

## INDEPENDENT AUDITOR'S REPORT

To The shareholders  
in MF 'Activa High Yield Fund'  
Sofia

### Report on the audit of Financial Statements

#### Opinion

We have performed an audit of the Financial Statements of MF 'Activa High Yield Fund' ('the Fund') consisting of the Statement of financial position as at 31 December 2018, the Statement of profit or loss and other comprehensive income, the Statement of changes in net assets belonging to unitholders and the Cash flow statement for the year ended on the said date, as well as the explanatory notes to the Financial Statements, which also comprise a brief disclosure of the significant accounting policies.

In our opinion, the enclosed Financial Statements give a fair and truthful presentation of the financial position of the Fund as at 31 December 2018, the financial results of its activities and the cash flows for the year ended on the said date, in accordance with the International Financial Reporting Standards (IFRSs) adopted by the European Union and Bulgarian legislation.

#### Grounds for expressing an opinion

We conducted our audit in accordance with the International Auditing Standards (IASs). Our responsibilities under these standards are further described in this report, Section 'Responsibilities of the auditor for the audit of Financial Statements'. We are independent of the Fund as required under the Code of Ethics for professional accountants of the International Ethics Standards Board for Accountants (the IESBA Code), together with ethical requirements laid down in the Law on Independent Financial Audit applicable in Bulgaria and we have performed the other ethics responsibilities set out therein in order to satisfy the requirements relating thereto. We are of the opinion that the audit evidence we have obtained is sufficient and appropriate for providing the grounds for our opinion.

#### Information other than the Financial Statements and the auditor's report thereon

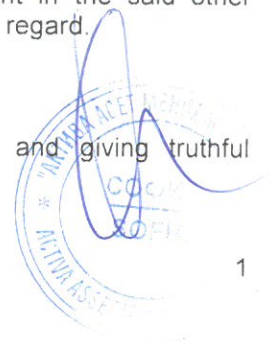
It is the Management that is held responsible for the other information. The latter consists of an activity report drawn up by the Management in accordance with the Bulgarian Accountancy Law, but does not include the Financial Statements and our auditor's report thereon.

Our opinion on the Financial Statements does not relate to the other information and we do not express any form of conclusion of certainty as regards this information, except where such a conclusion is explicitly stated in our report and up to the degree stated. As for the audit of the Financial Statements that we have conducted, our responsibility consists in reading the other information and judging whether the said other information is significantly inconsistent either with the Financial Statements or with our knowledge acquired in the course of the audit, or, in any other way, the said information seems to contain material misstatement. In the event that, on the basis of the work we have done, we come to the conclusion that material misstatement is present in the said other information, we are supposed to report that fact. We have nothing to report in this regard.

#### Management's responsibility for the Financial Statements

The Management is held liable for drawing up the Financial Statements and giving truthful

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presentation in accordance with the International Financial Reporting Standards (IFRSs) adopted by the European Union and Bulgarian legislation and for putting in place an internal control system of a type which the Management finds necessary for ensuring that the Financial Statements shall be free from material misstatements, whether due to fraud or error.

In the course of drawing up the Financial Statements, the Management is held liable for assessing the capacity of the Fund to continue functioning as a going concern, and, if necessary, the Management is supposed to disclose any matters related to the going concern assumption and to use this assumption as a basis for accounting, except where the Management has the intention of liquidating the Fund or discontinuing its activity or, in practice, has no other alternative but to act like that.

### **Auditor's responsibilities for the audit of the Financial Statements**

Our objective are to obtain reasonable assurance about whether the Financial Statements, as a whole are free from material misstatements, whether due to fraud or error, and to draw issue an auditor's report includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the International Auditing Standards (IASs) and Bulgarian Independent Financial Audit Act will always detect a material misstatement whet it exist. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

As part of the audit, in compliance with the IASs, we rely on our professional judgement and preserve our professional scepticism throughout the audit. We also:

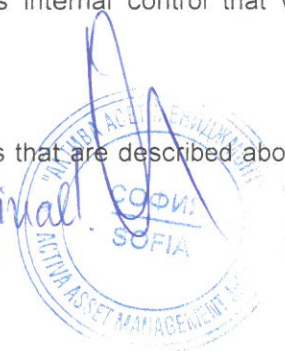
- identify and assess the risks of material misstatements in the Financial Statements, whether due to fraud or error; design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of non-detection of a material misstatement resulting from fraud is higher than the risk of non-detection of one resulting from error, because fraud may include a secret agreement, forgery, intentional omission, deluding the auditor through fraudulent representations, as well as neglect or circumvention of internal control.
- obtain an understanding of the audit, so that I can develop audit procedures that are appropriate under the existing circumstances. These procedures are not aimed at expressing an opinion on the efficiency of the internal control of the enterprise. Nevertheless, I will give you a written notice of any material flaws in the internal control which are connected with the audit of the Financial Statements if such are established by me in the course of the audit;
- evaluate the appropriateness of the accounting policy applied and the reliability of the accounting estimates and the related disclosures made by the Management;
- conclude on the appropriateness of management's use the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exist related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the financial statement, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Management, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies internal control that we identify during our audit.

### **Report relating to other statutory and regulatory requirements**

In addition to our responsibilities and reporting in accordance with the IASs that are described above

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in the Section 'Information other than the Financial Statements and the auditor's report thereon' which concerns the activity report, I have as well carried out the procedures that are added to those required under the IASs, as shown in the Guidance of the Professional Organization of Certified Public Accountants and Registered Auditors in Bulgaria – the Institute of Certified Public Accountants (ICPA). These are procedures connected with checking the availability, the form and the content of the other information for the purpose of supporting the formation of an opinion as to whether the other information contains the disclosures and the reporting provided for in Chapter Seven of the Accountancy Law applicable in Bulgaria.

#### **Opinion in relation to Art. 37, para. 6 of the Bulgarian Accountancy Law**

Based on the procedures performed, we describe the outcome of our work:

- a) the information contained in the report on the activity carried out during the fiscal year for which the Financial Statements are drawn up is consistent with the Financial Statements.
- b) the activity report is drawn up in compliance with the applicable statutory requirements; and
- c) as a result of the acquired knowledge and understanding of the activities of the Fund and the environment in which it operates, we have found no cases of material misstatement in the activity report.

**Dr. Mariana Mihaylova**  
**Manager**  
**RSM BG EOOD**  
**Audit company**

**Dr. Mariana Mihaylova**  
**Registered auditor, responsible for the audit**

28 March 2019  
9, Professor Fridtjof Nansen street, floor 7  
1141, Sofia, Bulgaria



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