and notify the Managing Company in written about the result of the review by 12:00 at noon on the valuation day. In the event of a finding of an infringement, the Depositary shall notify the Managing Company by 13:00 on the valuation day and shall request the discrepancies to be corrected. In the event of detected violations or errors in the calculation of the issue value and the redemption price of the shares, the Depositary shall notify the Managing Company and shall make adjustments to the issue value and the redemption price. If a difference of more than 0.5% of the net asset value per share is established in their calculation, the Depositary shall notify the FSC and the Managing Company. The Depositary informs the Managing Company and requests the discrepancies to be remedied. The Managing Company immediately removes the discrepancies and makes the necessary notifications.

2.14.2. (Amended by resolution of the BD of 19.06.2019) information on the fees associated with the sale or issue and redemption or redeeming of shares;

The investors / shareholders of Activa High Yield Fund do not pay any costs when purchasing shares of the Fund and for their subsequent redemption, i.e. the issue value is not increased by the costs for the sale, respectively the redemption price is not reduced by the redemption costs of the shares.

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

2.14.3. (Amended by BD decision on 26.11.2018, 19.12.2018, 19.07.2021, 14.04.2022 and 19.01.2023) Ways, places and frequency of publication of issue prices and redemption prices of shares.

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

- at all "counters" accepting orders for the sale and redemption of shares and for contacts with investors and shareholders in the Fund;
- on the website of the Managing Company;
- on the website of the Bulgarian Association of Management Companies: www.baud.bg.

The management company announce to the Commission summary information about the issue values and redemption prices of its units once a month, within three business days after the end of the month.

The Management Company publishes on its website a summary of the announced issue values and redemption prices once a month, within three business days after the end of the month.

2.15. (Amended by decision of the BD on 04.10.2018, 08.04.2019, 11.10.2019, 08.04.2020, 13.04.2021, 07.01.2022, 28.03.2022 and 31.03.2023) **Information on the manner, amount and calculation of the remuneration, payable by the mutual fund to the managing company, the Depositary or third parties, as well as the reimbursement of the expenses of the mutual fund to the managing company, the Depositary or third parties**

Annual operating costs

These expenses are deducted from Activa High Yield Fund's assets and thus indirectly borne by all shareholders. The Mutual Fund owes the following fees and costs:

- Management fee to the managing company - the annual management fee of the Fund is 1.50 (one point fifty) per cent of the average annual net asset value of the Mutual Fund;¹
- Other Operating Costs – “Other Operating Costs” include the main foreseeable operating expenses, such as: Depositary remuneration; remuneration and fees of the investment intermediaries, banks and the Central Depositary, and the like, related to the investment of the assets of the Mutual Fund; the remuneration of the auditors for the certification of the Fund's annual financial report, the Fund's advertising and marketing costs, investor relations, current supervisory fees, membership fees and the like of the Commission and the Central Depositary and other governmental bodies and institutions of the Fund; other costs specified in the Fund’s Rules at its own expense, as well as other extraordinary expenses related to the Fund's activities.

¹ According to the Rules of Activa High Yield Fund, the Managing Company may waive part of the said remuneration.

Historical data on the Mutual Fund's operating costs

Activa High Yield Fund was established in October 2007 and the public offering of Fund’s shares started on 12.11.2007. For the last three calendar years, the operating costs are as follows:

	2020		2021		2022	
	Sum in BGN	Percentage of the average net asset value	Sum in BGN	Percentage of the average net asset value	Sum in BGN	Percentage of the average net asset value
Annual remuneration of the Managing Company	425 535	2.40 %	638 153	2.05%	696 900	1.50%
Paid commissions to investment intermediaries	7 941	0.05%	20 935	0.07%	19 327	0.04%
Annual remuneration of the depository bank	3 927	0.01%	4 956	0.02%	7 749	0.02%
Annual remuneration of the auditor who has audited the annual financial statement	1 467	0.01%	1 467	0.00%	1 790	0.00%
Other costs of the Mutual fund	2 356	0.01%	1 940	0.01%	1 584	0.00%
Total amount of all costs under previous sub-items	441 226	2.49%	667 452	2.14%	727 351	1.56%

Remuneration for management of investments in other collective investment schemes and investment companies

Activa High Yield Fund rules allow investing up to 10% of the Fund's assets in shares of other collective investment schemes. Investments in shares of investment companies are generally included in eligible investments in shares traded at a regulated market.

Activa High Yield Fund invests part of its assets in other collective investment schemes and investment companies with a view to further diversification and risk reduction for the investors. The maximum management fee that the Managing Company is entitled to receive is up to 1.50% of the annual average net asset value of Activa High Yield Fund regardless of the type of assets in which the Fund invests.

(New, adopted by decision of the BD of 19.01.2023) The Fund's management company is obliged to submit to the Commission by the 10th of the following month the monthly balance sheet and information on:

1. the volume and structure of investments in the portfolio by issuers and types of securities and other financial instruments;
2. the types of derivative instruments, the main risks related to the underlying assets of the derivative instruments, the quantitative limits and the chosen risk assessment methods related to derivative transactions.

3. Depository

3.1. Name or type, legal form, seat and head office if different from headquarters

The Managing Company has chosen as Depository of the Mutual Fund "United Bulgarian Bank" AD, Sofia. The Depository “United Bulgarian Bank” AD has an initial registration under the f.p.. N 31848 dated from 09.12.1992 by a decision of the Sofia City Court, company department, entered in the Register of Commercial Companies under No 376, item 8, p.II, p.105, promulgated in State Gazette, issue 104/1992, re-registered in Trade register at Registry Agency with UIC: 000694959, with a full license for performing banking activities - BNB, protocol № 63 of 19.11.1992 and decision No. 340 of the BNB Managing Board, updated by BNB Order №

ПД-22-2250 from 16.11.2009. The Bank has its registered office and business address: Sofia, Vazrazhdane municipality, 5 Sveta Sofia str., phone: 02 8113752, fax: (02) 988 08 22, 811 3759, and a web-site: ht tp: //www.ubb.bg

3.2. (Amended by decision of the BD on 19.01.2023) Main activity

“United Bulgarian Bank” AD is a credit institution licensed by the BNB and as such performs an activity under Art. 2 of the Credit Institutions Act.

The depositary has entered into an agreement with the Management Company that meets the requirements of Art. 2 of Delegated Regulation (EU) 2016/438 of the Commission of 17 December 2015 supplementing Directive 2009/65/EO of the European Parliament and of the Council regarding the obligations of depositaries (OB, L 78/11 of 24 March 2016 d.).

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

(a) ensure that the issue, sale, redemption and cancellation of the shares of the mutual fund are carried out in accordance with the law and the rules of the mutual fund;

(b) ensure that the value of the shares of the Fund is calculated in accordance with the law and the rules of the collective investment scheme;

(c) shall regularly verify compliance between the accounts held by the Managing Company and the Depositary for the assets of the collective investment scheme, and in the cases under Art. 37a of the LACISCIPI - and with the accounts of the third party;

(d) ensure that all monetary funds in favor of the collective investment scheme arising from transactions in its assets are transferred within the usual time limits;

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

(f) report at least once a month to the Managing Company on the assets entrusted and the implemented transactions, including by providing a full inventory of the assets of the mutual fund by the 5th day of the following month;

(h) monitor the monetary flows of the Fund, including ensuring that all payments, made by investors or on their behalf when subscribing shares of the Fund, are received and posted to accounts that:

1. are opened in the name of Activa High Yield Fund or in the name of the Managing Company acting in the name and on behalf of the fund or in the name of the depositary bank acting in the name and on behalf of the fund;

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

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

i) manage the monetary funds of the Fund by:

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

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

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

4. take the necessary measures to ensure that all monetary funds of the Fund deposited with a third party can be clearly distinguished from the monetary funds of the depositary bank and that third party's funds through the individual accounts of the holders held by the third party; or through equivalent measures that achieve the same level of protection;

5. undertake the necessary measures to ensure that the monetary funds of the Fund on the accounts of a person under b. 3), item 2 above, shall be held on an individual account or on

accounts separately from all accounts of holding the monetary funds of the person in whose name the assets of the Fund are kept;

6. introduce an appropriate organization and take the necessary actions to minimize the risk of loss or mitigation as a result of misuse, fraud, mismanagement, improper keeping and keeping of accountancy, including negligent behavior.

(j) control the remuneration of the Managing Company to be calculated and paid in accordance with LACISCIPI and the present rules.

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

n) (New, adopted by decision of the BD of 19.01.2023) verifies whether the management company has adopted and introduced procedures for conducting stress tests for the Fund's liquidity.

Conflicts of interest.

(Amended by resolution of the BD on 26.11.2018) The Managing Company and the Depositary shall meet the following requirements:

(a) no person may at the same time be a member of the management body of the Managing Company and a member of the management body of the Depositary;

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

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

(d) where the management body of the Managing Company is not entrusted with supervisory functions in the company, no more than one third of the members of the supervisory body of the company may at the same time be members of the management body, the body entrusted with the supervisory function, or be employees of the Depositary;

(e) when the Depositary Governing Body is not entrusted with the supervisory functions at the Depositary, no more than one third of the members of the depositary's supervisory body may be both members of the Managing Company's supervisory body or be employees of the Managing Company.

The Depositary Bank shall exert the care of a good trader, carry out its duties honestly, fairly, professionally, independently and solely in the interest of the Fund and the shareholders of the Fund.

The Depositary Bank may not be engaged in the Fund or the Managing Company acting on behalf of the Fund which may give rise to a conflict of interest between the Fund, its investors, the Managing Company and the Depositary itself unless there is a functional and hierarchical separation between the functions of the Fund and its other functions as well as the conflicts of interest that may arise are respectively established, managed, monitored and disclosed to the Investors in Activa High Yield Fund.

(New text adopted by the BD resolution on March 22, 2017) Description of all storage functions delegated by the Depositary Bank, list of persons who are delegated to implement those functions and possible conflicts of interest that may arise from this delegation - by the date of updating this Prospectus, the Managing Company does not have any information that the Depositary bank of the Fund, “United Bulgarian Bank” AD, has delegated storage functions.

(New text adopted by the BD decision on March 22, 2017) Statement by the Managing Company - The Managing Company declares that on request of the investors, they will be provided with updated information on items 3.1 and 3.2.

(New text adopted by resolution of the Board of Directors dated from 10.02.2017 and 19.01.2023) Upon request by the investors, the Managing Company will provide up-to-date information regarding items 4.1 and 4.2 of Appendix 1 to Article 71, paragraph 1 of Ordinance 44 on the requirements to the activities of the collective investment schemes, managing companies, national investment funds, alternative investment funds and persons managing alternative investment funds.

4. (Amended by resolution of the BD on 08.04.2019, 08.04.2020, 13.04.2021, 19.07.2021, 28.03.2022 and 31.03.2023) INFORMATION ON THE ORGANIZATION OF PAYMENTS TO SHAREHOLDERS, REDEEMED SHARES AND PROVIDING INFORMATION ABOUT THE FUND

According to the Mutual Fund Rules, the Fund does not distribute income between investors. Redemption orders are executed and the Securities Account of the investor in “Central Depository” AD is obliged to redeem the number of shares on the first working day following the day of the price determination but not later than 10 days after the day of filing the order. The amount due against redemption is paid to the investor within three days from the date of execution of the order on a specified bank account or in cash at the counters of the Managing Company.

By the date of the Prospectus, there is an audited annual financial report of Activa High Yield Fund for 2022 as well as a report on the management under Art. 33, para. 1 of the Accountancy Act for 2022. The Managing Company twice weekly (on Tuesday and Thursday) announces on its website, on the website of the Bulgarian Association of Management Companies (<https://baud.bg/>), as well as in all the offices of the Managing Company, where the shares of Activa High Yield Fund are offered, the net asset value of the Fund.

The annual and interim reports of the Fund, the activity reports and the audit reports are published in the FSC's register under Art. 30, para. 1 of the Financial Supervision Commission Act, and are available for the investors in the following locations:

- Sofia 1592, region Iskar, 43, Christopher Columbus Blvd., 5th floor, tel .: 02/4621166, 02/4621167, 02/9651466, 0898122466; contact person: Olga Yordanova, from 9:00 to 17:30;
- on the website of the Managing Company www.activabg.com.

5. OTHER INFORMATION REGARDING THE INVESTMENTS

5.1. Results of the Fund's activity for previous years

A description of the Fund 's operating results for previous years is presented in Appendix 2 to this Prospectus.

5.2. Profile of the typical investor

The main group of investors targeted by the Fund are investors with over-average earnings, good investment culture and medium and high risk tolerance. These are investors who would like to participate in the risky assets market, but would not take the risk of making a standalone selection in which assets to invest. Through the Fund they are offered the opportunity to manage their investment risk while preserving the possibility of realizing higher incomes.

The investment product of Activa High Yield Fund is intended for individuals (citizens, companies, institutions) who:

- are willing to take moderate to high investment risk in order to realize a higher income;
- wish to have a secure and rapid liquidity without disrupting the achieved investment income;
- are willing to invest monetary funds in the long run;
- want to diversify the risk of their own portfolio;
- want their money to be managed by professionals in the financial markets.

The shares of Activa High Yield Fund are suitable for Bulgarian and foreign individuals, companies and institutions wishing to invest part of their funds in the financial markets, in a diversified product, structured mainly by shares and bonds with high level of risk and opportunity to achieve higher returns.

5.3. (Amended by a decision of the BD on 10.05.2018) *Indicator for risk assessment*

The risk indicator determines the type of CIS according to the share of the scheme's investments in share (risk), debt (low-risk) and money market instruments (risk-free) and reflects the market risk of falling prices for the respective asset group

The data for past periods, used for calculation of the synthetic indicator, may not be a reliable indicator of the future risk profile.

It is possible that the specified risk and yield category to change and that the categorization of the Fund may be changed over time.

The lowest category is not a risk-free investment.

5.4. (Amended by a decision of the BD on 12.02.2019) *Risk Factors*

It is important to bear in mind that an investment in shares of the mutual fund is not a bank deposit and, therefore, it is not guaranteed in accordance with the Law on Bank Deposits Guarantee. Regardless of the fact that the leading investment goal of MF ‘Activa High Yield Fund’ is the increase in the value of the investments in shares, there is no certainty that, investing in shares of the Fund, the investors shall not lose money.

The main risks the investors will face when making investments in shares of MF ‘Activa High Yield Fund’ are the following ones:

Market risk. The market prices of the investments of the Fund may vary due to changes occurring in the economic and market environment, the fiscal policy of the central banks, the business activity of the issuers, the sector in which the issuer operates and the demand and supply on the market of securities. At certain points in time, the prices of shares on the market (the stock exchange) may vary considerably. This market risk affects the net value of the assets of the Fund, which will also vary as a result of the fluctuations in the market prices of shares and other securities in which the Fund has made investments. Fortunately, not all the shares traded on a given market (exchange) and not all the markets change their prices into the same direction at a certain time, and there are various factors that influence the market value of certain shares (for instance, financial statements disclosing a decrease in the profit of the company that has issued the shares, loss of a basic customer, a legal claim of high amount brought against a company, a change in the regulations of a certain industry). It is impossible to foresee all these factors.

The management company may reduce – yet it cannot totally eliminate – the effect of the fluctuations in the prices of the investments by way of diversification of the Fund’s portfolio, as a result of which the net value of the assets per share may decrease in certain periods. As far as diversification of the investments in shares is concerned, the management company provides for having the shares in the Fund’s portfolio being issued by companies operating in different sectors of the economy, and for limiting the maximum investment amount in shares of a company.

Interest risk. This is the risk of the changes in market interest rates having an unfavourable effect on the income or the value of the assets of the mutual fund, the said assets consisting of debt securities and instruments on the money market. In general, the increase in interest rates brings about a decrease in the market price of debt instruments. As for the investments in debt instruments, the interest risk attributed to short-term debt securities (instruments on the money market) is lower, and the one attributed to long-term debt securities is higher. The management company shall diversify the portfolio of ‘Activa High Yield Fund’, including through investing in shares and instruments of floating income, and may as well carry out transactions of hedging the interest risk.

Credit risk. This is the risk of the issuer (the issuing company) of debt securities and instruments on the money market, and, respectively, the person that has furnished the security being unable to perform his obligations, and particularly, being unable to pay on time the principal and/or the interest due. If the contractor of ‘Activa High Yield Fund’ under a repurchase contract fails to perform his obligation to repurchase the securities, the Fund may suffer a loss, inasmuch as the revenues from the sale of the security are smaller than the repurchase price where it is a fixed one. In the event that those securities and instruments on the money market in which the Fund has invested have a credit rating, the credit risk includes the possibility of the credit rating being lower. The assessments of the rating agencies Standard and Poor’s, Moody’s and Fitch are an internationally recognized barometer of the credit risk of securities. However, these ratings are not perfect ones: they are determined on the basis of past events and do not reflect the possible future circumstances with the same degree of accuracy.

We expect that the major part of the investments of ‘Activa High Yield Fund’ will be made in securities and instruments on the money market that have no credit rating. The management company shall strive for reducing the credit risk when investing in instruments with no credit rating, doing so by way of carrying out credit analyses, diversification of the investments and holding under surveillance the events and tendencies in the economic and political conditions. It is not certain whether or not these actions of the management company will prevent losses.

Liquidity risk. Here the risk is that, in certain conditions, it might turn out to be difficult or even impossible for the management company to sell at an advantageous price the securities owned by the Fund. In particular, this risk is higher with regard to those securities and instruments on the money market which have not been admitted for trading on a regulated market. The management company provides for making investments in the shares of companies traded on regulated markets both in Bulgaria and abroad.

Currency risk. The investments in instruments denominated in foreign currency can be unfavourably affected by a decrease in the rate of exchange between the Bulgarian lev and the said currency. Such fluctuations in the rate of exchange would affect the net value of the assets of ‘Activa High Yield Fund’ as well as its income. In connection thereto, the management company is entitled to carry out certain transactions aimed at hedging the currency risk (for instance, currency options, purchase or sale of currency through spot transactions and forward transactions), which pose certain risks on their own.

Management risk. It occurs due to the active management of the investment portfolio of ‘Activa High Yield Fund’. The management company shall apply investment techniques and analyses of the risks in the course of taking investment decisions, however, there is no certainty that the desired result will be achieved.

Inflation risk. It is possible for the inflation rate to compensate for a considerable part of the income of the holders of shares in the Fund, or even for the whole of it, due to which the investors in ‘Activa High Yield Fund’ may either not receive a real income (increased purchasing power)

or receive an inconsiderable income. As a counteraction against this risk, the management company will strive for maintaining an appropriate balance – which is consistent with the investment objectives and the strategy of the Fund – between its fixed-yield assets and variable-yield ones.

Risks associated with the use of derivatives. Apart from the aforesaid market, credit and liquidity risks, derivatives are associated with additional risks that are specific thereto. Derivatives are highly specialized instruments the use of which requires understanding of both the underlying asset and the mechanism of operation of the derivative itself. The complexity of derivatives requires adequate means of monitoring the transactions involving them, analysis of the specific risks and capability of forecasting the prices.

Leverage risk. Any unfavourable change in the price of the underlying asset, the rate of exchange or an index may bring about the loss of an amount greater than the one invested in the derivative. Some derivatives have a potential for unlimited loss. There also exists a risk of improper measurement of the derivative. A large part of the derivatives are complex instruments and the measurement thereof is often a subjective one. Consequently, ‘Activa High Yield Fund’ may suffer losses in the case of purchasing overrated derivatives. In conclusion, the use of derivatives might not be successful all the time.

Political risk. Legislative changes. Political risks are related to the possibility of occurrence of domestic political upheavals and an unfavourable change in business legislation. This risk is connected with the possibility of having the government of a state abruptly change its policy, this bringing about an unfavourable change in the environment in which the companies operate and probable losses for the investors. The governments of certain countries may implement measures, including an increase in taxes, restrictions on repatriation of profit, etc., which may unfavourably affect the Fund.

Currently, the profit of ‘Activa High Yield Fund’ is not subject to corporate tax. An amendment to tax laws and other applicable laws and regulations may have an unfavourable impact on the financial results of ‘Activa High Yield Fund’.

Other systematic risks. Other risks ensuing from the world’s current political and economic situation are the probable instability or military actions in the region. Calamities and accidents are factors which make any risk management system a more complicated one. The consequences are difficult to forecast, however, the access to information and the application of a system for forecasts and actions in extreme situations are possible ways of minimization of the negative effect.

(New text adopted by the BD decision on 12.02.2019) For the calculation of the total risk exposure, the Fund uses the Commitment method recommended in the CESR Risk Measurement Guidelines and the calculation of the total risk exposure and counterparty risk at collective investment schemes (CESR / 10-788.).

5.4a *(New adopted by a decision of the Board of Directors dated 13.04.2021 and Amended by a decision of the BD on 28.03.2022)* **Risks related to sustainable development**

The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

MC Activa Asset Management AD does not take into account the adverse impacts of investment decisions on the sustainability factors in managing the Fund:

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

- the specifics of the mandatory provisions of the sectoral legislation at national and supranational level - the existence of an obligation for the ABM to act in the best interest in compliance with the risk profile and the investment policy of the Fund;

- The legal framework governing the reporting of adverse impacts of investment decisions on sustainability factors is not yet fully completed:
 - o the lack of adopted and entered into force under the relevant legislative procedure technical standards for the content, methodologies and presentation of information under Regulation (EU) 2019/2088, which would regulate the reporting of possible adverse impacts of investment decisions and advice on sustainability factors;
 - o currently there are different European regulations adopted at different times, which are not fully harmonized;
- The current lack of regulated and publicly available means of disclosure by public companies about the presence or absence of ESG data, which could possibly allow the formation of objective information on sustainable factors or their absence. The lack of a regulatory requirement in this direction carries risks of publishing false or misleading information, which would harm the interests of the clients of the MC;
- The potential effect of potential lost profits as a result of decisions taken or advice given on investments in products related to sustainable development should be quantified as far as possible by statistical analysis in order to comply with the investment policy and risk profile of the respective Mutual Fund. , respectively a portfolio of financial instruments, and achieving its goals for optimal return / risk ratio;

Although at present the Company does not take into account the adverse impacts of sustainability factors in managing the Fund, it will conduct an ongoing review of legal requirements and client preferences and in case the reasons for non-reporting and change of investment policy of clients will be analyzed. adverse impacts on sustainability factors would contribute to the provision of investment services in compliance with the principle of action in the best interests of the Fund.

5.4b *(New, adopted by a decision of the BD on 28.04.2021)* **Risks related to sustainability risks**

Sustainability risks are defined as events and conditions of ecological, social or governance nature, which can have a significant negative impact on the value of the assets under management:

- Ecological risk- environmental factors that might cause a negative impact on the return on investments. These include but are not limited to climate change, environmental degradation and others.
- Social risk – risks pertaining to social change that might cause a negative impact on the return on investments
- Governance risk – set of risks where the return on investments might be negatively impacted by governance and management factors such as corruption, misuse of authority etc.
- Sustainable development risk – in case that the Management company uses strict criteria for sustainability when making investment decisions for the Fund, then a risk might arise for sustainable development. Conversely a sustainable investment strategy might limit the potential portfolio of the Fund and thus have a negative impact on the return on investment and be outperformed by other funds that do not abide by such criteria. ;

When making investment decisions, the Management Company, among other factors, considers the existence of sustainability risks and how the latter are potentially likely to lead to a significant negative impact on the value of the investments that the company makes in managing the portfolios of the Fund.

At the present moment, the impact of the sustainability risks is taken into account when making investment decisions, however it does not hold any weight in the decision making process, nor is it accounted for or documented. The management company does not apply strictly specific and predetermined criteria for assessing sustainability risks. The reasons for this are the lack of currently adopted regulatory technical standards in Regulation 2019/2088, the lack of disclosure on non-financial information by public companies that could serve for the adoption of quantitative and qualitative criteria by the MC for sustainability risk assessment. Currently Regulation 2019/2088 has not yet made it mandatory for companies to disclose such information. Once such standards and criteria have been adopted by EU legislation the Management company will dully

start incorporating sustainability risks within its investment strategy and decision making process. In the overall assessment of the investment, the Management Company does not document in a special way the reporting of the risks to sustainability in the investment decision-making processes. The consideration of the impact of sustainability risks on the value of investments and the integration of these risks in the decision-making processes of specific investment decisions is made by the investment adviser / portfolio manager within his professional subjective assessment of the investment, and in the manner described in the Policy for integration of the risks for sustainability.

Although the Management Company’s investment adviser is encouraged to consider the risks for sustainability when making an investment decision, they do not carry weight when making an investment decision. Sustainability risks are part of the overall investment decision-making process.

5.5. (A new one, decision of the BD dated 21 March 2017 and amended by a decision of the BD on 19.01.2023) Policy on collaterals

All the assets received by the Fund as a result of using techniques for effective management of the portfolio are regarded as collaterals and should conform to the criteria shown below. When calculating the thresholds under Art. 45 and Art. 46 of the LACISOUCI, consideration is given to the risk exposure of the Fund to the counterparty, the said exposure resulting from transactions involving derivative instruments traded off-exchange and techniques for effective management of the portfolio. The management company monitors the compliance with the restrictions regarding the portfolio of the Fund. In the event that the Fund receives a collateral for at least 30 per cent of its assets, the management company shall be obliged to design and implement a policy which ensures the carrying out of stress tests under normal and extraordinary conditions of liquidity, so that it is possible to assess the liquidity risk of the Fund related to the collateral. In those cases where, on behalf of and at the expense of the Fund, transactions are carried out involving off-exchange financial derivatives, and techniques for effective management of the portfolio are used, each collateral used for lowering the risk exposure to the counterparty shall conform to the following criteria at any point in time: liquidity; assessment; quality of the issuer; correlation; diversification of the collateral; risks connected with the management of the collateral; in the event of a transfer of a share, the collateral received shall be held by the depository of the collective investment scheme; the collective investment scheme shall be entitled to proceed to enforcement against the collateral, at any time, without invocation of a counterparty or approval by the latter; a non-cash collateral cannot be sold, reinvested or pledged; a cash collateral can only be:

- a) deposited with a person under Art. 38, para. 1, subpara. 6 of the LACISOUCI;
- b) invested in high-quality state securities;
- c) used for the objectives of reverse repo transactions, provided that the transactions are contracted with credit institutions which are subject to prudential supervision, and that it is at any point in time that the Fund can receive back the full pecuniary amount along with the interest due;
- d) invested in short-term funds on the money market.

A cash collateral is invested following the principles of diversification applicable to a non-cash collateral. A cash collateral shall only be invested in banks about which there is no information that during the previous 3 calendar years support was required to be given by the local governments in relation to liquidity.

The Fund is allowed to disregard the restrictions relating to diversification, if the collateral is in the form of various transferable securities and instruments on the money market issued by a person from among those specified in Art. 38, para. 1, subpara. 9, item ‘a’ of the LACISOUCI in compliance with the requirements set forth in Art. 47, para. 4 of the LACISOUCI.

The Fund shall be entitled to accept, as a collateral, financial assets exceeding 20 per cent of the net value of its assets, provided that the said assets are issued by an EU Member State, or by any of the regional or local authorities of a Member State which either issue securities or guarantee

them. The Fund shall have the right to accept, as a collateral, financial assets exceeding 20 per cent of the net value of its assets, provided that the said assets are issued by public international organisations with an investment credit rating from at least one of the three greatest rating agencies – Standard & Poors, Fitch or Moody’s. In the event that the Fund acquires a cash collateral, it shall undertake acts of disposition with it in accordance with its investment strategy described in the Prospectus and the Rules.

The assessment of any possible losses from deposits in BGN is made by way of decreasing the nominal value of the collateral by any possible expenses on the disposition therewith. The assessment of any possible losses from deposits in EUR is made by converting the amount of the collateral at the buying rate of the bank in which the collateral is kept and lowering the amount by any possible expenses on the disposition therewith.

The assessment of any possible losses from deposits in foreign currency other than EUR is made by:

- a) considering the current buying rate of the bank in which the collateral is kept;
- b) considering the standard deviation of the rate of exchange between the said currency and BGN for the preceding 12 months, on a monthly basis;
- c) when assessing the possible loss from the collateral, the rate of exchange is considered, the latter being calculated according to the formula: CURRENT BUYING RATE OF THE CURRENCY – STANDARD DEVIATION ON AN ANNUAL BASIS;
- d) the assessment of the collateral under item ‘b’ is reduced by any possible expenses on the disposition therewith.

The assessment of any possible losses from the collateral invested in high-quality state securities shall be made by taking into consideration the price at which there is a demand for the said securities. The assessment of any possible losses from a collateral invested in short-term funds on the money market shall be made on the basis of the current prices of repurchase of the said funds. The assessment is adjusted by way of lowering it by the standard deviation of the price of the Fund. The assessment of any possible losses from a non-cash collateral shall be made in accordance with the characteristics of the assets received as a collateral.

The assessment of any possible losses from debt instruments provided as a collateral is made by way of assessing the interest risk through the calculation of the duration of the said debt instrument. In the event that the instruments have their credit rating, the management company assesses the probability of occurrence of changes in the credit rating bringing about changes in the price of the collateral. The assessment of any possible losses from shares provided as a collateral is made by considering the historical volatility of their prices, the said volatility being measured by the standard deviation. In the event that the instruments have their credit rating, the management company assesses the probability of occurrence of changes in the credit rating bringing about changes in the price of the collateral.

(New text adopted by the BD decision on 19.01.2023) The management company performs periodical, but not less than once a year, liquidity stress tests and scenario analyzes in order to prepare for actions in the event of the occurrence of risks arising from potential changes in market conditions that may adversely affect the Fund;

(New text adopted by the BD decision on 19.01.2023) The management company adopts and implements a policy for carrying out stress tests.

5.6. (A new one, decision of the BD dated 21 March 2017) Information about the intention of the mutual fund to apply higher restrictions regarding diversification, as specified in Art. 46, para. 1 of the LACISOUCI, and description of the exclusive market situation conditioning such an investment.

The mutual fund does not have an intention to apply higher restrictions regarding diversification as specified in Art. 46, para. 1 of the LACISOUCI.

6. ECONOMIC INFORMATION

6.1. (Amended by a decision of the BD on 22.02.2021) Other costs and fees.

Fees and commissions payable to the Investment Intermediaries through which the Managing Company trades on behalf of the Fund

The Managing Company has selected “BenchMark Finance” AD, “Euro-Finance” AD, “Intercapital Markets” AD and “Dilingova finansova kompania” AD as investment intermediaries of the Fund to execute the investment arrangements of the Managing Company and through which the transactions with the securities are to be concluded and executed.

- “*BenchMark Finance*” AD is with headquarter and address of management: Sofia 1407 Region Lozenets, r.c. Lozenets, 2 “Viskyar planina” st., fl. 2, tel. (+ 359 2) 9625396, fax: (+ 359 2) 9625388, e-mail: office@benchmark.bg, web site: www.benchmark.bg. “BenchMark Finance” AD was established in 2004, has UIC 131225156. Number and date of the authorization issued by the Commission: No 179-III dated from 09.03.2004, № 299-III from 04.05.2005 № 311-III from 27.04.2006

- “*Euro-Finance*” AD with headquarters and address of management: city Sofia 1592, region „Iskar“, 43 “Christopher Columbus”, fl. 5. Tel: (+359 2) 980 56 57, fax: (+ 359 2) 981 1496 e-mail: contact@euro-fin.com web-site: www.eurofinance.bg. “Euro-finance” AD was established in 1993, has UIC 831136740. Number and date of the issued by the Commission authorization: № 224-III/18.12.1996, № 81-III/08.12.1999, № 81-III/01.02.2006

- „*Intercapital Markets*“ AD with headquarters and address of management : Sofia, 6 Dobrudzha Street, floor 3. Tel: + 359 2 921 0510, fax: + 359 2 921 0521. E-mail address: office@intercapital.bg; www.intercapital.bg. “Intercapital Markets” AD was established in 2001, has UIC 131057477. Number and date of the authorisation issued by the Commission: No. 39-IP/19 February 2003; Number and date of the licence issued by the Financial Supervision Commission: RG-03-0204/24 February 2006.

- “*Dilingova finansova kompania*” AD with headquarters and address of management: Sofia, Street 7 Tsar Asen, floor 2 and address: Sofia, Street 42 “G. S. Rakovski”, floor 4, Tel. (+359 2) 987 02 35, fax: (+359 2) 987 28 33. E-mail address: dfco@dfcoad.com, www.dfcoad.com. “Dilingova finansova kompania” AD was established in 1992, has UIC 831607814. Number and date of the licence issued by the Financial Supervision Commission: No. RG-03-0091/07.07.2008; Number and date of the authorization issued by the Commission: No. 108-III/11.06.1997.

According to the concluded contracts, each of the investment intermediaries accepts to mediate for the conclusion, as well as to conclude and to execute transactions with securities by the order of the Managing Company acting on behalf of the Mutual Fund, the terms of each transaction being determined in a separate order.

In order to execute the transactions subject to each of the contracts, the Activa High Yield Fund pays the Investment Intermediaries a remuneration, the amount of which is determined as a percentage of the value of the transactions, according to Tariffs, which are annexes to the contracts with the investment intermediaries. Remuneration under both contracts is the same and varies depending on the type of securities - subject of the transaction to which the order relates.

Each of the contracts with the Investment Intermediaries has been concluded for indefinite period of time. Each of the contracts may be terminated by mutual agreement of the parties or with one month's written notice from each of the parties to the respective contract.

6.2. (New, adopted through a decision of the BD dated 19.01.2023 and amended by a decision of the BD on 31.03.2023) Marketing messages

All marketing communications to investors must be clearly labeled as such, accurate, clear and not misleading. Any marketing message, including an invitation to purchase shares of the Fund, cannot contain false or misleading information, as well as information that contradicts the information contained in the Prospectus and in the main information document under Regulation (EU) No. 1286/2014 of the European Parliament and of the Council of 26 November 2014 on key information documents for bundled retail investment products and insurance-based investment products (the Key Information Document). Marketing communications related to the Fund's activity, including public statements, interviews and presentations of the members of the Board of Directors of the Management Company and other persons working under a contract for the Management Company, as well as marketing communications about the Fund's activity prepared and distributed by third parties persons used by the management company for marketing purposes must be pre-approved by the Head of Regulatory Compliance.

The solicitation of investors in the Fund by telephone calls is only permissible on the basis of pre-prepared information that is approved and fully complies with the Guidelines on Marketing Communications under the Regulation on the Cross-Border Distribution of Funds (ESMA34-45-1272). A record of the telephone conversation is prepared and stored for a period of at least 5 years, which is provided to the investor or the vice-chairman upon request.

For all marketing communications to investors, the management company complies with the requirements of Art. 4, paragraphs 1 - 3 of Regulation (EU) 2019/1156 of the European Parliament and of the Council of 20 June 2019 to facilitate the cross-border distribution of undertakings for collective investment and to amend regulations (EU) No. 345/2013, (EU) No. 346/2013 and (EU) No. 1286/2014 (OB, L 188/55 of 12 July 2019), ("Regulation (EU) 2019/"156"), and ESMA's guidelines on the implementation of Art. 4, paragraph 1 of Regulation (EU) 2019/1156, for which the FSC has decided to apply them pursuant to Article 13, Paragraph 1, Item 26 of the Law on the Financial Supervision Commission. Pursuant to Article 4, Paragraphs 1 – 3 of Regulation (EU) 2019/1156 The management company guarantees that:

1. All marketing communications addressed to investors are recognizable as such and describe in an equally visible manner the risks and benefits of purchasing shares from the Fund;
2. All information included in marketing communications is correct, clear and not misleading.
3. Marketing communications containing specific information about the Fund do not contradict or reduce the significance of the information contained in the prospectus referred to in Article 68 of Directive 2009/65/EO or in the main information document for investors referred to in Article 78 of the said Directive.
4. All marketing communications inform about the existence of a prospectus and the availability of the main information document for investors. These marketing communications specify where, how and in what language investors or potential investors can obtain the prospectus and key investor information document and provide hyperlinks to those documents or their website addresses.

Marketing communications shall specify where, how and in what language investors or potential investors may obtain a summary of investor rights and provide an electronic hyperlink to such summary, which shall include, where appropriate, information on access to the collective redress mechanism at the level of EU and at national level, in case of litigation.

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

7. (Amended by a decision of the BD on 10.05.2018 and 13.04.2021) Remuneration policy of Activa Asset Management AD

The remuneration policy of MC ‘Activa Asset Management’ AD /‘the Policy’/ covers all the remuneration types, such as salaries and other financial and/or material incentives, including the benefits connected with voluntary pension and/or health insurance. The remuneration under Eq. first do not include additional payments or benefits that are part of a general non-discretionary policy that applies to the whole of the management company and which does not encourage risk-taking. The policy applies to the following categories of staff, if by their professional activities they exercise a significant influence on the risk profile of the managed by the management company collective investments schemes:

1. the executive staff;
2. the employees whose activity is connected with taking risks;
3. the employees who perform control functions;
4. all other employees whose remuneration is commensurate with the remuneration of the employees under the preceding items and whose activities influence the risk profile of the company and the risk profile of the collective investment schemes it manages.

MC ‘Activa Asset Management’ AD may not apply the requirements under Art. 108, para. 4, items 11 through 13 for the persons under items 1 through 4, if the total amount of the annual variable remuneration of the person concerned does not exceed 30 per cent of its total fixed remuneration and does not exceed BGN 30,000.

According to the Policy, the remuneration in the MC ‘Activa Asset Management’ AD is divided into fixed and variable. The general criteria when determining the remuneration are the position of the respective employee, the responsibilities assigned to him/her and the professional experience acquired. The amount of the remuneration of those members of the Board of Directors to whom management is not assigned is determined by decision of the General Meeting of the shareholders, in accordance with the provision of Art. 221, subpara. 5 of the Commercial Law. The amount of the remuneration of all the other persons under items 1 through 4 is determined by decision of the Board of Directors of the company composed of: Olga Yordanova – Executive Member of the BD, Ivelina Vasileva – President of the BD and representative of the company and Bilyana Georgieva – member of the BD.

The fixed remuneration is any payment or other benefit that has been determined in advance and does not depend on the result achieved. The fixed remuneration consists of the fixed basic salary of the respective employee and the additional remuneration due under the operative labour legislation. At any time, the fixed remuneration constitutes a sufficiently large portion of the total remuneration of the respective employee, which makes it possible to apply a flexible policy with respect to the variable elements of the remuneration, this including the possibility of non-payment of variable remuneration.

The variable remuneration are any additional payments or other benefits that are determined and paid depending on the result achieved or other contractual terms.

MC ‘Activa Asset Management’ AD does not provide for the arrangement of retirement-related benefits. The compensations connected with early termination of a contract must reflect the results achieved in the course of time by the respective person and be determined so as not to reward a lack of success. Guaranteed variable remuneration may only be arranged for the first year following the appointment of a newly appointed employee.

The decision of the Board of Directors on the variable remuneration should necessarily contain at least: the total amount of the variable remuneration by units, based on the results achieved and the overall contribution to the activity and the financial position of the company; the criteria (financial and non-financial ones) which apply to the assessment of the results of the

persons’ activity; the amounts of the variable remuneration of the individual employees determined on the grounds of the assessment of their activity; the portion of the variable remuneration of the individual employees which can be paid in the form of interest or shares in the respective collective investment scheme or ownership rights equal thereto, or instruments connected with shares, or non-monetary instruments of equal value and with incentives of the same efficiency as the other instruments; the dates of payment of the variable remuneration; the portion of the variable remuneration which will be deferred and, respectively, the dates of deferrals of the variable remuneration payments.

The maximum upper limit of a person’s variable remuneration under items 1 through 4 is 40% of the total amount of the remuneration.

Depending on the legal and organisational form of the collective investment scheme and its Statutes, Rules and constituent documents, at least 50 per cent of the variable remuneration consists of shares and units in the respective collective investment scheme or ownership rights equal thereto, or instruments connected with shares, or non-monetary instruments of equal value and with incentives of the same efficiency as the other instruments. This threshold may as well be lower if the management of the collective investment scheme constitutes less than 50 per cent of the whole portfolio managed by the management company. The instruments under the preceding sentence are subject to an appropriate lag policy, which is aimed at achieving compliance between the incentives and the interests of the management company, the managed collective investment schemes and the holders of shares, the lag policy being also applied with respect to the deferred part of the variable remuneration.

In the event that within a year a person under items 1 through 4 is paid variable remuneration in an amount exceeding one third of the gross annual remuneration, at least 40 % of the variable remuneration shall be deferred for a period of minimum duration of three years, depending on the period of ownership recommended to the investors in the respective collective investment scheme, and in compliance with the nature of risks associated with the respective scheme. The remuneration is paid in proportion to the time, and where the amount of the variable remuneration is extremely high, at least 60 per cent of the amount of payment is deferred. The remuneration policy provides that the persons under items 1 through 4 must refund, either in part or in full, the variable remuneration paid on the grounds of data that have subsequently turned out to be wrong or misleading. In the event that the contracts of the persons under items 1 through 4 comprise clauses related to the receipt of variable remuneration, the latter are necessarily accompanied by clauses guaranteeing the refund of the variable remuneration on the hypothesis of the preceding sentence.

The variable remuneration is provided with a deferral. The deferred portion of the remuneration might consist of shares and units in the respective collective investment scheme or ownership rights equal thereto, or instruments connected with shares or non-monetary instruments of equal value and with incentives of the same efficiency as the other instruments. In the event that the deferred portion is bound with future results, the criteria for their assessment should allow adjustment of the assessment amount depending on the current risks and the future ones.

The variable remuneration is bound with the assessment of activity results as a combination of the results of the individual employee and those of the organisational unit in which the individual employee works, or those of the respective collective investment scheme, its risk profile and the overall results of the management company. The assessment of the employee’s performance is grounded on financial and non-financial indicators. The assessments form part of an assessment process of several years, the length of which depends on the period of ownership recommended to the investors in the collective investment scheme managed by the management company, this period being determined with a view to guaranteeing that the assessment is grounded on the long-term results of the collective investment scheme and its risk profile, and that the actual payment of the remuneration elements associated with the results shall be deferred within the same period of time.

The assessment of the activity results which is used in the formation of the variable remuneration and its distribution takes into consideration all the risks – both current and future

ones – the price of the capital and the required liquidity of the company. The employees under items 1 through 4 shall undertake not to use personal strategies for risk limitation or insurance related to remuneration or liability, with a view to reducing those risk-related effects on their remuneration which are provided for in their contracts.

The following forms part of the indicators for assessment of an employee’s performance: efficiency and contribution to the activity and the financial stability of the company; the profession and the technical knowledge and experience of the respective employee in relation thereto; the obligations and responsibilities of the respective employee as well as the employee’s attitude thereto; the communication with the other employees of the company; the honesty, uprightness and reputation of the employee; his/her capacity to continue performing his/her obligations in a competent way without additional supervision, taking into account his/her individual experience, knowledge and skills; observance and strict implementation of the relevant regulations concerning the activity carried out by the employee and the internal rules and policies of the company.

When determining the amount of the variable remuneration, the Board of Directors should obligatory take the following into consideration: the overall market performance of the company; the collective performance of the team that the respective employee forms part of as well as his/her contribution in that respect; the individual performance of the employee with regard to the requirements thereto, the achievement of the objectives that have been set, special attention being given in those cases where the employee has coped with his/her job in a remarkable way; a change in the economic situation within the country, a change in the business climate, a change in the state of the company, a change in the basic activity of the company, as well as any other relevant market information resulting from a comparison with the competitors on the market; abidance of the obligation by the employee to act in honest, fair and professional manner and in the best interests of the customer.

The variable remuneration, including the deferred part thereof, shall only be paid if complying with the overall financial status of the management company and if it is reasonable from the viewpoint of the results of the organisational unit in which the person works and those of the respective collective investment scheme. In the event of unsatisfactory or negative financial results of either the management company or the respective collective investment scheme, the total amount of the variable remuneration shall be considerably reduced, this including a reduction in the current compensations, a decrease in the amounts accrued for the preceding period, or a refund of remuneration that has already been accrued.

No variable remuneration shall be paid in the following cases: where the payment thereof limits the capability of the company to maintain and improve its capital basis; where the remuneration is paid through instruments or methods for which a well-grounded conclusion can be made that they facilitate the non-compliance of the requirements laid down in the regulations regarding the company’s capital adequacy; where the remuneration is not bound with the financial results of the company and the assessment of the activity of the respective structural unit and the individual employee; where the payment of the remuneration would bring about deterioration of the company’s risk profile, and would endanger its stability; and where the said remuneration is not in line with the statutory requirements and the provisions of this policy.

‘Activa Asset Management’ AD does not have a remuneration committee.

‘Activa Asset Management’ AD does not take into account the factors and risks for sustainability in the Remuneration Policy.

Information about the details of the updated remuneration policy of ‘Activa Asset Management’ AD, including a description of the methods of calculation of the remuneration, the incentives and the names and positions of the persons in charge of the remuneration distribution and the incentives is shown on the Internet site of ‘Activa Asset Management’ AD www.activabg.com The investors are entitled to receive a free paper copy of the remuneration policy of ‘Activa Asset Management’ AD upon demand made at the office of the management company.

8. (New, adopted by decision of 07.05.2020, amended by decision of the BD dated 19.01.2021, 11.03.2021, 19.01.2023 and 03.01.2024) INFORMATION FOR INVESTORS IN THE FEDERAL REPUBLIC OF GERMANY

Notice for investors in the Federal Republic of Germany pursuant to Sec. 293 para. 1 No. 3 German Investment Code (Kapitalanlagegesetzbuch; “KAGB”).

This section contains additional information for investors who are resident in the Federal Republic of Germany. This Country section amends the Table of Contents in the Prospectus for the Fund such that reference is specifically made to this Country Supplement.

8.1. (Amended by decision of the BD dated 19.01.2023) Distribution in Federal Republic of Germany Information Agent in Federal Republic of Germany

The Bundesanstalt für Finanzdienstleistungsaufsicht (Federal Financial Supervisory Authority) has been notified pursuant to Section 310 German Investment Code of the Fund’s intention to distribute Units of the Fund in the Federal Republic of Germany.

8.2. (Amended by decision of the BD dated 19.01.2023) Facilities provided for the performance of the tasks referred to in Art. 92 para. 1 of Directive 2009/65/EC as amended by Directive (EU) 2019/1160.

The following task is performed by Activa Asset Management AD, Sofia, 43 Christopher Columbus Blvd., office@activabg.com :

a. process subscription, repurchase and redemption orders and make other payments to unitholders relating to the units of the UCITS.

In addition, the following tasks are performed by Acolin Europe AG, Line-Eid-Strasse 6, 78467 Konstanz, Germany.

b. provide investors with information on how orders can be made and how repurchase, and redemption proceeds are paid.

c. facilitate the handling of information and access to procedures and arrangements referred to in Article 15 of Directive 2009/65/EC relating to the investors' exercise of their rights arising from their investment in the UCITS in the Member State where the UCITS is marketed.

d. make the information and documents required pursuant to Chapter IX of Directive 2009/65/EC available to investors under the conditions laid down in Article 94, for the purposes of inspection and obtaining copies thereof.

e. provide investors on request with information relevant to the tasks that the facilities perform in a durable medium.

The Prospectus, the Key Information Documents (PRIIPs KIDs), the Memorandum and Articles of Association, the Annual and Semi-Annual Reports can be obtained free of charge in paper form at the office of the Acolin Europe AG, by the telephone or requested electronically at facilityagent@acolin.com / www.acolin.com/services/facilities-agency-services .

In addition, the issue, conversion, and redemption prices as well as any other information and documents which are required to be published in the home member state of the funds are available free of charge from the Acolin Europe AG.

8.3. (Amended by decision of the BD dated 19.01.2023) Redemption and conversion requests; payments :

Requests for the redemption and conversion of shares that may be distributed in Germany may be submitted to the registered office of the Management Company: Activa Asset Management AD, Sofia, 43 Christopher Columbus Blvd., or electronically via email at office@activabg.com .

In addition, such requests may be submitted to Acolin Europe AG via email for transmission to the Activa Asset Management AD.

All payments to investors in Germany (redemption proceeds, any disbursements, or other payments) may be remitted via the credit institutions holding their securities account in the Federal Republic of Germany.

8.4. (Amended by decision of the BD dated 19.01.2023) Publication of prices

Any other documents and information in respect of the Fund, which must be published under German law will be published in Germany on www.activabg.com .

In accordance with § 298 (2) of the German Investment Code investors in Germany shall be informed by way of a durable medium and a publication on the website www.activabg.com under the following circumstances:

- suspension of the redemption of a Sub-Fund’s Units,
- termination of the management or winding-up of a Sub-Fund,
- amendments to the terms and conditions which are inconsistent with the previous investment principles, which affect material investor rights, or which relate to remuneration and reimbursements of expenses that may be paid out of a Sub-Fund,
- merger of Sub-Funds in form of merger information, which must be prepared according to Article 43 of the Directive 2009/65/EC,
- conversion of a Sub-Fund to a feeder fund or the changes to a master fund in form of information, which must be prepared according to Article 64 of the Directive 2009/65/EC.

8.5. Tax Information in the Federal Republic of Germany

Prospective investors are advised to seek independent professional advice concerning possible taxation of purchasing, holding, or selling of the Shares.

The Prospectus was worked out by:

Olga Yordanova, Member of the Board of Directors and Executive Director

Milen Minchev, Procurator

The undersigned person, in her capacity as representative of the Managing Company, with her signature, dated 03 January 2024, declares that the Prospectus complies with the requirements of the law.

*For the Managing Company "Activa Asset Management" AD,
operating on behalf of and at the expense of of Mutual Fund
"Activa High Yield Fund":*

Olga Yordanova,
Member of the Board of Directors and Executive Director

Milen Minchev,
Procurator

APPENDIX № 1:

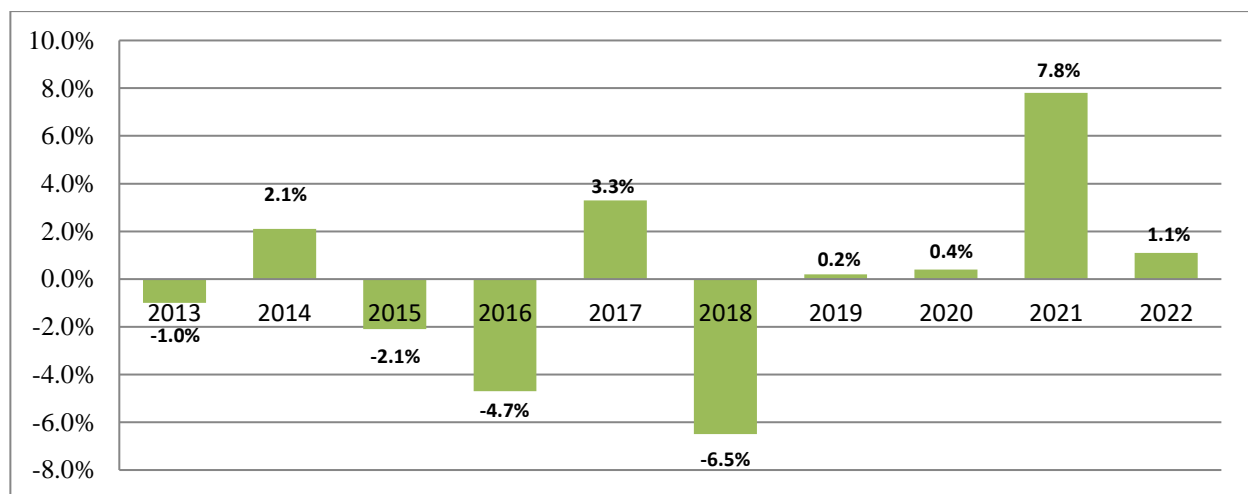
Portfolio Valuation and Net Asset Value Measurement Rules of “Activa High Yield Fund” adopted by decision on 30 March 2012 and withholding the rules adopted by decision on 16 July 2007, amended and supplemented by decision from 04.05.2012, from 30th August 2012, from 24th September 2012, from 07.03.2013, from 01.04.2013, from 11.04.2014, 05.06.2015, 10.02.2017, 26.03.2018, 10.05.2018, 19.01.2023, 07.03.2023 and 31.03.2023 of the Board of Directors of MC “Activa Asset Management” AD

(Amended by decision of the BD on 08.04.2019, 08.04.2020, 13.04.2021, 28.03.2022 and 31.03.2023) **APPENDIX № 2: DESCRIPTION OF THE INVESTMENT ACTIVITY OF MUTUAL FUND “ACTIVA HIGH YIELD FUND”**

Activa High Yield Fund was established in October 2007 and by the date of the Prospectus update the historical data for the investment activity cover the period until 31.12.2022.

(a) a graphical reference of the presentation of the Mutual Fund from its establishment till 31.12.2022:

Results from past years



b) data for the volume, structure and dynamics of Mutual fund’s assets

	31.12.2020	31.12.2021	31.12.2022
NAV (BGN)	20 836 360	37 855 140	52 006 574.17

31.12.2022							
	Shares	CIS	Debt securities	Monetary funds	Repo	Takings	Total assets
Structure of MF	53.30%	13.29%	27.62%	4.41%	1.31%	0.07%	52 070 627

c) selected financial information:

	2020	2021	2022
Average weighted NAV per share	1.5941	1.7126	1.7198
Minimal value per share (BGN)	1.4917	1.6214	1.8009
Maximal value per share (BGN)	1.6484	1.7672	1.7684
Number of shares in circulation by 31.12	12 714 544.7429	21 420 638.5150	29 097 687.9062

The value of the shares and the income from them may be decreased. The profit is not guaranteed and investors take the risk of not re-investing their investments in full, and investments in the mutual fund are not guaranteed by a guarantee fund. Past performance results are not relevant to the future results.

APPENDIX № 3:

DEFINITIONS AND ABBREVIATIONS

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

LACISCIPI is a Law on the Activities of Collective Investment Schemes and other Collective Investment Undertakings

POSA is a Public Offering of Securities Act.

MFIA is the Markets in Financial Instruments Act

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

Vice-Chairperson of the FSC is the Deputy Chairperson leading the “Investment Activity Supervision” division of the Financial Supervision Commission.

BSE-Sofia AD is “Bulgarian Stock Exchange – Sofia” AD.

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

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

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

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

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

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

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

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

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

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

Liquidity means the possibility to timely sell an asset at any time without incurring price losses on sale at market levels.

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

"Regulated Market" within the meaning of Art. 152, para. 1 and 2 of the MFIA is a multilateral system organized and / or managed by a market operator that meets or assists in meeting the interests of buying and selling financial instruments to multiple third parties through the system and in accordance with its non-discretionary rules in a manner that results in the conclusion of a contract in respect of financial instruments admitted to trading according to its rules and / or systems, licensed and operating regularly in accordance with the requirements of this Act and the acts for its implementation. A regulated market is also any multilateral system that is licensed and is operating in accordance with the requirements of Directive 2014/65/EC .

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

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

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